



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Cymunedau, Cydraddoldeb a **Llywodraeth Leol** **The Communities, Equality and Local Government** **Committee**

Dydd Mercher, 10 Hydref 2012
Wednesday, 10 October 2012

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Bethan Jenkins	Plaid Cymru The Party of Wales
Ann Jones	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Gwyn R. Price	Llafur Labour
Kenneth Skates	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Kate Cassidy	Cyfarwyddwr, Cymunedau a Chyfiawnder Cymdeithasol Director for Communities and Social Justice
Joanne Glenn	Pennaeth y Tîm Cynhwysiant Head of Inclusion Team
Jane Hutt	Aelod Cynulliad, Llafur (Y Gweinidog Cyllid ac Arweinydd y Tŷ) Assembly Member, Labour (The Minister for Finance and Leader of the House)
Amelia John	Pennaeth yr Is-Adran Cydraddoldeb, Amrywiaeth a Chynhwysiant Head of Equality, Diversity and Inclusion Division
Reg Kilpatrick	Cyfarwyddwr, Llywodraeth Leol a Gwasanaeth Cyhoeddus Director, Local Government and Public Service
Claire McDonald	Pennaeth yr Uned Cydraddoldeb Head of Equality
Carl Sargeant	Aelod Cynulliad, Llafur (Y Gweinidog Llywodraeth Leol a Chymunedau) Assembly Member, Labour (The Minister for Local Government and Communities)

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Gwyn Griffiths	Cynghorydd Cyfriethiol Legal Adviser
Rhys Iorwerth	Gwasanaeth Ymchwil Research Service

Hannah Johnson Gwasanaeth Ymchwil
Research Service
Marc Wyn Jones Clerc
Clerk

9.30 a.m.

*Dechreuodd y cyfarfod am 9.30 a.m.
The meeting started at 9.30 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Ann Jones:** Good morning, everybody. Welcome to the Communities, Equality and Local Government Committee. By way of some introductory remarks, I welcome all committee members to the meeting. We have had apologies from Rhodri Glyn Thomas and there is no substitution. I remind Members that we are in a formal meeting, so there is no need to touch the microphones. They are operated by our fantastic technical staff. Please turn off your mobile phones and anything else—other than your pacemaker, if you have one—because they affect the translation equipment and the audio on the floor. We operate bilingually, so channel 1 of your headsets is the translation from Welsh to English, and channel 0 is the floor language, for amplification. We have not been told that there is a fire alarm test this morning, so should the fire alarm goes off, we will await instruction from the ushers—or follow me, because I am usually the first out of the building. Does any Member wish to declare an interest before we start? I see that you do not. Good.

9.32 a.m.

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2013/2014 Scrutiny of Welsh Government 2013/2014 Draft Budget

[2] **Ann Jones:** The budget was published last week. For our first session, we have Carl Sargeant, the Minister for Local Government and Communities, Reg Kilpatrick, the director of local government and public service, and Kate Cassidy, the director of communities and social justice. You are all welcome. Thank you for your paper, Minister. Do you have any brief opening remarks?

[3] **The Minister for Local Government and Communities (Carl Sargeant):** Good morning, Chair and committee.

[4] **Ann Jones:** That will do. [*Laughter.*]

[5] **Carl Sargeant:** I have nothing to add to the paper. I hope that it was helpful in framing some of the information that you may need. I am happy to take any questions that you might have this morning.

[6] **Ann Jones:** Thanks for that. As usual, I will start with the first question. What work has been done to reprioritise funding within your portfolio to better align it to the programme for government?

[7] **Carl Sargeant:** Taking an holistic approach to the budget, this is the third year of the received settlement. We understood where the settlement was going: the first year was pre-election, of course, and then we came into the programme for government, which we shaped last year, so this third year is just a formality, taking it through the processes. We have not

made many changes to the structure, but we have set some new policy directions within the programme for government for delivering the tackling poverty agenda and the Communities First programme. They are fundamentally still within the programme, but there are no major changes to the programme for government this year.

[8] **Mike Hedges:** Are there areas within your portfolio for which you have concerns regarding the availability of resources and your ability to deliver on programme for government commitments and deliver for the needs of Wales, especially with regard to transportation?

[9] **Carl Sargeant:** The local government and communities portfolio is what I am responsible for, but I can certainly answer on transportation in the broader sense now. The reality is that we are receiving £2.1 billion less across the budgets. Unless we reshape the mechanism for the delivery of services, that will have an impact on services. My team is working extremely hard on my budget to ensure that we can deliver good, quality public services. This is about doing things differently. That is why we hope that, despite the challenges, the collaboration and change agenda and the way in which we structure the services will mean that there will not be a significant impact on services this year.

[10] **Mike Hedges:** I meant transportation and roads in terms of local government, which I think come under this portfolio, do they not?

[11] **Carl Sargeant:** Again, with regard to the settlement relating to the bus service operator grants and what local authorities receive in their transport grants, as you are aware, we have carried out a review. We are working within an extremely tight financial envelope. It is just about what money we have and how we can deliver services differently. It is about working with those partners. Are there pressures? Absolutely. Will local authorities find it difficult to make choices and select priorities? Yes, they will. However, that comes down to the quantum of money that we have in the first place, I think.

[12] **Mike Hedges:** Was a sustainable development appraisal of your department's budget carried out as part of the budget planning process? If so, were any changes made as a result?

[13] **Carl Sargeant:** As many Members will know, Jane Davidson used to lead on this all the time in a previous Assembly. She would say that sustainable development was part of the fundamental underlying principles of the Welsh Government's development, and I used to think, 'Yeah? That's interesting'. [*Laughter.*] Then, when I became a responsible Minister, I realised that she was right and that it is absolutely fundamental to all our decision-making processes. So, is there any change this year? No. We always do that, and that is a policy decision right across Government. However, that is strengthened by the equality impact assessment, which I believe adds value to the whole process of developing a programme for government and a positive budget for the future. So, yes, we do that as part of the whole process.

[14] **Janet Finch-Saunders:** Good morning, Minister. I want to talk about the equality impact assessment. In the past, I have raised concerns about the settlement for local authorities across Wales and how the formula is put together. I understand that it was originally put together in 2001 and that it has been tweaked over the years. Do you ever feel that, at some time, it would be good to have a really good look at that in equality terms to see whether the weightings that you give to the 52, I think, different criteria are appropriate now? It is not just about that particular area, but generally. It is not a case of reinventing the wheel but of looking at whether the best approach is just to tweak things as you go along or to take some things apart.

[15] **Carl Sargeant:** That is a really interesting question, and it is something I look at very

closely. The equality impact assessment is something that we developed, and that is about being fair. The settlement and the way in which the formula is set are very much driven by the distribution sub-group consisting of the Welsh Local Government Association and my officials. Therefore, the owners are very local to this. They understand the market needs and the demand on the services, and, therefore, among themselves, the 22 authorities—with the WLGA being the host of this—develop the distribution of services based on deprivation, sparsity and, as you said, the 52 indicators. I think that it was two years ago when there was quite a change in the way in which the distribution was done, again, led by the Welsh Local Government Association and my officials, and, year on year, that is constantly assessed. So, I do not know whether we really need to start again and reinvent the wheel, but it is true to say that local government already reviews this year on year. Again, there will be changes this year, tweaks for local authorities that will disrupt the settlement.

[16] **Janet Finch-Saunders:** Further to that, however, looking at this in equality terms, does the equality impact assessment not identify concerns?

[17] **Carl Sargeant:** No. There are two elements to this, are there not? There is what we do as Government and there is the quantum of money that goes to the revenue support grant. We base that on an equality impact assessment anyway. It then goes to local authorities according to what the distribution formula is, based on need, so it has already had an equality impact assessment. I believe that their judgments on where it should lie should include the element of testing it against equality. That is already encompassed. It is just about the decision-making process about the priorities, really.

[18] **Peter Black:** How do you ensure that the sustainable development appraisal is evidence based?

[19] **Carl Sargeant:** Well, what we try to do, certainly on our account-based—what is it called?

[20] **Mr Kilpatrick:** Results-based accountability.

[21] **Carl Sargeant:** Yes, it is results-based accountability, which we are working very hard to establish right across Government. In Communities First programmes, which, you will be aware, are being changed, there have always been questions—I get this in the Chamber—about how we can provide evidence that what we are investing in is making a difference. Well, the results-based accountability is that process, and if it would be helpful, Chair, I would be happy to send a note to committee detailing exactly how we are progressing with that.

[22] **Ann Jones:** Thank you.

[23] **Bethan Jenkins:** O ran y paragraff ar ddatblygu cynaliadwy, mae'n anodd gweld o'r hyn a ddywedwch sut y mae hynny'n treiddio eich adran fel blaenoriaeth. Beth yr oeddwn am ei ofyn oedd hwn: a ydych yn credu bod datganiad John Griffiths bythefnos yn ôl am y ffaith mai'r economi sydd bellach uwchlaw pob dim arall yn tansilio'r hyn yr ydych yn trio ei wneud fel Gweinidogion portffolios eraill yng nghyd-destun datblygu cynaliadwy?

Bethan Jenkins: With regard to the paragraph on sustainable development, it is difficult to see from what you were saying how that permeates your department as a priority. What I wanted to ask is this: do you think that John Griffiths's statement a fortnight ago about the fact that the economy now comes above anything else undermines what you are trying to do as Ministers of other portfolios in the context of sustainable development?

[24] **Carl Sargeant:** Not at all; I think that it complements it. Ministers across

Government have priorities within their own divisions to deliver on and, as I have said, we have to remember that the overarching principle of sustainable development is not about environmental projects; it is about the broader aspect of sustainable delivery.

