

## LOCAL GOVERNMENT AND HOUSING COMMITTEE

### MINUTES OF COMMITTEE MEETING

**Date:** Wednesday 13 September 2000

**Time:** 9.30am to 12.45pm

**Venue:** Committee Room 1, National Assembly Building

#### **Attendance:**

##### *Members:*

Gwenda Thomas                      Neath

(Chair)

Peter Law                              Blaenau Gwent

(Assembly Secretary)

Peter Black                            South Wales West

David Davies                          Monmouth (not items 8 and 9)

Janet Davies                          South Wales West

Janice Gregory                        Ogmore (not items 8 and 9)

Dai Lloyd                               South Wales West

Janet Ryder                            North Wales

##### *In attendance:*

Cllr Sir Harry Jones                  Welsh Local Government Association (item 4)

Cllr Russell Goodway                  Welsh Local Government Association (item 4)

Colin Jones	Welsh Local Government Association (item 4)
Ian Miller	Welsh Local Government Association (item 4)
Ian Thomas	Welsh Local Government Association (item 5)
Adam Peat	Director, Local Government Group (items 3 to 7)
Peter Harding	Housing and Community Renewal Division (item 3)
Peter Fullerton	Statistical Directorate (item 5)
Kate Cassidy	Local Government Modernisation Division (item 6)
Norma Barry	Housing Performance and Finance Division (item 7)
Howard James	Housing Performance and Finance Division (item 7)
John Bader	Housing and Community Renewal Division (item 8)
Lynda Attwell	Welsh European Funding Office (item 8)
Roger Bonehill	Office of the Counsel General
Judy Wayne	Expert adviser
<i>Secretariat:</i>	
Martin Stevenson	Clerk
Phil Mulraney	Deputy Clerk

### Introductory remarks

0.1 The Chair welcomed Members to the first meeting of the autumn term. She particularly welcomed Janet Davies, who had replaced Brian Hancock, as a new Member of the Committee.

### Item 1: Apologies and substitutions

1.1 Apologies for absence were received from Alison Halford.

1.2 Dai Lloyd was substituting for Owen John Thomas.

## **Item 2: Declaration of interests**

2.1 The following declarations were made:

- Peter Black said that he was a Member of Swansea City and County Council;
- Janet Davies said that she was Chair of Llanhari Community Council;
- Dai Lloyd said that he was a Member of Swansea City and County Council;
- Janet Ryder said that she was Mayor of Ruthin Town Council.

## **Item 3: Report from the Assembly Secretary: LGH-09-00 (p.1)**

3.1 Peter Law introduced his report to the Committee. He provided Members with details of the funding proposals under the new Section 180 programme to combat homelessness and rooflessness and the allocation of £3.6 million to deal with problems related to homelessness and houses in multiple occupation. The Assembly Secretary felt that these programmes demonstrated the National Assembly's commitment to tackling homelessness and eliminating the need for anyone in Wales to sleep rough.

3.2 Peter Law reported that his decision on the long-term funding arrangements for 'Supporting People' in Wales had been issued on 3 August. Some key elements of the budget would be passed to local authorities in 2003 as part of the local government revenue settlement, with Supported Housing Revenue Grant retained in order to protect services to vulnerable tenants.

3.3 The Assembly Secretary said that he was about to issue a consultation document setting out proposals to change the 'cost floor rule' which limits the amount of discount a tenant can receive under the Preserved Right to Buy. He undertook to provide Members with a copy of the consultation document on publication and said that he would bring forward a paper to the Committee following receipt of responses to the consultation.

3.4 The following points were raised in discussion:

- Members welcomed the new funding to tackle homelessness and rooflessness and improve conditions in the private rented sector. They were keen to ensure that homelessness strategies were developed by all local authorities, and it was suggested that the National Assembly could take a more pro-active role in this area. Members were also keen to ensure the continuity of this funding, and felt that priority should be given to advice and support services which could help to prevent people becoming homeless. Peter Harding said that an audit of housing advice services in Wales was currently under way.
- On the funding proposals for 'Supporting People', there was concern about the financial implications if the demands on the cash-limited budget to be transferred to the National Assembly turned out to be greater than expected. The Assembly Secretary said that he

was pursuing this issue with the Finance Secretary and the UK Government.

