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STRATEGIC AND BUDGET PLANNING ROUND

I am writing to record formally the Local Government and Housing Committee's views on your budget issues paper, as the Committee's initial input into the strategic and budget planning round which is now getting under way. This follows the Committee's discussion of the paper on 28 June, as well as consideration of the Finance Secretary's commissioning paper on 14 June.

Firstly, I would like to put on record the Committee's appreciation of your helpful paper, which Members felt provided a valuable assessment of the strategic budgetary issues within your portfolio.

The main points to emerge from the Committee's discussions were:

- There is concern that local authorities have been consistently under-funded in recent years, when spending has regularly exceeded provision. The Committee feels that there is a need for a substantial increase in the revenue support grant in order to increase significantly the resources available to local authorities in real terms. Members are keen for local authorities to be able to maintain the full range of their services, including lower profile services such as waste disposal, youth services and highways maintenance.
- Members feel strongly that an increase of around 10 per cent for council taxes in 2001-02 is unacceptable, following a similar average level of increase in the current financial year. One suggestion was that the increase should be restricted to no more than 5 per cent.
- The Committee feels that if the new standard spending assessment formula is adopted for 2001-02, you should consider temporary support to ease the transition from the existing formula.
- There is support for the development of policy agreements between the National Assembly and local government. Members feel that it is appropriate to give a greater degree of discretion to local authorities, and that there should be less hypothecation of their funding.
- The Committee also feels that housing budgets should be increased significantly. The main priorities identified by the Committee are:
 - a need to step up renovation activity in the owner occupied sector;
 - tackling the high levels of unfitness in the private rented sector, particularly for Houses in Multiple Occupation; and
 - increasing the resources devoted to fighting homelessness.

The Committee also recognises the need to start to tackle the backlog of repairs and essential modernisation for council housing in Wales, and as you know work is now getting under way on the policy review on stock transfer.

- The Committee supports the work to streamline the number of separate programmes and initiatives that currently support the development of local services.

- It was suggested that greater emphasis should be given to encouraging joint funding in support of closer working between health and social services.
- Local authorities should be encouraged to adopt more ambitious targets for waste recycling.

I am sure that you will take account of the Committee's views in your discussions with the Finance Secretary and keep the Committee informed of progress.

Finally, in line with your suggestion at the meeting, I will be inviting the Welsh Local Government Association to give a presentation to the Committee, so that the Committee can hear at first hand the Association's assessment of the service and investment pressures facing local government.

I am copying this letter to other Committee Members.

Gwenda Thomas

Chair, Local Government and Housing Committee