[25] Looking at your face, I can see that you were not suggesting that this was environmentally based, but actually the issue goes beyond John Griffiths's portfolio into ours. So, the decisions that I make around tackling poverty and the partnership agenda all have to be considered against how sustainable they are in the development of those policies. Of course, Ministers will have their own views within their departments of what is important to them, but as Ministers with responsibility for departments, we have to ensure that that is complete within our own portfolios too.

[26] **Bethan Jenkins:** A oes gennyh ddifiniad? Mae'n amlwg eich bod yn dweud nad yn y cyd-destun amgylcheddol y mae hwn, ond a oes gan eich adran ddifiniad o'r hyn yr ydych yn edrych arno fel datblygiad cynaliadwy fel y cawn fod yn glir, ynteu a yw hynny'n ateb cwestiwn Peter Black ynglyn â chanlyniadau a'r modd yr ydych eu tracio? **Bethan Jenkins:** Do you have a definition? Obviously, you were saying that it is not in the environmental context, but does your department have a definition of what you are looking at as sustainable development so that we can be clear about it, or does that answer what Peter Black asked about the outcomes and how you track them?

[27] **Carl Sargeant:** I think the response to Peter Black was about the end element of this. What we have to consider in the programming of this is how, among many things, it supports the action to invest in a project in the long term and promotes the integration of the development of a policy. That is sustainable development; that is the whole package. We have to look at how we develop policy, what the implications of it are, and how we can then measure the success of it. Those are the complexities of what sustainable development is.

[28] **Bethan Jenkins:** Do you have a definition of it, so that we can understand how you come to the end result? That is what I am trying to ask, really.

[29] **Carl Sargeant:** I think that the definition, by definition, is sustainable development. I mean, we can provide a definition, I am sure—

[30] **Bethan Jenkins:** I would like that, because it is a big question.

[31] **Carl Sargeant:** Of course, many people ask us, 'What do you mean by this?' That is why I said earlier on—I mistakenly thought that that was what you were referring to—that often people think that sustainable development is building a green building, because it is sustainable in environmental terms, but that is exactly what it is not: it is a broader policy agenda for the Welsh Government.

[32] **Ann Jones:** Are you able to put that in the note that you are going to provide anyway? Could you provide a more comprehensive note, perhaps?

[33] **Car Sargeant:** I certainly could provide what we understand by that, and I will also perhaps ask John Griffiths, given the Bill that he is bringing forward, to write you as well, Chair.

[34] **Ann Jones:** Okay; thanks for that.

[35] **Gwyn R. Price:** The invest-to-save fund is open to all Welsh Government-funded public sector organisations; what have you done to encourage applications from local authorities?

[36] **Carl Sargeant:** Many things. The public service leadership group is a forum in which I talk to the leaders of local authorities and the broader public sector. We regularly discuss the invest-to-save fund and the opportunities that it delivers. I recently wrote to all the chief executives of LSBs about the invest-to-save projects that are available to bid into from Jane Hutt's announcement. A recent example of that would be from the Welsh Local Government Association, which reaffirmed its position to move forward on a national procurement programme, and a bid of £6 million has been confirmed in principle.

9.45 a.m.

[37] The business case states that there should be a return of between £9 million and £24 million, so that is a real quality invest-to-save bid on a national service. It is responding to this. Could it be better? Of course it could.

[38] **Gwyn R. Price:** Thank you. Will the increase in the local government funding spending programme area be sufficient to protect all vital services in 2013-14?

[39] **Carl Sargeant:** I would say 'yes' because that is the amount I am giving them. However, ultimately, this is a decision for local authorities to see what they prioritise. I think that we understand that there are severe pressures in the budget. I keep going back to that figure and I will rehearse it again: there is £2.1 billion less as a consequence of reductions. However, there are two points. The WLGA made an announcement on Friday of last week about the Institute of Fiscal Studies' report on a reduction in capital and revenue, which will have a massive impact on public service delivery. So, it has got the message that it is going to be tough out there. Can I guarantee what it is going to be for the future? No. Will it have an impact on public services locally? I do not know. What I can say is that, in Wales, we have supported local government to the tune of around £500 million more than in England. The big question is: are we getting services that are worth £500 million more? That is a matter for local government to demonstrate.

[40] **Gwyn R. Price:** What impact does the protection of education, and the pressures on services for the young and old, have on other council services?

[41] **Carl Sargeant:** The uplift in the budget has that element of protection, as you say, for social services and education, which is over 50% of the budget. Therefore, there is a disproportionate squeeze on the rest of the budgets. That is the very reason why we have to look collectively with local government at the services they deliver and how they are delivered. 'Because it has traditionally always been done like this' is not an answer. A root and branch review of the services is happening with the Simpson agenda, along with the WLGA vision and the public service leadership group about new opportunities. An example of that, as I mentioned earlier, is procurement. We have always had lots of different ways of procuring. If we do this together and we all engage in that process, there are huge savings to be made.

[42] **Janet Finch-Saunders:** In risk management terms, both from the Welsh Government's perspective and the perspective of individual local authorities, how confident are you when overseeing the budgets as regards statutory partnerships, where health and social services—you talk about the pressures of the young and old—technically work together, and where, sometimes, there could be an element of risk with who picks what up? How do you oversee that in risk management terms, where you are actually working with statutory partners, over whom you would have no control with regard to what obligations they place on local authorities?

[43] **Carl Sargeant:** Public services have grown up in Wales and we are very much turning the corner in relation to the integration of public services, whether in health, the fire

service, or the police. Even the non-devolved function of the police comes to the table to discuss how better we can deliver. An excellent example of that is in the area of domestic abuse, which is a non-devolved function of the Home Office, and includes the police. We have excellent relationships with Gwent Police and Carmel Napier in particular, who is leading on domestic abuse. There is a fantastic leading agenda there, on a national procurement level, of services that are being complemented by the Welsh Government.

[44] A lot of service change is about relationships. We have seen this in the Gwent area with the G7, as they call themselves, who come together and work really well across those boundaries. They had a project, called ‘the Gwent frailty project’, working with the health service, the local authorities and the emergency services. That is about delivering services differently. So, it is doable, but it is also challenging because, as you will be aware, even within the local government family, we cannot always encourage them to work together all the time.

[45] **Mr Kilpatrick:** We also support what we call ‘the leadership group’, which brings together the 40 chief executives from the top spending public service organisations in Wales to try to create the sort of discussion and collaborative view of key public service problems that we have not had before. There are a couple of good examples where those conversations have led to pieces of work, particularly around the reorganisation of health services, which is currently emerging, and in terms of helping local government to understand the challenges of the NHS and vice versa. So, the product of that is a more coherent response to public pressure.

[46] **Peter Black:** The improving services, collaboration and democracy SPA has just under £41 million in it, which is a reduction of 2.2% on the current year. What activities will be funded from that money?

[47] **Carl Sargeant:** Some of the services that are within that budget line are outcome agreements. The WLGA is supporting local authorities. There is also the Ffynnon service. The strengthening democracy element of this is about support for the public service leadership group. There are many elements within that SPA.

[48] **Peter Black:** Your programme for government contains a commitment to ensure that the,

[49] ‘allocation of funding to local councils reflects the relative needs of different areas’.

[50] How are you using the mechanisms available to you to achieve that outcome? How do you intend to work with local authorities to protect vital services?

[51] **Carl Sargeant:** I partly answered that earlier, when Janet asked about the distribution sub-group. The issue of need is very much locally derived in terms of considering what the pressures are in the budget. That discussion is held between my team and the WLGA. So, we listen carefully to that. Again, we have just gone through that process of what the potential settlements will be for the next round in terms of actual numbers and how the distribution sub-group has made some minor changes regarding some of the numbers that it uses. It is very much locally derived and, therefore, we believe that that is the most appropriate way of doing that. Again, I would not support the whole ‘let us start again’ approach because this is just about tweaking some things and it is led by that group. So, need is based on local need and is driven by the local authorities.

[52] **Peter Black:** Yes, but, for example, at one stage, the Government had a deprivation grant—is that still there and are you still protecting social services budgets in the formula?

[53] **Carl Sargeant:** The deprivation grant is still there. I know that you are interested in how many specific grants we can roll into the revenue support grant. However, the Chair might hold a different view on the hypothecation of grants, but it is a fine balance. We have had this conversation in this arena before about expectations of delivery. This goes back to the question that you asked me at the beginning about how we protect front-line services and services in general. One way of ensuring that is by hypothecation of a specific grant, but there is an element of trust in the relationship between local authorities and the Welsh Government in terms of what they can deliver by different mechanisms if we can release cash back into the RSG through non-hypothecation.

[54] **Peter Black:** We must be coming up to the tenth anniversary of this deprivation grant.

[55] **Carl Sargeant:** It is in the RSG.

[56] **Peter Black:** It is in the RSG; it is not a specific grant.

[57] **Carl Sargeant:** No, it is not.

[58] **Peter Black:** I understood you as saying that it was.

[59] **Carl Sargeant:** No; it is identified as an element of distribution, but within the RSG.

[60] **Peter Black:** Okay; I understood you as saying that it was a specific grant. That is fine.

[61] **Ann Jones:** No, it is not, unfortunately; it should be, but there we go.

[62] **Carl Sargeant:** As a former chief whip, I remember having a discussion with the Chair on that very grant.

[63] **Ann Jones:** Yes. Alright then; Mike?