- Members supported the UK Government's proposals to improve the speed and efficiency of the home buying and selling process, particularly the introduction of a 'seller's information pack'. The changes would involve secondary legislation, which would be made by the UK Government on an England and Wales basis. A specific requirement would be sought in the Bill for the National Assembly to be consulted on proposed secondary legislation, which it was noted would need to allow for the use of the Welsh language in Wales. It was suggested that there was scope for more radical measures to improve the home buying and selling process, such as an electronic 'one-stop shop' to help speed up conveyancing.
- There was concern about the slippage in the timetable for the consultation paper on the national housing strategy. Peter Law said that he had decided to delay publication until around the end of November, as he was keen for the paper to reflect the draft Budget.
- The Assembly Secretary said that he would report on his meeting with Lord Warner of the Youth Justice Board at the 18 October meeting. It was noted that the Crime Reduction Director for Wales had taken up his appointment, and Members endorsed a suggestion that he should give a presentation to the Committee. It was suggested that there should be a wider discussion of the National Assembly's role in crime reduction.
- On the consultation on the standard spending assessment formula, concern was expressed about the impact of the new formula on predominantly rural authorities like Monmouthshire. The Assembly Secretary said that he understood these concerns, and that he was considering the way forward on the new formula in consultation with the Finance Secretary and the Welsh Local Government Association.

#### **Item 4: The case for investing in local government services and assets - Presentation by the Welsh Local Government Association: LGH-09-00 (p.2)**

4.1 Sir Harry Jones said that the Welsh Local Government Association welcomed the opportunity to put their case for additional investment in local government services to the Committee. Although there had been improvements in services in recent years, priority had been given to education, sometimes at the expense of other services. There was particular concern about the state of local government assets such as schools and housing, where there had been inadequate investment over a long period.

4.2 Following the Comprehensive Spending Review, there was a unique opportunity to make a step change in investment in local government services and assets, while keeping council tax increases to a maximum of 5 per cent a year and ensuring that adequate resources were available as match funding for European and other grants. Sir Harry Jones suggested that the National Assembly should increase revenue spending by local government, as well as funding of capital spending, in line with the increases in the Assembly's overall budget (8.9 per cent in 2001-02, 8.2 per cent in 2002-03 and 8.1 per cent in 2003-04). Without this level of investment in local services, it would be difficult to achieve the targets in *betterwales.com*, the National Assembly's strategic plan.

4.3 Russell Goodway said that the Association's bid would simply maintain the share of the National Assembly's budget which was allocated to local government. As such, he felt that it was a reasonable and balanced package which would enable the National Assembly and local government to achieve their shared objectives. He reiterated the Association's opposition to the hypothecation of local government funding, which reduced local discretion and tended to focus attention on crude financial inputs instead of the outcomes achieved.

4.4 The following points were raised in discussion:

- The Committee supported the Welsh Local Government Association's aspirations, as set out in the paper. In particular they were keen to see a significant increase in investment in local services, with council tax increases restricted to no more than 5 per cent per annum. Members were anxious for local authorities to be able to maintain the full range of their services and to start to tackle the maintenance backlog for capital assets.
- Members shared the Welsh Local Government Association's concerns over the hypothecation of local government funding. Russell Goodway said that the Association supported the development of policy agreements between the National Assembly and local government which would identify shared objectives and then focus on the outcomes of policy. However, the Committee felt that the introduction of policy agreements would need to be handled very carefully, given that many voluntary sector organisations were concerned about the implications of any general move away from hypothecation.
- With regard to the Welsh Local Government Association's ability to intervene in the affairs of individual authorities, Sir Harry Jones pointed out that the Association's role was to represent the interests of all member local authorities. Individual local authorities retained the right to make their own decisions, for example in setting their budgets. He pointed out the wide variation in council tax increases across authorities since local government reorganisation in 1996, and said that no local authorities in Wales had increased council tax by more than was strictly necessary.
- On the efficiency of local authorities, it was noted that the best value regime was now in place, which required authorities to review all of their services or functions over a five-year period. Colin Jones said that all authorities had been working to tackle the problems which they had inherited with local government reorganisation. In some cases this included Direct Service Organisations which had been larger than required by the new unitary authorities. Russell Goodway said that those employed in Direct Service Organisations enjoyed better terms and conditions than their counterparts in the private sector, and he felt that local authorities should set an example in terms of their employment practices. Members were concerned about the losses incurred by some Direct Service Organisations. It was suggested that some local authorities might be reluctant to make staff redundant where this was the appropriate course of action.
- The Welsh Local Government Association's view was that the National Assembly should provide additional funding for any transition to the new standard spending assessment

