

LOCAL GOVERNMENT AND HOUSING COMMITTEE

MINUTES OF COMMITTEE MEETING

Date: Wednesday 10 July 2002

Time: 2.00pm to 5.20pm

Venue: Committee Room 2, National Assembly Building

Attendance: Members

Gwenda Thomas (Chair)	Neath
Peter Black	South Wales West
Rosemary Butler	Newport West
Janet Davies	South Wales West
William Graham	South Wales East
Edwina Hart (Minister)(Until 3.30)	Gower
Peter Law	Blaenau Gwent
Dai Lloyd (from 3.20pm)	South Wales West
Janet Ryder	North Wales

In attendance:

Kate Cassidy	Local Government Modernisation
Lisa James	Local Government Finance
John Bader	Housing Directorate
Francois Samuel	Housing Directorate
Norma Barry	Communities Directorate
Tracey Breheny	Communities Directorate
Denys Morgan	Institute of Civil Engineers
Graham Cater	Consignia Advisory Board for Wales
Stuart Taylor	Consignia Advisory Board for Wales

Secretariat:

Roger Chaffey	Clerk
Claire Griffiths	Deputy Clerk

Introductory Remarks

The Chair advised Members that a draft of the Committee timetable for the autumn term had been received and that Committee meetings had been scheduled for Wednesday mornings commencing on 16th October. The Secretariat confirmed there were no clashes with the other committee meetings scheduled for that time.

The Chair reminded the Committee that this was the last meeting of the term and she envisaged, that in the Autumn Term, the Committee would continue with the next

stage of its policy review of community regeneration, considering the implications of the Local Government Bill for Wales, the draft budget, the impact of the Homelessness and Fuel Poverty strategies, continued progress on Communities First and other various Welsh Assembly Government initiatives including Supporting People, the Custodial Bond Scheme and good practice guidelines for dealing with Asylum seekers and Refugees. She added that she anticipated hearing presentations from diverse organisations such as the Police, the Health and Safety Executive and the District Audit. Members were asked to pass any additional suggestions they may have to the Clerk for possible inclusion.

The Chair confirmed that the next stage of the policy review on community regeneration would concentrate on capacity building and the shortage of community regeneration staff. In the light of the election in May 2003 it was probable that the Committee would only have until the end of January to complete the review. This would allow the eventual report to be published and debated by plenary before the end of the Assembly term. Members agreed that a draft Terms of Reference together with a draft timetable be circulated after the meeting. Approval of these would allow the Secretariat to commence with the written consultation during the summer recess.

The Chair asked Members if they were content to continue with the services of an expert adviser. Members were in agreement and also agreed that an approach should be made to Professor Dave Adamson to extend his contract. The argument for doing so is that the Terms of Reference required the Committee to identify other issues to be addressed on aspects of the community regeneration agenda. The financing and partnership aspects formed Part 1 of the review, capacity building and the shortage of community regeneration staff would be seen as Part 2.

Item 1: Apologies and Substitutions

1.1 Rosemary Butler substituted for Tom Middlehurst and Janet Davies substituted for Pauline Jarman. Both members had sent their apologies. Dai Lloyd also apologised, as he would be late in arriving.

Item 2: Declaration of Interests

2.1 The following declarations were made:

Peter Black: a Member of Swansea City and County Council.

Janet Davies: a member of Llanharry Community Council.

William Graham: a Member of Newport City and County Borough Council.

Pauline Jarman: Leader of Rhondda Cynon Taff County Borough Council and a member of the Welsh Local Government Association.

Dai Lloyd: a Member of Swansea City and County Council.

Janet Ryder: a Member of Ruthin Town Council.

Gwenda Thomas: interest in Post Office items.

Item 3: Minister's Report

3.1 The Minister presented her report.

- She drew Member's attention to the paper on Affordable Housing in Rural Areas that had been circulated on 9 July. She advised that she had noted the results of the recent consultation exercise and the Welsh Assembly Government intended to introduce an Order in the autumn to implement the changes.
- She advised of a serious issue that had emerged with the Newtown Housing Association. This HA manages 240 properties on two estates and was the only tenant controlled HA in Wales. Problems had occurred with the management and the Minister had appointed 3 statutory appointees under the Housing Act 1996 to support the existing Board in the management of the association. She added that she would also be undertaking a statutory Inquiry to investigate the situation, under the same Act. The Minister said that although this course of action was very unusual in Wales, the circumstances justified the use of the procedures. She added that it was difficult to put a timescale on when the Inquiry would be completed but would advise Committee of developments in due course.