[64] **Mike Hedges:** As a former member of the distribution sub-group, I know that you can often have unforeseen repercussions from minor changes. When the change in financing our roads, for example, went from the basis of 52% population to 48% road length, to 50% population to 50% road length, it suddenly took large sums of money out of Cardiff and Swansea and put them into Powys and Ceredigion. Therefore, will the Minister show caution when making even minor modifications, because they can have large and unforeseen repercussions?

[65] **Carl Sargeant:** I do, and I recognise that. That has happened in the past, where we put the floor mechanism in, because of the actual change in that process. Because of the major change in the formula—I believe that it was two or three years ago when we put the floor in originally—Cardiff was the sole winner and 21 other authorities lost significantly, so we put in a floor mechanism to phase that change through. However, if we have a distribution sub-group, and it collectively comes to a decision on why we should change this, we just need to be careful about how turbulent that is, and about how we make those changes. I recognise that, and I have long conversations with the Welsh Local Government Association about it.

[66] **Joyce Watson:** In talking about making changes, I wish to ask about collaboration, which you have already touched on this morning. Last week, I believe, we had a round-table stakeholder event, where partners said that, at present, they believed that it was resource intensive to work around the collaboration agenda. However, you say that you expect to implement it with pace, thus making the necessary changes. Therefore, could you give some

specific examples of how your budget allocations have taken into account the resource implications for local authorities in putting those arrangements in place?

[67] **Carl Sargeant:** It is fair to say that there are two trains of thought around the collaboration model. Some believe that it will help. It is not the silver bullet as regards the changes, believe me, but it is a better option than doing nothing at all. I have stated my views on reorganisation clearly—we are not in a place for reorganisation yet, because of the cost involved. I know that people around this table may have a different view on that, but that is my view. The issue for me is about how we can get better savings through public service delivery and collaboration models. There are great examples where there has been no cash injection; it has just been a relationship in the public sector, be that local authorities or the broader public sector, in order to deliver a service differently to achieve savings.

[68] I also understand that there are projects that we sometimes need to pump prime. This procurement programme is a great example of that, because we have to get everyone on the same system to understand it. That will cost £6 million, but the benefit of doing that, in the longer term, at a modest guess is £9 million; I believe that it will be closer to the top end of the £24 million that they are looking at returning. That is a very good investment. Interestingly, this week, I received a letter from the WLGA stating that it now wishes to pursue, with pace, the Simpson agenda. The timelines of that agenda are quite clear, and we pushed hard to get those timelines in so that we knew that we would get delivery at the end time. The WLGA is now saying to me that, because of that relationship, it can do this quicker, and it wants to talk about that and about how it will deliver that.

[69] Therefore, I am encouraged by that process. However, there will always be some who do not want to do this; there are many reasons for that, including, quite often, self-interest, be it political or professional. We have to get beyond that, because if we do not, they will fall off the end of the cliff and will not be able to deliver public services. I will intervene with the Local Government (Wales) Measure 2011 if that is the case. We cannot afford for the people that we represent to have bad public services because of bad public decisions.

[70] **Ann Jones:** Janet Finch-Saunders has the next questions.

[71] **Janet Finch-Saunders:** The programme for government contained a commitment to understand better the link between local government funding and performance. In setting your allocations for 2013-14, how exactly have you reflected the need to pay performance-related grants to local authorities through outcome agreements? Where you bring together the leaders of the public sector across Wales you will obviously find duplication, so how will you bite the bullet when you do to bring in those streamlining processes to bring about real efficiencies?

10.00 a.m.

[72] **Carl Sargent:** I will split that question in two, if I may, Chair. The outcome agreements come to their last year next year in terms of our promise to deliver them; it is a £31 million budget for a three-year programme from which authorities can draw down. This is very much driven by local authorities in terms of what they want to improve, and that is agreed by us and then we challenge them on delivery and make sure that it happens. More often than not, they are successful, but there have been a few failures, and we have not paid some authorities all the outcome agreement money. That always causes some dispute, because they think that they did succeed and we think they did not. However, at the end of the day, this is about driving improvement forward and, whatever happens, we get over that hurdle and either we pay or we do not.

[73] It has been an effective tool, and I will give examples of what we have delivered. In Denbighshire—and I know that the Member will have an interest in that region—over 1,000

people have been lifted out of poverty, having worked with the council, Citizens Advice and other agencies. There was a targeted effort and the outcome was to lift people out of poverty. Do not ask me how they did it because I do not know, but that was the detail in its outcome agreement and it delivered that. In Carmarthenshire, 800 council houses were refurbished. That was a target that it gave us, we challenged it on that target, and it delivered. So, the programme does deliver. I am talking with my team about how we strengthen that, how we link the programme for government objectives with outcome agreements so that there is a partnership not just on local government improvement, but on the delivery of national Government proposals through local government and how that synergy works. There may be changes in the way we deal with the cash to help that through.

[74] I am sorry, your second point was—

[75] **Janet Finch-Saunders:** It was about duplication, because, clearly, when you pull all those agencies together, you will see duplication. The well-known phrase is that turkeys do not vote for Christmas. How do you drive that agenda forward where you see duplication?

[76] **Carl Sargeant:** It is very difficult. I have mentioned the local government Measure. We are taking this seriously with local authorities and they know that there is a fine line with the business cases. In her question earlier, Joyce talked about people saying, ‘With so much paper flying around, we’re not doing anything but business cases. We should just get on with it’. The issue is that, if there is duplication and we can demonstrate that, and if there are cost savings to be made and the authorities have not made them, we can intervene under the improvement elements of the local government Measure, and we will. Two local authorities have just rejected a proposal to work closely together, and I am looking very closely at whether we will invoke the local government Measure. They probably know which ones they are.

[77] **Ann Jones:** May I go back to the outcome agreements—I cannot let this go at the moment, due to previous history? How confident are you that councils have achieved when it is the councils who tell you that they have achieved? You mentioned that Denbighshire had lifted 1,000 people out of poverty, but how do you measure whether it has lifted 1,000 of the poorest people out of poverty or 1,000 people who were just in poverty? How do you measure the outcome agreement? For example, if the aim is to get an extra 4,000 people on buses, does that mean 4,000 people constantly on buses or does using the bus once tick the box? How do you measure whether the outcome agreement is having what you and I would think was the desired effect?

[78] **Carl Sargeant:** This is about the ownership resting with the local authority. An outcome agreement contains many proposals when it is drafted, not just one proposal to improve council housing stock or to lift people out of poverty. There are clear guidelines about what the expectations are. In terms of the measurement being ‘just in poverty’ or at the bottom of that category, I cannot answer that, although I can try to find out, because the ownership lies with Denbighshire. We measure whether an authority has delivered on its proposal. I changed the mechanism for measuring this not so long ago, because, for me, it is quite simple: did an authority deliver, or did it not? There is no half measure. They can say, ‘Oh, we nearly made it’ but, I am sorry, they failed and, therefore, I will not pay. I will take that as part of the scoring system, so I have been very robust on that. When we used to pay performance improvement grants, they were nearly always paid. That has not been the case this time, because I am taking a much harder line in terms of improvement. So, if they do not improve, they will not get the money.

[79] **Ann Jones:** Thanks very much for that. We will move on to legislation.

[80] **Bethan Jenkins:** O ran **Bethan Jenkins:** In terms of legislation, you

deddfwriaeth, rydych chi'n rhoi paragraff byr i ni sy'n dweud nad ydych chi'n credu y bydd llawer o effaith ar gyllidebau yn sgîl deddfwriaeth newydd fel y Bil democratiaeth leol. Ond heb asesiad o effaith gyllidebol neu heb ddeall eto'r effaith ar ddatganoli newidiadau etholiadol a'r newid i'r Comisiwn Ffiniau i Gymru, sut ydych chi'n gallu bod yn hyderus na fydd y ddeddfwriaeth hon yn cael effaith, mwy na'r hyn sydd yn eich dogfen chi i ni fel pwyllgor?

provide a short paragraph that tells us that you do not think that there will be much of an effect on budgets in the wake of new legislation such as the local democracy Bill. However, without a financial impact assessment or without having a full understanding of the effect of devolving electoral changes or the changes to the Boundary Commission for Wales, how can you be confident that this legislation will not have an impact that is greater than the assessment made in your document to us?

[81] **Carl Sargeant:** Any new legislation that we take through is based on the financial aspects of that and whether we believe there will be any costs involved in that process. That is taken through the regulatory impact assessment in the creation of the Bill. Therefore, we believe we understand any costs appertaining to that process. Of course, I would not want to put a new burden on local authorities that means that, because we are creating legislation, it will cost them more. If it does, I think that there should be a financial model to support them to deliver aspects of the new Bill. When we create these, we fully understand this. When I brought through the local government legislation—which is currently in court but not because of the financial aspect—you scrutinised me on the elements of whether this is affordable and deliverable by local authorities or otherwise. So, we do look at that in the early stages.

[82] **Bethan Jenkins:** It is quite a strong claim to say that it will be met within current budgets. We have not, as a committee, seen the assessment that you have made, and making an impact assessment so that we know and can track the development of the cost of Bills would perhaps help us when we are asking questions in future. The Welsh Local Government Association has told us that it is concerned that the cost on legislation will fall to local authorities to deliver, at the end of the day.