formula over and above the level of grant increase given to local government.

- It was noted that the National Assembly did have the power to finance any increase in general capital funding through grant rather than credit approvals, although H M Treasury could impose a financial penalty if the balance changed too far. Subject to this constraint, Members agreed that the Assembly should maximise the proportion of capital funding given in the form of capital grant, in order to avoid the additional borrowing costs associated with credit approvals.

4.5 The Chair thanked Sir Harry Jones and the rest of the Welsh Local Government Association team for their presentation. She said that it would help the Committee when it came to consider the draft Budget, and she invited the Assembly Secretary to take account of the Committee's views in his discussions with the Finance Secretary. Sir Harry Jones said that the Association would be happy to appear before the Committee at any time.

### **Item 5: Local Government Statistics Unit: LGH-09-00 (p.3)**

5.1 Peter Fullerton introduced the paper, which set out the arrangements for setting up a Local Government Statistics Unit. He said that following a consultation exercise, it had been decided to establish the Unit early next year. The post of Head of the Unit had recently been advertised, and consideration had been given to the initial work programme. A phased approach was being adopted to the establishment of the Unit, which would have the capacity to grow as required to meet the future demand for statistical information. The funding arrangements for the Unit would be taken forward in the context of the current Budget round.

5.2 The following points were raised in discussion:

- There was general support for the creation of the Unit, which Members felt would help to fill some of the gaps in the information needed for better policy making and the fairer allocation of resources. The Committee considered it important to have statistics which were relevant to the needs of Wales, and one of the main problems which needed to be addressed was the absence of local area data. However, one Member did not feel that the cost of the Unit was justified.
- Members were keen for the Unit to start work as soon as possible. Ian Thomas said that the aim was to get the Head of the Unit in post by 1 January so that the Unit could be operational by 1 April.
- Members felt that it was vital to ensure the impartiality and professional integrity of the Unit.
- There was a need to ensure the continuity of funding for the Unit. Adam Peat said that the Unit would receive a recurrent grant from the National Assembly as well as top-sliced funding from the local government revenue settlement. The actual level of funding would be determined in the Budget round.
- There was some concern that the paper did not specify what the National Assembly would require from the Unit. Adam Peat said that this would be set out in a Service Level

Agreement between the National Assembly and the Unit, which would be drawn up by the new Head of the Unit. It was confirmed that Assembly Members would have access to the statistics compiled by the Unit.

5.3 The Chair invited the Assembly Secretary to take account of the Committee's views in setting up the new Local Government Statistics Unit.

#### **Item 6: Local Government Act 2000 - Implementation: LGH-09-00 (p.4)**

6.1 Peter Law said that the paper set out the process for implementing the Local Government Act 2000 in Wales. He was keen to bring the Act into force as soon as possible, with a target of 1 March 2001 for the commencement of all substantive secondary legislation. Consultation on the draft guidance and regulations would be taking place over the next two months. The Assembly Secretary said that he would circulate the consultation documents to the Committee on publication, and there would be an opportunity to discuss the results of the consultation exercise at the 29 November meeting.

6.2 Kate Cassidy highlighted a number of policy areas on which views would be sought in the consultation exercise because they were issues where the National Assembly had discretion to take a distinct approach, or which were specific to Wales. These covered access to information, the calling in of executive decisions by overview and scrutiny committees, special provision for the area committees in operation in Gwynedd and the threshold for petitions for elected mayors.