3.2 In discussion, Members raised the following points:

- Members thanked the Minister for listening to the responses received on the consultation exercise on the Affordable Housing Scheme. It was suggested that it may be beneficial to bring forward a paper containing all the Welsh Assembly Government policies and initiatives on housing in rural areas in the autumn.
- Members noted the concerns the Minister had with the Newtown Housing Association and agreed that she had acted correctly. They asked if any conclusions could be drawn for the Community Mutual Scheme when reviewing the Inquiry. Members also said that Welsh HAs were generally very well serviced, largely by volunteers.
- Members asked the Minister about her timescale for implementing the Sunderland Commission Report on Local Government Arrangements in Wales.

3.3 The Minister made the following responses and offered to take the following action:

- She agreed to provide a paper to Committee on the Housing issues raised in the Culture Committee's Report on the Welsh language.
- She agreed to keep members informed, if necessary on a private and confidential basis of developments in respect of the statutory Inquiry into the Newtown Housing Association.
- She said that she would be making a statement in Plenary on 16th July on the Sunderland Commission Report. A consultation exercise would be instigated which would end on 30th October 2002. The Minister agreed to provide a paper in December on the outcome of the consultation exercise on the recommendations of the Sunderland Report.

3.4 The Chair asked whether any actions taken in HA rents would have an impact on other benefits received. The Minister to report on the possibility of the Inquiry into the Newtown Housing Association, prioritising issues which may effect the benefit claims of tenants.

Item 4: Draft Local Government Bill LGH-12-02 (p.1)

4.1 The Chair invited the Minister to introduce this paper. She drew Member's attention to the Annexes to the paper which detailed the instances where primary legislation should be enabling rather than prescriptive and where the Assembly should be able to make secondary legislation to introduce its own policy decisions. The Chair advised Members that Peter Jones, Counsel to Assembly Committees, was in attendance to advise on any legal aspects of the Bill.

4.2 The Minister said that the Westminster Government had published a draft Local Government Bill for consultation on 12 June which was taking place on an England only basis because of timing differences in the publication of the former DLTR's White Paper and the Welsh Assembly Government's "Freedom and Responsibility in Local Government". She added that she had made clear her intention to press Whitehall for maximum flexibility in the Bill to enable the Assembly to develop situations that are sensitive to the particular needs and circumstances of Wales. She said that she had written to Nick Raynsford MP, the Minister for Local Government and the Regions, expressing her views and requesting that those powers delegated to the Secretary of State in England be delegated to the National Assembly for Wales in respect of Wales.

4.3 Members raised the following points in discussion:

- They welcomed the measures the Minister had taken to ensure the Bill reflects the needs of Wales and stressed that Wales must have as much freedom as possible.
- It was felt that the business rates issue should be revisited and specifically how they apply to small businesses. Suggestions for calculations for this area included a link to profitability rather than the traditional floorspace and that such a change could perhaps encourage businesses to reconsider town centres rather than out of town locations for businesses.
- The introduction of Business Improvement Districts was welcomed and the Minister was asked to elaborate on this issue.
- Some members were unhappy with the decision to move approval for the council tax base away from the full council to the Executive of local authorities.
- Members welcomed the decriminalisation of non-return of forms.
- The definition of places for religious worship was raised and members asked what constitutes a religious group.
- Reservations were raised over the issue of transferring the function of performance indicators to DWP.
- The Chair asked if members would be agreeable to having a presentation from Health and Social Services Committee on the work they have done on charging for statutory services. The Committee was in agreement.

4.4 In response the Minister said:

- Her letter to Nick Raynsford MP emphasised that the National Assembly should have powers to maximise the advantages of this Bill for Wales.