[83] **Carl Sargeant:** I do not blame it for sending up a flare, warning that it has new burdens, which will cost more, so it should not do it, or will not do it unless we give more money. I get all that. We hope that we are open and transparent in the way we develop our legislation and that we say what our intention is and what we believe the cost to be. I am happy for the WLGA and my team, or other affected bodies, to ask if we have really considered these costs. We will take that into consideration, but when we develop a Bill, we have to take that upfront and understand what we believe the presumed costs would be. If that is the case, either we tell the WLGA what the costs will be and it will have to fund them, or we will fund them. There is no hidden agenda here, but of course, the WLGA will always say—and rightly so—that it wants more money for undertaking new duties, even though it might not cost anything.

[84] **Bethan Jenkins:** I think it is less to do with that, but more about how people track it. The message, from the workshops we had a few weeks ago, was that they fully understand that there will be implications, but it is about how we track it through the process. From the short paragraph you have given us, as part of your evidence today, I cannot, as an Assembly Member, see that. If I cannot see it, I am sure that third sector organisations cannot see it either. That is my question, more than anything.

[85] **Carl Sargeant:** If you think there is any more detail I can give you in answer to your question, I am more than happy to do that. This is not about not wanting to provide the information; it is trying to understand what you would like to see. Reg Kilpatrick might be able to offer some more detail about that process, which might answer your question. But, if you have questions about the process, I would be more than happy to accept them, Chair.

[86] **Mr Kilpatrick:** We are aware of the WLGA's concerns. I have met colleagues from the WLGA and the Society of Local Authority Chief Executives within the last four or five weeks to discuss how we could involve them earlier and more effectively in the process of developing legislation and creating a regulatory impact assessment as we go through, so that by the time we publish the Bill and the RIA at a reasonably advanced stage, there is an understanding of what the costs may be. That will help us in terms of our expectations of what might be absorbed rightfully by local government and for us to understand what will not be absorbed and how we then deal with that. It is an issue that we are aware of and is one that we are trying to work on with colleagues in local government.

[87] **Ann Jones:** Mike and Mark want to ask supplementary questions on this.

[88] **Mike Hedges:** Is it not true that, if the bye-laws Bill eventually goes through its final process, you will actually save money for local government as opposed to costing it money? My second question is this: do you have a mechanism by which you can work with local authorities to agree what an adequate charge ought to be when something comes in that could be charged for? Is there a way that the local authorities and you can agree how much something ought to cost so that the local authorities do not use it as a means to raise money, but they are also not disadvantaged by something that they do not charge enough for? I hope that made sense.

[89] **Carl Sargeant:** Yes, it did. We do not have any formal discussions on the process because those discussions do not come up very often, to be honest. The WLGA manages that process collectively. It is well informed. We support the WLGA financially with a lot of funding to ensure that it can inform its membership about issues, such as those you raised regarding what they are and are not able to charge for and what the going rate is.

[90] **Mark Isherwood:** What collaboration impact assessment processes, if any, exist or might be introduced? I am conscious of the earlier question, which you may want to consider, that related specifically to resource implications of collaboration for local authorities, recognising, in some cases, that benefits will outweigh the cost and, in other cases, the reverse may be the true. At the workshop, witnesses from both the public and the third sector told me that there is a tendency to underplay the cost and overplay the benefits. I know that two local authorities referred to it—I will not name them—and have argued that their decision is based on cost. At the moment, the cost of sharing, as proposed, will outweigh the benefits in the current budgetary environment. Is there any form of collaboration impact assessment process, or should there be?

[91] **Carl Sargeant:** On the whole business case model, the WLGA wrote to me this week about this, referring to 'death by business case' and saying that it wanted to get away from it and get on with the job. I have to be careful about how I say this: I do not disagree with what you say that all the business cases are loaded in the way of benefit-rich and cost-low. It is not the case because, if it were, we would not have any collaboration deals on the table. I mentioned to Janet earlier that we have found that, where there are quality relationships between organisations, they often find a way through. If there are willing partners to deliver a project, even if the costs are high up front and they will gain benefits from it later, they are often willing to try this. There are some authorities that just do not want to collaborate—end of— and we are watching them closely.

[92] **Mark Isherwood:** The focus of my question was on the assessment of cost up front, rather than pursuing the goal and then finding that the initial funding to deliver it is not there, which would therefore lead to a less efficient outcome.

[93] **Carl Sargeant:** That is the whole point of the invest-to-save budget. There are

opportunities for local authorities and the public sector to bid in to stimulate the change of a collaborative project. There are various methods. We have funded from within departments for the invest-to-save fund—it is a larger budget. So, I do not accept that the initial cost is always the showstopper for a long-term gain.

10.15 a.m.

[94] **Mark Isherwood:** Not always; no.

[95] **Joyce Watson:** I would like to move us on now and ask some questions and ask you to give some answers and an update on the scheme that the Welsh Government and local government have been working on to replace the council tax benefit from April 2013. For me—and many other people here, I am sure—this is the one thing on which I am being asked questions time and time again by worried people out there.

[96] **Carl Sargeant:** As you will be aware, the UK Government is devolving this function to Wales. I was very clear that we did not want to be part of this process. Despite that, the legislation has gone through and it will be transferred to us. There are two elements to this: there are the practicalities of delivering a scheme, and we have a steering group working with local authority treasurers, Welsh local government and us about the creation of a single scheme that will be delivered with equity across the whole of Wales. The sense of urgency on this was to create a system that will work in time for April. I am hopeful—and that is as good as it gets—that we will be able to deliver a scheme in April for a system. We are working extremely hard to do this. That is no different from what is happening in Scotland or here. Part of that is because it is new. The lead-in time was not very long. So, that is ongoing. The regulations are out for consultation and the process with local authorities is working well.

[97] The second element of this is the quantum, which is more complicated. Early indications, and the figures that we have received, show that, initially, it would be around a 10% reduction of the total amount being transferred. The politics of this, rightly or wrongly, was that it would be 10% less. That is what we had to deal with. The figures that we have received thus far look more like reductions of 14% to 15% in that delivery budget. They are not finalised figures; so, I urge caution. We are still having discussions with the Treasury and the Ministers to ensure that we get our fair share of what we thought we were going to get.

[98] Alongside that is the delivery mechanism. So, we have the making of a scheme; we know what we want to do, but we do not know what the quantum is to administer this. So, there are three elements to this: do we have a scheme? We hope so. Is it affordable? We do not know because we do not know what money we will be getting; and we still do not know what quantum we will be delivering. They are not levers that we hold; they are UK levers through which we are working very hard to try to achieve better understanding so that we can deliver a scheme for many thousands of people in Wales in April.

[99] I am sorry; that was a long answer.

[100] **Joyce Watson:** It is important. Obviously, all of that, I assume, would have had an impact on your budget planning. Has it?

[101] **Carl Sargeant:** Not really, because this is a separate scheme and we have had to go with our budget proposals as to what our quantum is in any case. We had a good idea, with the three-year settlement, what that would be. This was a new additional function that was transferred across to us that we are transferring through to local government. It has not affected directly the mechanisms of the budget, but in terms of the broader picture of welfare reform we are looking at what we can do to mitigate some of the issues around this. We cannot fund the gap between the perceived 10% that, in real terms, is 14% or 15%, as it is

around £40 million. We just do not have the money to fund that. It has not had a direct impact on the budget as a whole, but trying to mitigate some of those actions of welfare reform in our policy agenda has just made us do things differently.

[102] **Joyce Watson:** There must have been a cost to creating the scheme. Do you have any costings? It is almost a double whammy out there, is it not—the cost of creating a scheme that you did not want and then the reduction in the fund?

[103] **Carl Sargeant:** Work is ongoing with my team and Welsh local government and I suppose that there is a cost attached to that, but I do not know what it is. We are just doing that because we have to create a scheme. As I said, we do not know what the administration of the scheme will be, so we are in discussions about the cost of that. It is all to do with the figures that they are using to make assessments of growth or non-growth. If I am able to do so, it might be helpful for me to share with you some numbers on the predicted growth in terms of the numbers that have been through welfare reform. I do not know whether we can do that; I will need to check whether it is legal for me to do that.

[104] **Ann Jones:** All right, thank you; we will wait to see on that, but it would be helpful if you were able to share some figures with us.

[105] **Janet Finch-Saunders:** You talk about the concerns and the complexities of this new initiative. What dialogue or interaction has taken place between your department and the UK Government's department for local government?

[106] **Carl Sargeant:** This is not being driven by the department for local government in Westminster, but by the Department for Work and Pensions—

[107] **Janet Finch-Saunders:** Well, both departments then: the Treasury and the local government department.

[108] **Carl Sargeant:** This has nothing to do with Eric Pickles's department. This is purely—

[109] **Janet Finch-Saunders:** Yes, but his department will have to manage this as well, will it not?

[110] **Carl Sargeant:** Yes, in England. What we have done is to look at the Welsh solution. What is the quantum of money that we are getting? We do not know. I have been to London to meet Iain Duncan Smith and Lord Freud, and Leighton Andrews has been twice. We have had lots of correspondence between ourselves—

[111] **Janet Finch-Saunders:** So, there is dialogue.

[112] **Carl Sargeant:** Yes, there is an awful lot of dialogue, but, regrettably, it is still really difficult. In my last meeting with them, the expectation was that we would know towards the end of October what those numbers were going to be, but that has now been pushed back to possibly the end of December.

[113] **Kenneth Skates:** Given the problem with housing and the reduction in funding for council tax benefit, how do you intend to deliver your policy objectives on anti-poverty and the reform of the welfare system?

[114] **Carl Sargeant:** As I said, the significance of the council tax benefit element of this has not had a direct impact on the decisions that we have made. What we have tried to do is to mitigate with some of the things that we are doing within the Welsh Government. You will be

aware of the 'Tackling Poverty Action Plan 2012-2016' that we launched in June this year and how that has an effect on all decisions across Government.