6.3 The following points were raised in discussion:

- The Committee noted the proposal that there should be certain criteria which would govern when executive decisions could be called in by overview and scrutiny committees. The Assembly Secretary said that any member could put an item on the agenda of a scrutiny committee. There was concern about whether overview and scrutiny committees would be able to call in decisions before they were implemented, and Peter Law said that he would give further consideration to this point.
- Some Members felt that there should be a mechanism which would allow local people to be able to get decisions called in by overview and scrutiny committees.
- Members supported the proposal to make regulations which would allow the area committees in Gwynedd to continue to function. Under the regulations, the powers which had been vested in these committees would be deemed not to be executive powers. It was suggested that the regulations should be sufficiently general to allow other local authorities to adopt this approach if they considered it appropriate. Peter Law said that

he would consider what powers would be available to area committees under the regulations.

- Members supported the proposal to raise the proportion of electors required on a petition in support of an elected mayor from 5 per cent to 10 per cent. It was suggested that if there was a subsequent petition within a specified timeframe, the threshold should be further increased in order to prevent the same issue being constantly revisited.
- On political management structures, Members noted that as the result of a late amendment to the Bill there would be scope to allow authorities to retain a committee structure. It was felt that this option should be made available to local authorities in Wales and that this should be flagged-up in the consultation exercise. The Assembly Secretary said that his view was that executive style government was appropriate for the unitary authorities in Wales, but he acknowledged that he would have to take account of the Committee's views and give further consideration to this point.
- It was noted that one of the recommendations of the Waterhouse inquiry into child abuse in North Wales had referred to 'the local authority committee with responsibility for children'. Peter Law said that he would consider whether the draft guidance could be strengthened to set out more clearly how local authorities should address the allocation of responsibilities for services to children in need within the new political management structures.

6.4 The Chair invited the Assembly Secretary to take account of the Committee's views in taking forward the implementation of the Local Government Act 2000. Given the detailed nature of many of the points, the Assembly Secretary said that he would welcome written comments from Members. It was agreed that the Committee would consider the results of the consultation exercise at the 29 November meeting.

### **Item 7: Housing stock transfer - Draft guidance: LGH-09-00 (p.5)**

7.1 Introducing the paper, Peter Law said that he would welcome the Committee's views on the draft guidance on housing stock transfer which had been issued to local authorities. The draft guidance would be reviewed in the light of the consultation exercise and the outcome of the Committee's policy review of stock transfer. Norma Barry said that the guidance had been based on that issued by the Department of the Environment, Transport and the Regions, but sharpened and amended to reflect the situation in Wales.

7.2 Members were concerned that the draft guidelines had issued to local authorities while the Committee's review of stock transfer was under way. It was felt that the Committee should have at least had the chance to comment on the guidelines before they issued. Peter Law said that it was important to recognise the different roles of the Committee and the Executive. The Cabinet had to be able to take forward its policies, and the Assembly Secretary was keen to make the guidelines available to the local authorities known to be considering stock transfer



schemes. He would however want to take account of the Committee's views on the guidelines, as well as the outcome of the policy review.

### 7.3 The following other points were raised in discussion:

- Members were concerned about the possible impact of partial stock transfers on the tenants in the remaining stock. Adam Peat said that for partial transfers councils would be required to prepare a plan setting out the management arrangements for the remaining stock, in order to ensure that there was no adverse effect on tenants. Judy Wayne suggested that it might be appropriate to incorporate a separate chapter in the guidance on partial transfers.
- It was suggested that it would be appropriate to strengthen the references to community development in the guidance. One possibility was that there should be a requirement on local authorities to prepare a detailed action plan setting out how community, economic and social issues were to be addressed as part of the transfer process. The Assembly Secretary said that he would consider this point.
- It was also suggested that local authorities should be encouraged to invest any surplus capital receipts in community regeneration projects in the area. Peter Law said that it would be for local authorities to decide how best to make use of any surplus capital receipts.
- On the size of stock transfers, it was suggested that the draft guidelines appeared to favour large-scale transfers whereas the policy should be to encourage smaller-scale transfers which were linked to an authority's strategic plan for the area. It was felt that smaller management units based on local communities would work better than larger centralised units.
- It was noted that the transfer landlord would have to bring the transferred stock up to the National Assembly's target standards. Adam Peat pointed out that the National Assembly would be able to ensure compliance with this requirement, as it was responsible for regulating Registered Social Landlords and a transfer could be made only to a Registered Social Landlord.
- There was concern about the competition to select a new landlord, as there might be no interest amongst Registered Social Landlords in taking on certain council housing stock. Adam Peat said that authorities would be able to establish a body to take over the stock, so there should be at least one prospective landlord.
- Members felt that it was important for tenants to be able to obtain independent advice on transfer, and they supported the proposal in the draft guidance that local authorities must appoint an independent consultant to act as a Tenants' Advisor.