- She said that a considerable amount of lobbying had been made on Business Improvement Districts from the CBI, and that she intended to include her thoughts on the way forward on business rates in a paper to the Partnership Council scheduled for 15th July.
- She said that there was a lot of historical data to support the exemption of places of worship and that the wider complexes attached to religious buildings were not exempt.
- On the performance Indicators issue, she said that the Assembly had been setting the indicators but did not have the power to drive the policy and that this proposal would put both aspects together. She agreed to look into the Housing Benefit performance indicators.
- She noted what had been said about fees and charges and the valuable work that the Health and Social Services Committee had undertaken but said that this issue referred to charging for discretionary services.

Item 5: Update on "Rethinking Reconstruction" LGH-12-02 (p.2)

5.1 The Minister introduced this paper which was an update for Committee following the report in June 2001. She said that:

- DTI were the lead department but good progress had been made in Wales and she was pleased with the reactions to the current initiatives which were detailed in her paper.
- Over the last year, the Rethinking Construction campaign had focussed on the need for action to speed up the process of improvement in the industry and on people issue, particularly though Health and Safety and Respect for People initiatives. The Assembly had been continuing its work of promoting Rethinking Construction and best practice in construction.
- The Housing Directorate had convened an Assembly Construction Forum representing Assembly Divisions and Assembly Sponsored Public Bodies involved in construction procurement. The Forum had been meeting since November 2001 helping to develop and co-ordinate best practice guidance in Assembly funded construction.
- Similarly, the Housing Directorate had formed a working group with the Welsh Federation of Housing Associations to produce best practice construction procurement guidance for Registered Social Landlords.

5.2 The following points were raised in discussion:

- Members felt that the work concentrated on the procurement side of the industry and asked if the Assembly was in a position to release funds to repair sub-standard housing and if Wales had an adequate skilled workforce to do this?
- Groups are combining expertise to produce local material and goods and asked if any support was being given to such groups?
- The Minister was asked to elaborate on point 22(a) of the paper: 22. *It is proposed that: a) The Housing Directorate in consultation with the Welsh Local Government Association (WLGA) takes action to encourage Local Authorities in*

Wales to act upon the Minister's advice with regard to guidance produced by the Local Government Task Force.

- The PathFinder project in North Wales was welcomed and it was felt that the Training Board should be given greater publicity. Members were also concerned about the accreditation of NVQ's.
- The Chair said that the Committee should perhaps look at the procurement issue and specifically the EU rules in the autumn.

5.3 In reply, the Minister said:

- Construction is integral to the economy of Wales and regrettably there was a shortage of skilled labour. She said that this was a cross-cutting issue across key portfolios and that the issue was being addressed. She said she would bring a paper in the autumn on the implementation of "Rethinking Construction", drawing together the various strands across all the Welsh Assembly Government portfolios.
- She said she wanted to take local government with her not give them an extra burden to deal with. She said this was a complicated area governed by rules and regulations but the majority of local authorities were working with her.
- She agreed that accreditation of qualifications was a difficult area and said she would take write to the Minister for Education and Lifelong Learning on NVQ/construction training issues.
- The Minister said that the EU procurement rules would be quite narrow for Committee to debate.

5.4 The Chair to consider whether to request a paper for future consideration on European directives on procurement as they affect Local Government.

Item 6: Presentation on the "Rethinking Construction Centre for Wales"

6.1 The Chair invited Denys Morgan from the Institute of Civil Engineers to give a presentation on the Rethinking Construction Centre for Wales (RCCW). Mr Morgan is Chair of RCCW which is a Partnership between organisations involved in the construction industry. Working closely with the Assembly, it has embraced the Rethinking Construction agenda for a sustainable future and the Egan Report recommendations. His presentation focused on the objectives and targets of RCCW. Copies of his slides have been circulated to members. The main points made were:

- Aim is to deliver a culture change in partnership with the industry and the client community through a programme of demonstration projects that show the business case for change and by identifying and disseminating wider best practice.
- Sustainable development is a key theme for RCCW. The South Wales City of Tomorrow initiative is a pioneer for "dCARB-UK" project that will help in the reduction of CO₂ emissions in urban areas.
- RCCW was launched in March 2002 and has targeted October 2002 for its first industry report. The majority of the Year 1 objectives have either been started or completed.

- RCCW offers exciting prospects for a wide-ranging industry with major rewards if successful.

6.2 The Minister welcomed the presentation and commented on the complimentary work RCCW was undertaking and the links with the Assembly Forum. She added that there are benefits for the Assembly to offer some financial support to RCCW and that she would consider this when determining the budget later in the year.