[115] Alongside Jane Hutt, we have issued a directive to have a review of advice services, because we know that people will require quality advice. However, with a reducing budget, we cannot fund everybody, so we are trying to ensure that when people seek advice, they can access it easily and get good-quality advice. So, that is one element of the way that we have changed what we are doing to try to deal with the effects of something that is coming in, without making major changes to the financing element of this. We are just doing it differently.

[116] We have reviewed the Communities First programme and we are tackling the areas of poverty. We could celebrate that we are victims of our own success, because, unfortunately or fortunately, there are some communities that are now not eligible for Communities First funding and, therefore, they have to have an exit plan. The success of that programme means that they are not in poverty any more, but, as a consequence of that, they do not get any money to support their community. So, those communities are lifted out of the Wales index of multiple deprivation, but there is a consequence to that change in profile. I think that is good. It would be fantastic if we had no communities in the Communities First programme, but that is not the case. That is why we have had to make sure that the programme now really focuses on people in deprivation. Those are just some of the subtle changes that we have made to adjust to what is probably coming our way.

[117] **Bethan Jenkins:** However, the children's commissioner recently said that there would be no way that the Welsh Government could reach its target of eradicating child poverty, as a result of the fact that we do not have the financial levers that we need here in Wales. We can say what we want about some of the other policies that we are working on, such as education, but without those levers we cannot hope to eradicate child poverty. What are your colleagues doing on this, and how does your budget reflect that reality?

[118] **Carl Sargeant:** I have some sympathy with the children's commissioner's views, on the basis that most of the levers for tackling poverty are operated from Westminster, and we cannot get away from that. Some of the welfare benefit elements of this are Westminster derived. What I do not accept is that we sit back and do nothing. We have to make sure that we challenge everything that we do in the Welsh Government, and test the services that we deliver against the poverty element of this. I will give you one example, which is not actually in the local government and communities budget, but is more transport based. It is an element that opens many people's eyes. Most young children killed in road traffic collisions are based in a Communities First ward, in a poverty-stricken area, yet the budget for Safe Routes to Schools predominantly went to areas that were not in poverty. I have changed my policy on that agenda and said that we will focus at first on areas that are in poverty zones; that will be part of the criteria to qualify for Safe Routes in Communities. That is just one element where, without changing the budget envelope, we have said that what we should be doing is tackling the poverty agenda first. That is just one example, and that goes across Government. Wherever we make policy decisions, we have to test against poverty now.

[119] **Mark Isherwood:** You refer to some Communities First areas being lifted out; are you able to give us any numbers, or identify those areas as a proportion of the total? If you cannot say now, you could feed back to committee.

[120] **Carl Sargeant:** Of course. All the Communities First partnerships that are exiting the programme are doing so because they are above the 10% quartile and are not adjacent to wards of 20% or 30%. I can provide you with a list of those at the appropriate time. They have been informed, though.

[121] **Ann Jones:** Thank you, that would be helpful.

[122] **Bethan Jenkins:** Mater sy'n bwysig, yn amlwg, yw'r broblem gyda chyflogau teg, yn enwedig y bwlch sy'n bodoli o hyd rhwng dynion a menywod. A allwch esbonio sut y mae dyraniadau cyllidebol eich adran yn adlewyrchu ymrwymadau'r rhaglen lywodraethu i weithredu dyletswyddau cydraddoldeb newydd y Llywodraeth, yn enwedig o ran gwahaniaethau mewn cyflogau ar sail rhyw, fel rwyf wedi dweud, ond ethnigwydd ac anabledd yn ogystal?

Bethan Jenkins: An issue that is very important, obviously, is the problem with fair pay, especially the gap that still exists between men and women. Could you explain how the financial allocations of your department reflect the programme for government commitments to implement the Government's new equality commitments, especially in terms of differences in wages in terms of gender, as I have said, and ethnicity and disability as well?

[123] **Carl Sargeant:** You will note that the paper that I sent you makes reference to equal pay et cetera. There has not been a committee meeting where you have not asked me that question. I thought that we would be upfront and tell you, before we came to committee, exactly what the position is, rather than me writing to you afterwards. I hope that you find that helpful.

[124] In the broader sense of the equality strands, the Member may not be aware, but we have presented the equality impact assessment—or Jane Hutt did, yesterday—to the Equality and Human Rights Commission for its assessment. We believe that testing the budget against the equality impact assessment is, as I mentioned earlier, fundamental to delivery. I think that it was last year—either last year or the year before—when we continued on the same path, and I believe that we have strengthened it this year, and the department has been working hard to ensure that everybody is consistent in their approach to this, as opposed to departmental ways of working on EIAs. We passed this process and the UK Government was challenged on its EIA, whereas we were not. We should be celebrating. We should be saying that we did something right and we should be building on that. I think that that is what we have done this year. So, we make sure that we follow the EIA and the Equality and Human Rights Commission will look at that.

10.30 a.m.

[125] In terms of specifics in the budget, in mine in particular, I know that Members share my passion for protecting vulnerable people and particularly preventing violence against women and domestic abuse. Members may have noted that we have protected that budget line again. There are gender-specific elements in the budget with regard to protecting women. The Right to be Safe strategy and the 10,000 Safer Lives project are also based on equality and fairness and ensuring that we protect the quality of life issues. So, I believe that we have tested our budget against the EIA. I would hope that our department can lead on this, because I think that we should do so. I am passionate about that. Those are just some examples of what we are delivering within the department. I am glad that I also have collective support on that across the Chamber.

[126] **Bethan Jenkins:** I would like to ask a specific question. You said that, to date, £60.5 million of capitalisation directions have been granted to seven authorities in Wales. Have any other local authorities sought money from that fund, or is that the end? Is that closed or is more money available? I know that some local authorities have not sought money—I will not name the authority, but I think that we all know which one it is.

[127] **Carl Sargeant:** We have not received any more since that update. The capitalisation is under Treasury rules and we believe that it is still open to provide opportunities for authorities to capitalise, if they wish to request that and if they qualify.

[128] **Ann Jones:** Thank you for that update on equal pay, because it was interesting to note that some have not even tackled it yet. We will probably return to that at a future date.

[129] **Mark Isherwood:** As you know, the Welsh Government published its 'Tackling Poverty Action Plan 2012-2016' in June. How has that influenced budget allocations within your department and across the Welsh Government?

[130] **Carl Sargeant:** I suppose that it relates to the question that Bethan asked about some of the functions that we look at across the Government. I lead on bringing the Cabinet and directors together on a regular basis to discuss implementation and the progress that is being made on the tackling poverty action plan. Early next year, we will give an update on how the plan is progressing, what interventions we are making and how that is changing. I have told Ministers, on behalf of the First Minister, who ultimately leads on this, that we have to be able to demonstrate in our actions how we consider the poverty element in our decision-making processes on policy. That is why, earlier, I gave the example in relation to transport, which was small but significant. It is about reshaping how we make those decisions as opposed to reshaping the financial envelope. Poverty, as much as the equality impact assessments, should be part of our decision-making process. That is why, now more than ever, when there is a greater impact on people, for whatever reason, because of the economy and the decisions that people make, we have to tackle the poverty agenda. So, it is ingrained in our policy decision processes.

[131] **Mark Isherwood:** Thank you for that. Clearly, there are many devolved factors that are contributory, such as education, housing, substance misuse et cetera.

[132] In terms of the £40.3 million allocated next year to the refocused Communities First programme, how will you ensure that there are positive, measurable outcomes?

[133] **Carl Sargeant:** I mentioned earlier the assessments that we will be using to test that. We will be training with Communities First clusters to ensure that the accounts-based assessments are completed properly, that they understand how they work and that they can demonstrate that. There will be a small reduction in the funding for the programme in terms of the allocation. We do not believe that that affects the core principles of the organisation, and the cost of the core programme is certainly manageable within that budget. Therefore, we do not think that that will impact on delivery. We also believe that we will get better value for money by restructuring the programme, so there will be fewer clusters and less of an issue in terms of the cost of delivery. We want the money that is allocated to the programme to go to the front line to deliver on tackling poverty. I hope that that answers the main thrust of your question.

[134] **Mark Isherwood:** How are you ensuring that the functions of the grant recipient bodies and the partnerships delivering programmes are maintained, so that the grant recipient bodies focus on delivering professional corporate services, such as finance and human resources, when the spending priorities for funding in the programmes are for those community partnerships?

[135] **Carl Sargeant:** I will ask Kate to talk about the new structure and process that we have attached to Communities First, which I hope will answer your question.

[136] **Ms Cassidy:** We have identified lead delivery bodies for each of the Communities First clusters, so we are working on larger and more flexible areas. We are currently in the process of assessing all the proposals that those lead delivery bodies have sent to us, working with local partners, to set out what they aimed to achieve in their area and how they would work very closely with communities to deliver results in respect of those three key themes of

health, learning and jobs. They have been asked to set out their proposals and to ensure that any money that they seek can be clearly identified in how it is linked to those three objectives. By asking them to produce those plans, we have a clear basis for assessing how they will deliver against those plans. The results-based accountability process allows us to translate those very high level things about health, learning and jobs into the practical impact that they will have on the ground, namely how many people they will help to get qualifications, how many people will be taking regular exercise and so on. So, we have quite a firm framework there to hold those bodies to account for their plans.

[137] We also want to establish regional communications so that clusters can learn from each other. One of the great things is being able to see how other people have succeeded in an area, and transferring that learning across. That is another level where we will see whether it is delivering and whether we are making the most of it. If there are very successful initiatives in one area, we would want them to be shared with other areas so that we can make faster progress.