7.4 The Chair invited the Assembly Secretary to take account of the Committee's comments on the draft guidance. Peter Law reiterated that he would take account of the Committee's views as well as the outcome of the policy review. He undertook to re-issue the guidelines if necessary in the light of the outcome of the policy review.

## **Item 8: Action strategy for the South Wales Valleys - Community development: LGH-09-00 (p.6)**

8.1 Peter Law explained that the commitment to produce an action strategy for the South Wales Valleys had arisen from a plenary debate in November 1999. The draft strategy had already been considered by the South East Wales Regional Committee and subject committees were now being consulted as appropriate. He invited the Committee's comments on the community development part of the strategy.

8.2 John Bader said that the *Communities First* approach to community regeneration had been born out of the special problems of the South Wales Valleys, including multiple deprivation and social disadvantage. The intention was that *Communities First* would provide the integration and strategic co-ordination which previous programmes and initiatives targeted specifically at the Valleys had failed to do. Good progress was being made on developing the *Communities First* concept, and the Committee would have the opportunity to consider the results of the initial consultation exercise at its next meeting.

8.3 The following points were raised in discussion:

- Members were concerned about the impact of deprivation on health. They felt that it was important for *Communities First* to recognise that housing, economic conditions, public transport and the environment all had major effects on people's health. There was also a need to focus on the areas with the highest levels of deprivation, rather than to adopt a blanket approach across the whole of a local authority area.
- There was a need to ensure the continuity of funding for voluntary sector organisations concerned with community regeneration.
- It was noted that in many communities there was a need for quality childcare facilities. It was also important to provide an opportunity for parents to learn parenting skills. John Bader said that these were issues which would be addressed within the overall policy framework provided by *Communities First*.

8.4 The Chair invited the Assembly Secretary to consider the Committee's views in taking forward the community development strand of the action strategy for the South Wales Valleys.

## **Item 9: Minutes of the meeting held on 12 July: LGH-08-00 (min)**

9.1 The minutes of the meeting held on 12 July were agreed.

**SUMMARY OF ACTION POINTS FROM THE 13 SEPTEMBER MEETING**

1. Peter Law undertook to provide Members with a copy of the consultation document the 'cost floor rule' under the Preserved Right to Buy on publication, and to bring forward a paper to the Committee following receipt of responses to the consultation (paragraph 3.3).
2. The Assembly Secretary to report on his meeting with Lord Warner of the Youth Justice Board at the 18 October meeting (paragraph 3.4).
3. The Crime Reduction Director for Wales to give a presentation to the Committee (paragraph 3.4).
4. The Assembly Secretary was invited to take account of the Committee's views on local authority budgets in his discussions with the Finance Secretary (paragraph 4.5).
5. Various points for Peter Law to consider in setting up the new Local Government Statistics Unit (paragraph 5.3).
6. The Assembly Secretary to circulate to the Committee on publication the draft guidance and regulations relating to the Local Government Act 2000  
(paragraph 6.1).
7. Various points for the Assembly Secretary to consider in taking forward the implementation of the Local Government Act 2000 (paragraph 6.4).
8. The Committee to consider the results of the consultation on the draft guidance and regulations relating to the Local Government Act 2000 on 29 November (paragraph 6.4).
9. Various points for the Assembly Secretary to consider on the draft guidelines on housing stock transfer (paragraph 7.4).
10. Various points for the Assembly Secretary to consider in taking forward the community

development strand of the action strategy for the South Wales Valleys (paragraph 8.4).