6.3 Members made the following points in discussion:

- Mr Morgan was asked to expand on the decision to form RCCW as a company and whether it intended to trade in the future.
- Does RCCW have equal involvement throughout the industry?
- Will RCCW promote the use of aggregates to sustain the environment?

6.4 Denys Morgan advised that:

- Legal advice had been that the formation of a non-profit company was the best means to achieve the aims and objectives of RCCW. Charitable status had been investigated but that avenue would have imposed legal restrictions on what able to do and what guidance able to offer. Mr Morgan confirmed that the company would not be trading.
- A deliberate decision was taken when establishing the organisation that individual firms were not included but their representative associations were.
- The promotion of aggregates is an area that will be included in procurement guidance.

6.5 The Chair thanked Mr Morgan for his presentation and said she would welcome an update at a future Committee meeting.

Item 7: Update on Post Offices LGH-12-02 (p.3)

7.1 The Chair introduced this paper on behalf of the Minister who had left the meeting, as she was unwell. The Paper informed the Committee of the Welsh Assembly Government's activities in relation to the postal sector in Wales and invited comments for future direction.

7.2 The Minister's main points were:

- Responsibility for postal matters has been in her portfolio for the last 6 months.
- The majority of Post Office policy is a reserved matter and the majority of the recent developments have largely been beyond the remit of the Assembly. However, the Assembly has a duty to monitor developments as they affect Wales and take action, where appropriate. This is a period of change and uncertainty for the post office network together with the communities served.
- Changes to paying benefits by automated credit transfer (ACT) from spring 2003 and the establishment of the universal banking services will have consequences for Wales. The Minister was hopeful that the introduction of post office banking

will make up for some of the revenue lost through ACT as well as improving local access to financial services.

- The Minister had sought the Chair's permission to reply to two members who had raised points during her statement to Plenary on 18th June. Janet Ryder was advised that the paper showed the Assembly Government was pursuing the outcome of the Leicestershire pilot of a General Government Practitioner Service with DTI. Secondly, to Peter Black, the paper showed that all post offices in Wales (urban and rural) had received a letter about the urban network reinvention proposals.

7.3 The following points were made:

- The introduction of ACT in spring 2003 will have a huge impact on the post office network, with both rural and urban offices in deprived areas coming under threat as there will not be enough business to be financially viable.
- The future of the post bus routes was questioned. These routes provide a valuable service in remote areas for communities. Members wondered if free bus passes are valid on these services.
- Have new ways of offering services in post offices been considered? Possible services could include the development of information shops, inclusion of tourist information bureaux, and links with local credit unions.
- Will the universal banking services be extended to commercial customers as only personal banking can be sustained at present?
- Members welcomed the resources that had been earmarked to assist subpostmasters who wished to improve their premises or relocate and also the compensation package for those who wished to close their businesses.
- Members had misgivings about reports in the media about the closure of sorting offices in Wales but decided that those points would be better directed to Graham Cater from Consignia (Item 8).

7.4 Norma Barry from Communities Directorate replied to the points raised:

- None of the 15 post bus routes in Wales are under threat from closure providing local authorities continued to support the service. Officials would report back on the issue of whether free bus passes apply to post buses.
- Since Communities Directorate assumed responsibility for postal matters, a lot of work had been undertaken to develop links with Post Office Ltd, Consignia and DTI. Links had also been established within the other UK devolved governments.
- Officials recognised the need to support the network in Wales by finding new ways of expanding the services offered by post offices. Discussions had begun with the Wales Co-operative Centre about a fund to support post offices in deprived areas. It was hoped draft proposals would be submitted to the Minister for her consideration shortly.
- At present, the universal banking services are limited to personal banking only.

Item 8: Presentation on Post Office Issues in Wales

8.1 The Chair introduced Graham Cater, Chair and Stuart Taylor, Head of External Relations from the Consignia Advisory Board for Wales. Before they made their

presentation, the Chair said that the National Federation of Sub Postmasters had been invited to attend Committee today but unfortunately were unable to. They had indicated that they would like to make a presentation to Committee at a later date.