[138] **Mark Isherwood:** Should the funding be specifically focused on the areas within the clusters, or can the grant recipient body divert funding to poverty-fighting initiatives outside its cluster if it feels that it benefits those living in the cluster?

[139] **Ms Cassidy:** We have made it slightly more flexible, to overcome the problem of very tight boundaries. However, there still has to be a focus on those areas. It may be that we can work with partners to develop things that are delivered in several cluster areas, for example. So, there is more flexibility there, but we do not want to completely lose the focus on trying to make a difference in those most deprived areas.

[140] **Carl Sargeant:** One of the key issues, Mark, as many Members will recognise, is that many young people attend high schools that are outside the Communities First areas. Those young people who need additional educational or social support often do not get it because the school setting is outside the area. We need to look at the flexibility of that, but I am very clear that this is most definitely not a community fund for funding organisations that are not in poverty; it will be targeted towards poverty areas. If there are benefits from the work going on in a cluster that will support a neighbouring ward that is having difficulties, but is not an identified Communities First ward, I will be sympathetic to that. However, it will be nothing other than a community poverty-tackling fund.

[141] **Mark Isherwood:** Again in June, you referred to a review of advice services, saying:

[142] ‘Instead of advice being delivered in a piecemeal fashion, I am keen to see an advice network that can respond to people’s individual needs and guide them towards longer-term solutions’.

[143] As far as I am concerned, that is applicable in any economic climate, the current one or an alternative. What work are you and your department doing to consider such preventative spending within the budget plan?

[144] **Carl Sargeant:** I agree with you, for once. [*Laughter.*] Do not sound so surprised. We should test the system to see whether it works in any economic climate, and I believe that that is what we are doing. However, there are additional pressures forcing our hand to make changes. The review of advice services is under way and, following the recommendations, which I cannot pre-judge, we will make a decision on that process. Predominantly, it is about less duplication, easy access to services and quality services. Those are the three key planks that we must consider when people need to access service provision. They are not always the nationals, as, actually, some good-quality services are provided locally in communities, and they are not always provided by multinational advice services.

[145] I recently attended the British-Irish Council, and preventative spending across the whole remit of the union is an item on the next agenda. We are dealing with that specifically in the 10,000 Safer Lives project and the ending violence against women Bill. They are both about investing early on in education, and the opportunities to develop preventative spend and upfront investment that will, in the long term, mean huge savings for the Welsh Government and the public sector at large. Those are two examples.

[146] **Ann Jones:** We have about a quarter of an hour left, and we have four areas to cover: the third sector; community safety; domestic abuse; and fire and rescue services. So, I am going to have to ask for shorter answers, although I do not want to curtail any supplementary questions that may come in.

[147] **Carl Sargeant:** Okay, Chair. ‘Yes’ and ‘no’ will do me. [*Laughter.*]

[148] **Ann Jones:** No, you have to give proper answers. I am just conscious of the time.

[149] **Bethan Jenkins:** Yn amlwg, mae consŷrn bod cyllidebau'r trydydd sector yn mynd i lawr. Pan gawsom sesiwn â chynrychiolwyr y sector gwpl o wythnosau yn ôl, roeddent yn dweud eu bod yn byw o ddydd i ddydd yn ceisio ariannu staff ac yn gorfod gwneud lot o bobl yn ddi-waith yn sgîl diffyg cyllidebau. Sut y gallant helpu eich rhaglen lywodraethu os oes gan gynifer ohonynt broblemau ariannol mewnol, yn enwedig y rhai llai o faint nad ydynt yn ennill contractau mawr gan y Llywodraeth?

Bethan Jenkins: Clearly, there is a concern that third sector budgets are declining. When we had a session with sector representatives a few weeks ago, they said that they live on a day-to-day basis trying to pay their staff and having to make a lot of people redundant because of budget shortages. How can they help your programme for government if so many of them have financial problems internally, especially the smaller ones that do not succeed in bidding for larger contracts from the Government?

[150] **Carl Sargeant:** I see the third sector as a key partner in delivering change for our communities, and I have said that on many occasions. That is on the basis that we are pursuing legislation to make compacts between local authorities and the third sector statutory. Often, when there is a change in financial circumstances, the first to fall off the end is the third sector, and that is not right, because there is a key place for third sector organisations in delivery. I believe that we have a very good relationship with the sector in how we deliver funds directly to the organisations. We have a funding programme that we have to comply with, or I get reported, and we have to ensure that third sector organisations understand what their budgets will be by December, I think—three months in advance of the review. We give them the same notice as we give local authorities.

10.45 a.m.

[151] I do not underestimate the difficulty that the third sector has with financing its organisations, because there are many of them. Some like to be completely independent in the sense of having no Government funding and having charitable status or whatever, so there is a great deal of variety in the voluntary sector, in the sense of what it looks like. There will be huge challenges ahead, and not just for Government, local government and the public sector but for the third sector. Therefore, what I have asked my team to do, because we have less money, is review what we fund, who we fund and how, and the reason for that, ultimately, is to ask why. What are we asking these people to deliver and are they delivering that? We have to test the third sector as we test the public sector because, with £2.1 billion less, we have to make changes. That will have an impact, and, therefore, I want to be partners with the third sector on how we take this forward.

[152] **Bethan Jenkins:** Okay. I think that the difficulty is that, as they have told us, they spend half the year applying for grants. When they get the grant, they implement it, but then they have to apply for it again. So, it becomes a vicious circle and if they lose the grant the second time, they have to make redundancies. I understand that they must face the same rigorous process as local government, but they are different in the sense that they have tighter budgets, particularly the smaller organisations, so they do not have that flexibility. Therefore, I hope that you can have that discussion with them in future.

[153] **Carl Sargeant:** I certainly know what the Member is saying and I recognise some of the issues that she raises. However, there is no easy fix for this, because I am in no position to give assurances to any sector about their financial stability beyond the 12-month period over which I have control.

[154] **Ann Jones:** I have two Members who have supplementary questions, but they will have to be quick. Peter is first and then Mark.

[155] **Peter Black:** Between the indicative plans and the draft budget, you have put another £650,000 into the third sector. What has that money been allocated to?

[156] **Carl Sargeant:** Advice services.

[157] **Peter Black:** Is that part of the advice services review?

[158] **Carl Sargeant:** Partly, was it not?

[159] **Ms Cassidy:** We secured the funding because of the cuts made by the UK Government to the advice sector, for legal aid and so on. It established a fund to manage that transition, and we secured the consequential of that and ensured that it went to the advice sector.

[160] **Peter Black:** So, what will that money be targeted at? Will it go to citizens advice bureaux?

[161] **Carl Sargeant:** That is part of the review. We have had additional services from Citizens Advice, but, broadly, we have to understand what services we want to procure for the future.

[162] **Peter Black:** So, basically, you are waiting for the outcome of the review before you allocate this money.

[163] **Ms Cassidy:** We have allocated money this year. That was done on the basis of an analysis of which advice services were going to lose most, with a view to being able to sustain those services. The distribution of those funds was agreed with a representative group of bodies. The review is also involving those bodies and looking at where the need is greatest.

[164] **Peter Black:** Chair, as we do not have much time, is it possible to ask for a paper with more detail on that?

[165] **Ann Jones:** Yes, if that is possible.

[166] **Carl Sargeant:** Yes, I would be happy to do that.

[167] **Mark Isherwood:** You referred to co-delivery between the statutory and third sectors. Organisations from the Wales Council for Voluntary Action through to Age Concern, Age Cymru, carers' organisations, reablement bodies and hospices are all saying that we need

to co-design, so that the services are designed at a strategic level and then delivered, with the funding going to where it can deliver the most efficient outcomes. In making your budget allocations, what consideration have you given to that co-design element?

[168] **Carl Sargeant:** It works both ways. It is about the relationship that we have with them. All Ministers have a discussion with the WCVA twice a year, and I meet it every couple of months with the Partnership Council for Wales. We have discussions about the broader aspects of the third sector's relationship with Welsh Government and local government, and I see that as a key influence on the decisions that we make. However, going back to the point that Bethan made about the mechanism for applying for the grant, sometimes, we have to work with other organisations, such as the Big Lottery Fund, to understand what they are doing, what we are doing and what the third sector is doing in its own right. It is about having the discussions, as the sector can influence the way in which we channel our budgets, and it has done in the past.

[169] **Ann Jones:** Community safety is next. Ken has the first question.

[170] **Kenneth Skates:** As policing is a non-devolved matter, how will you address reductions in support from the UK Government for such things as community safety partnerships?

[171] **Carl Sargeant:** I cannot fund the gap that is created by the reduction in the budget. I have said that very clearly on several occasions, and all that I can do is try to mitigate some of the effects of that. One action, as the Member will be aware, is rolling out the funding for the introduction of 500 police community support officers across Wales, which has been very positive and very well received on the ground. I have been out with community support officers in all parts of Wales to understand the work that they do in their communities. I have found that they are very well received, and we are taking that forward with vigour. When will we have the last ones in place?

[172] **Ms Cassidy:** September 2013, and there will be over 500 by then, because some of them will be part-time. So, 545 will be in place by September 2013.

[173] **Carl Sargeant:** That is one element. Another aspect of community safety, which the Member knows I have raised several times, is the ending violence against women Bill. We will be introducing the White Paper shortly, and I believe that we, in Wales, are introducing world groundbreaking opportunities to prevent these issues, as part of the community safety agenda. We have other programmes, such as the 10,000 Safer Lives project and so on. So, yes, we are doing things to mitigate some of the effects, but we should do this anyway, because it is right.

[174] **Janet Finch-Saunders:** The Welsh Government's strategic equality plan includes an objective to

[175] 'Reduce the incidence of all forms of violence against women, domestic abuse, 'honour' based violence, hate crime, bullying and elder abuse.'

[176] How is that objective reflected in your budget allocations?

[177] **Carl Sargeant:** The budget is being protected, the domestic abuse line, and I am working very closely with third sector organisations and with non-devolved functions such as the police. I met the police yesterday to discuss how we can take this forward. Protecting the most vulnerable is a priority across all of Government. It is the right thing to do and, as I said earlier, we are delivering some groundbreaking stuff here with the support of many colleagues in the Assembly, for which I am very grateful.

[178] The ending violence against women Bill will be significant. We have to look at what we do with the funding, even in this work stream. We have to look at who delivers what and where, because it is a mixed service. We have to make sure that we get some quality and consistency. Wherever you are in Wales, accessing services is really important for the most vulnerable, and, at the moment, I cannot guarantee that that happens. When we bring it into statute, we need to ensure that there is quality training and quality services for everyone everywhere in Wales.

[179] **Janet Finch-Saunders:** I have a quick supplementary question. There was some concern at the stakeholder group about the police commissioners and the budget for community safety. How will you look to work positively with the new elected police commissioners and the police and crime panels to ensure that community safety moves forward in a positive way?

[180] **Carl Sargeant:** Well, I am really excited about the elections for the police and crime commissioners, because I am looking forward to working with them. I have been very clear with the outgoing police authorities that our relationship with the police has been very good, despite their being a non-devolved function, and I want to continue that really good relationship, be it with a police commissioner or otherwise. I have a meeting with them already booked in the diary for the first month after their election, and I hope that they will take the opportunity to meet me.

[181] I have been very clear that I expect any funding that we put into community safety to be delivered in the same manner and good spirit in which it is delivered now. If that turns out not to be the case, I will remove the funding.

[182] **Ann Jones:** Lastly, we have fire and rescue services. You probably cannot provide the committee with a detailed overview of what activities the budget allocations for fire and rescue services are intended to resource, but I think that most of the front-line funding is done at local authority level. Could you perhaps give us some details about the model for funding fire services and how they operate compared with the police, which operates differently, and local authorities, which operate differently again, in terms of precepting for the fire and rescue service? I know that that is a big question for today and you have about two minutes to answer it.

[183] **Carl Sargeant:** I will send the Chair a note on that. It is an interesting question. The fire authorities do precept differently from councils and the police. In some way, there is an element of protection in the way that they are able to direct. They can use a directive to instruct authorities to precept on their behalf and they can precept twice a year, I think. It is quite complex. It is an interesting question and I am more than happy to write to the Chair, and when you get the letter, you will have more questions, I expect, but I am more than happy to do that.

[184] **Ann Jones:** Okay, fine. Does anyone else have any other questions that we have not touched upon? We have about a minute now.

[185] **Bethan Jenkins:** I wanted to ask about the crime boards and how you would make the determination not to give them money or to take it back. What analysis is that based on? Do you have a guideline for that, if you are not happy with the way that they are potentially going to allocate the funds via this new regime?

[186] **Carl Sargeant:** Maybe I was not clear enough. What I was suggesting was that our relationship with the police and crime commissioner will be as it is with the chief constable currently. We have an understanding that I fund community support officers for the

organisation, which has been responded to well by the police—they have delivered on that on the basis of a mutual agreement of how, when and where this will happen—and if that is not the relationship that a police and crime commissioner would want to have—I am not saying that that is the case, but I want to make my position clear upfront—in terms of Welsh Government funding delivering on community safety for the Welsh Government, then I would not continue to fund that element on which we would have a disagreement.

[187] **Bethan Jenkins:** Could you come up with a plan, first of all, that you could both sign and agree, or would that be too prescriptive at the beginning?

[188] **Carl Sargeant:** To be fair, I am hoping for a consistent relationship. I have no reason to think that there is going to be conflict between me and the police and crime commissioner, and I am quite happy that that relationship will continue as it is. However, if it does not, I give a word of caution that I would consider doing things differently if that was the case.

[189] **Ann Jones:** Okay. I think that we will end on that one. Minister, I thank you and your officials for the session this morning. You will be sending us a few notes: one on the resources-based evidence that arose from Peter's question 3, one on the council tax scheme if you are legally able to give us some information on that, another on the Communities First areas and the voluntary sector £650,000 that Peter tackled, and one on the fire service, which is my little passion at the moment. Thank you very much for coming and you will get a copy of the transcript to check for accuracy. Thank you very much.

[190] **Carl Sargeant:** I am grateful; thank you, Chair.

[191] **Ann Jones:** The committee will now break for five minutes.

*Gohiriwyd y cyfarfod rhwng 10.58 a.m. ac 11.03 a.m.
The meeting adjourned between 10.58 a.m. and 11.03 a.m.*

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2013-2014 Scrutiny of Welsh Government 2013-2014 Draft Budget

[192] **Ann Jones:** If you switched on your mobile phone during that short break, could you ensure that it is off again? We will move straight into our next session, which is to continue scrutinising the Welsh Government's draft budget. We have with us this morning, Jane Hutt, who is here in her capacity as the Minister with responsibility for equalities. Jane, would you like to briefly introduce your team, or allow them to introduce themselves, and make a brief opening statement to set the scene? We will then move to questions.

[193] **The Minister for Finance and Leader of the House (Jane Hutt):** I wish to introduce Amelia John, who is the head of the Equality, Diversity and Inclusion division and its deputy director, Claire McDonald, who is the head of equality, and Jo Glenn, who is head of the inclusion team.

[194] I would be grateful to make a couple of opening remarks. This relates to my budgetary responsibilities as the Minister for equalities. Since the passing of the Equality Act 2010 so that it is now on the statute book, I have been determined to fully implement the statute on introducing equality impact assessments of our budget. This is the third equality impact assessment of our budget. It is pertinent to remember that this is the second year of the three-year spending plans that we published last year. So, these proposals are published in the context of a 12% reduction in real terms to our total departmental expenditure limit budget between 2010-11 and 2014-15, and a 45% real terms reduction to our capital DEL from 2009-10 to 2014-15. However, with this equality impact assessment, I have sought to ensure that it

is both relevant and transparent, and that it makes a difference to the way in which we prioritise our budget for the people of Wales.

[195] The paper to committee, which you have already received, demonstrates the focus of the equality impact assessment. It reports on the equality impact of the five for a fairer future commitments. It equality-impact assesses our spending plans, assessing the equality and socioeconomic considerations, reflecting previous budget decisions and ensuring equality consideration within our capital investment plan. What is important is that a full equality impact assessment has been carried out in relation to proposed change, when the likely impact was potentially significant.

[196] Therefore, I remain committed to keep on strengthening our EIA approach. We are on a journey, as we say, in terms of developing this; we are in advance of other devolved administrations, and, indeed, the UK Government, in the approach that we have taken. We are working closely with the Equality and Human Rights Commission, with the appreciative inquiry of the assessment of our budget, which you will be fully aware of, having met them last week.

[197] The final point that I wanted to make in introduction is that, when I published the equality impact assessment on Monday, I also announced that I am establishing a budgetary advisory group for equality. That will help us strengthen our understanding of the nature of inequalities in Wales, and will also help us, critically, in informing the way in which we develop and implement our equality impact assessment.

[198] **Ann Jones:** Thank you for that, Minister. The Government's programme for government and the strategic equality plan contain numerous commitments to tackle inequality in Wales. I think that most people will welcome that. How do you intend to fulfil those commitments, given that all the actions in your draft budget that relate to equality are facing a reduction in real terms? Furthermore, are there areas of concern regarding the availability of resources and how that could impact on the Government's ability to deliver those equality commitments?

[199] **Jane Hutt:** As I said in my opening remarks, we face a £2.1 billion reduction in our block grant from the UK Government, and a 45% cut in our capital budget. So, this is in the context of reducing budgets. If you look at the Equality, Diversity and Inclusion Division and the digital inclusion budget, it is in fact £2.8 million revenue and £1.5 million capital. So, they have been subject to reductions; as I said, it is the second year of a three-year planned programme, and those reductions had been planned. It is important to note that that is a small budget within the Welsh Government's £15 billion budget. What is important, as you have said, is that the strategic equality plan, and, indeed, five for a fairer future—our programme for government—mainstream equality objectives across all ministerial portfolios. So, my budget head is a small contribution to that.

[200] It is also important to look at the equality impact assessment, to see how Ministers—not just me—have prioritised our objectives to fit equality needs, and to fit the equality plan. In terms of my small contribution and my budget, we have been able to safeguard funding to external organisations, so that they have not received any reductions in cuts. In fact, the committee might like to see the list of organisations that we have been funding over this three-year period, to see that there have not been any reductions. However, we are consulting on grants funding, as you know, including equality funding, to maximise the impact of our funding, in line with the programme for government. It is about how we prioritise, not just in terms of my £2.8 million, but the whole of the £15 billion budget. Ministers then have the responsibility, as they prepare their budgets and bring them to the table, to prioritise in that way. I hope that everyone who has seen the equality impact assessment—and I think that committee members will have copies of it—can see the detail of how Ministers have aligned

and realigned to meet equality objectives and to act on evidence, such as, for example, in Flying Start to improve provision where we know that it has a beneficial equality impact.