8.2 Graham Cater began by stating that he wanted to publicly record his appreciation for the tremendous co-operation Consignia (Wales) had received from the Communities Directorate. Copies of his slides have been circulated to Members. The key points made were:

- Consignia faces a huge number of challenges in both the short and long terms.
- Consignia employs 10,000 people in Wales and supports a network of 1,400 post offices. The aim is to continue to provide a quality service to the community and make a contribution to the economy.
- The last three years of trading have resulted in a huge decline in profit that had to be addressed and rectified. The Renewal Plan will deliver positive cash flow and a return to profitability in the short to medium term; will improve customer service and make Consignia a good place to work.
- Proposals to restructure the mail and distribution have been announced and a pilot study of delivery is due to commence on 15 July with Llanelli included in the trials. Under their licence to operate from Postcomm, every address in the United Kingdom, with a handful of exceptions, will receive a daily delivery of mail. This condition was emphasised and will not change.
- Post Office Counters have also been reviewed and the decision to pay benefits by ACT from spring 2003 will have a huge impact on post offices. Currently, 40% of volume and 30% of revenue originates from Government business. Some restructuring of the number of post offices is inevitable and the compensation schemes and grants to assist sub postmasters were welcome.
- Accepted that post offices will have to be innovative in future and look to ways of targeting customers with services.

8.3 A full discussion followed with the following points raised:

- Members echoed their appreciation for postal workers but were concerned about potential job losses in Wales.
- The future of the costly Horizon computer system was questioned.
- Assurance was requested on the future of both Swansea and Cardiff Mail Sorting Offices (MSO) and concern expressed over the lack of a MSO in North Wales.
- Can Consignia give an assurance that the Cardiff & Swansea MSOs will not be closed?
- Is it intended to retain the "returned benefit envelopes" to the PO Box in Swansea?

8.4 In reply, it was stated that:

- The Horizon system was introduced into every post office in the United Kingdom as a means of combating fraud and the huge expense associated with its start-up costs would be recompensed by the savings on fraud. With the introduction of ACT from next year, the use of Horizon will be reduced but it has been recognised

that as the system has been installed, it must be developed to the needs of services required. It is hoped that the Universal Banking System will be increased and be utilised via Horizon. There is a huge opportunity for rural post offices to act as a banking facility in those communities where there are no banks.

- Graham Cater stated that there are no plans to close the Swansea or Cardiff Mail Sorting offices. He explained that weekend working had been transferred to Bristol but that was the only change. He added that North Wales did not have a MSO as £30m had been invested in the MSO at Chester, which deals with all mail from North Wales. A team was based there to ensure that mail address in the medium of Welsh were sorted correctly. On the quality of service, Chester had surpassed the targets in April for first and second class delivery and that Swansea MSO was generally within the top ten for quality of service. These results are from independent surveys. The delay in mail is generally caused by the non or incorrect use of postcodes and a major promotion was planned for late this year to educate people to use the postcode.
- There are 109 Delivery Offices located in Wales. Consignia had embarked on a programme to upgrade the facilities and in some cases rationalisation had been necessary to improve the service to customers.
- On the returned envelope issue, Mr Cater agreed to write to the Chair with this information.

8.5 The Chair thanked both Graham Cater and Stuart Taylor for their presentation.

Item 9: Minutes of the 26 June meeting LGH-11-02 (min)

9.1 The minutes were agreed.

Summary of action points:

1. The Minister to keep members informed, if necessary on a private and confidential basis of developments on the Statutory Inquiry into the Newtown Housing Association.
2. The Minister to report on the possibility of the Inquiry into the Newtown Housing Association, prioritising issues which may effect the benefit claims of tenants.
3. The Minister agreed to look into Housing Benefit performance indicators.
4. The Minister to provide a paper in December on the outcome of the consultation exercise on the recommendations of the Sunderland Report.
5. The Minister to provide a paper to Committee on the Housing issues raised in the Culture Committee's Report on the Welsh language.
6. The Minister to provide a paper on the implementation of "Rethinking Construction", drawing together the various strands across all the Welsh Assembly Government portfolios.
7. The Minister to take up NVQ/construction training accreditation with the Minister for Education and Lifelong Learning.
8. The Chair to consider whether to request a paper for future consideration on European directives on procurement as they affect Local Government.
9. Officials to advise on whether free bus passes apply to Post Office buses.