[201] **Bethan Jenkins:** Gwnaethoch roi'r asesiad o'r effaith ar gydraddoldeb i ni, neu yn hytrach ei gyhoeddi, ar 8 Hydref, ond daeth y gyllideb allan ar 2 Hydref. A oes rheswm pam oedd yr asesiad hwn wedi'i gyhoeddi ond ar 8 Hydref ac a fyddwch yn ei gyhoeddi ar yr un pryd â'r gyllideb y flwyddyn nesaf?

Bethan Jenkins: You gave us this equality impact assessment, or rather published it, on 8 October, but the budget came out on 2 October. Is there any reason why this EIA was only made public on 8 October and will you publish it at the same time as the budget next year?

[202] **Jane Hutt:** This year, we wanted to produce a stand-alone document. Last year, it was part of the budget narrative and we published it on the day of the draft budget. This one was published within a week of the publication of the draft budget to ensure that it was robust, thorough and stand-alone. I was also making an announcement about the budget advisory group for equality. We need to consider the arrangements for next year, and I am sure that your views would be helpful on that point.

[203] **Bethan Jenkins:** Yn y ddogfen, mae pwynt 4.2 yn dweud y bydd y templed ar gyfer yr asesiadau, a oedd wedi'i newid y tro hwn, yn cael ei ryddhau ym mis Tachwedd. Rwyf wedi darllen y ddogfen hon i gyd ac rwy'n ei chael yn anodd asesu'r hyn sydd ynddi heb weld y templed rydych wedi seilio'r gwaith hwn arno. A oes rheswm pam mae hwnnw'n dod allan ym mis Tachwedd? Byddai wedi ein helpu fel pwyllgor i graffu ar y ddau beth ar yr un pryd.

Bethan Jenkins: In the document, point 4.2 states that the template for the assessments, which was changed this time, would be released in November. I have read this document in its entirety and I find it difficult to assess its contents without having seen the template that you have based this work on. Is there any reason why that will be released in November? It would have been helpful for us as a committee to scrutinise both things at the same time.

[204] **Jane Hutt:** That is a fair point about how the template is being used to guide heads of finance, lead equality officials and Ministers in the preparation of the equality impact assessment. Chair, I would be happy to share it with the committee. At this stage, the template and the EIA guidance have been piloted. This is all new territory. We are developing the guidance and the template in Wales. It has been used in a pilot form, but I think that we are now ready to publish it, are we not, Amelia, and we can give it to the committee?

[205] **Ms John:** To explain, the inclusive policy-making template that was previously used was robust, but we decided to make it slightly more user-friendly and to pilot that. We have had some good feedback. Even while going through this process, we had feedback and made last-minute changes. We have had it translated and had those changes translated, and then we will publish it externally on the website. However, absolutely, we can share it with the committee at this stage.

[206] **Janet Finch-Saunders:** I have a supplementary question on that. How do you convey how you thread equality through the funding of certain areas to the stakeholders, or those who are affected?

[207] **Ann Jones:** You are straying onto someone else's question for later.

[208] **Janet Finch-Saunders:** All right, but we are on that now.

[209] **Jane Hutt:** The equality impact assessment tool and template are for us, for our officials and Ministers, to ensure that we equality-impact assess our draft budget. As for

issues around the Equality and Human Rights Commission's appreciative inquiry and our engagement with external bodies through this process, I am happy to share the developments on that front.

[210] **Janet Finch-Saunders:** Okay—

[211] **Ann Jones:** Hang on, Janet. As you have touched on Gwyn's question, Gwyn, do you want to ask that question now? I will then come back to you, Janet.

[212] **Gwyn R. Price:** Which groups of people were engaged and consulted with during the equality impact assessment process?

11.15 a.m.

[213] **Jane Hutt:** This is a key part of it. It very much follows on from Janet's question, as well. Some of our ongoing engagement with organisations is about policy development. We have recently launched the framework for action on independent living for disabled people. There has been extensive engagement with regional stakeholder groups and themed groups to work through and have a framework, which is out for consultation. Equally, there is the strategic equality plan, which I published in April this year: we have had extensive engagement as far as that is concerned, and it all feeds into our equality impact assessment.

[214] I meet regularly, as do all Ministers, with third sector interests. So, last year, I met members of the equality and human rights coalition, and will do again in November, and they are all drawn from the third sector. Also, the EIA in its current stage—and you know that we will bring back any updates or revisions to it in the final budget—is being shared with all equality groups in Wales, including all the advisory fora, such as the race forum, the women's forum and the disability equality forum. We are encouraging feedback. Obviously, as committee members, you are key in scrutiny terms, but consultation and feedback from external organisations is also important. On Monday, I met with the chair and director of the Equality and Human Rights Commission to present them with our assessment, and I told them that this was an open invitation to engage.

[215] **Gwyn R. Price:** So, Minister, you are saying that you have been engaging with different elements and that the changes made with their constructive input were put into the budget.

[216] **Jane Hutt:** The changes for Government to make to the budgetary priorities go back to the first equality impact assessment that we did in 2011. We did an extensive amount of work on socioeconomic impacts, looking particularly at the groups with protected characteristics and at the impact of any reduction on them. We were talking about reducing budgets, so it was about the negative impact of reducing a budget or prioritising into other policy areas. You will see in the document that it takes us back to 2011, when we looked at, for example, the importance of social services from a wide range of perspectives. We also looked at the impact on vulnerable people and on women, and at whether we had robust service provision for carers, linking to the health service. We also saw that there was a need to look at bus services, for example, as women are less likely to have access to a private car and more likely to use bus services, indicating the need to go into the detail of the Minister for transport's policies on concessionary fares, to try to find ways of meeting their needs in the form of bus services and community transport. The Minister is looking at that.

[217] If we look at any other changes, we see that it links to the strategic equality plan objectives. Part of that, for example, is about improving access to childcare, which feeds into the decisions that we have made to double the amount of Flying Start provision, which, of course, is free childcare for some of the most disadvantaged children in Wales. The

importance of shaping and steering our ministerial decisions is very clear as a result of the impacts, but we still need to look at those impacts in any future judgments.

[218] **Ann Jones:** Bethan and Ken have supplementary questions on that and then we have to go back to Janet's question.

[219] **Bethan Jenkins:** I wanted clarification on the process. You indicated that you believe that the 'tool' is for the Welsh Government, and I take that to mean the template and the guidance, but it is difficult for me to understand how groups can engage thoroughly if they do not have proper analysis from the beginning. For example, a few weeks ago, when we had the workshop with the third sector and public sector groups, they said that they did not feel that they were engaged early enough and did not understand the process at an early enough stage.

[220] So, I wonder whether you would listen to that and amend processes for the future when considering future EIAs, given that it is a journey.

[221] **Jane Hutt:** I am meeting with the third sector representatives in early November. That is an annual commitment and an ongoing dialogue. They have had access to the draft budget, and will now have access to the EIA. That is about ensuring, which we do as a Government, that there is sufficient engagement with not just the third sector but local government, businesses and the private sector. They all want to engage in our budget and have input into our budget decisions. As I have said throughout, this year has been particularly important for equality impacts. We have developed and published a strategic equality plan with huge engagement from the third sector, such as disability organisations, and they really did help to shape our equality objectives. So, we would be happy to consider anything that we can do to improve on that.

[222] **Kenneth Skates:** We have taken oral evidence and met with the third sector. Last week, we had representatives from Women's Budget Group UK here. They told us that they were impressed by the development of gender budgeting in Wales, but went on to say about the situation now in Westminster where there have been 'huge failings' with regard to gender impact assessments. Is it the case, real or perceived, that any failings at a UK Government level have an impact on the assessments that the Welsh Government has in place and, consequently, any delivery of policy objectives?

[223] **Jane Hutt:** Clearly, you will see from my equality impact assessment that we have gone beyond our budget to look at some of the impacts of UK Government policy and budgetary changes. In an annex, there is information about the Institute for Fiscal Studies study on the impact of welfare reform. We feel that it is vital that we do our own assessment of UK budget decisions that will have an impact on our delivery of services. There have been some concerns about the ways in which the UK Government has approached the equality impact assessment tools. It is useful to have that feedback from the gender budgeting group that came before you last week. I will meet the new Minister for Women and Equalities in the UK Government shortly, and I hope that part of our agenda will be to share what we are doing in Wales using this tool, as well as to feed back our concerns about the impact of its policies.

[224] **Ann Jones:** Janet, you have been very patient.

[225] **Janet Finch-Saunders:** You have actually answered the first part of my question, asking for an example of how equality impact assessments have led to a change in allocations. As a supplementary question, what plans do you have to monitor the actual impact of the Welsh Government's allocations on equality? How will you manage the negative implications, given that there will definitely be negative impacts to the decisions that you have to make?

[226] **Jane Hutt:** That is an important question. We talked about the template and guidance, which we will share with you shortly. You have to recognise that this new tool is ongoing. The ongoing monitoring of spend, impact and delivery is embedded in the budgetary process. It has also been reflected, because much of it feeds through to the programme of government, so its delivery is monitored and evaluated, and then the delivery and expectation are reported on. It is crucial that we look at this from the point of view of outcomes. What positive outcomes do we want to see? I will give one example: the pupil deprivation grant is a new provision that we are introducing and implementing this year, but we are equality-impact assessing that now. You can perceive that this will have benefits for the poorest pupils, because the funding will go via the free school meals allocation statistics. However, this year, for example, we have uplifted it to meet the needs of looked-after children and so, again, you have an equality impact assessment as a beneficial provision. In terms of the negatives, that is where this tool is so important, because we are in a situation of reducing budgets. So, we are vindicated in the approach that we have taken to protect local government. I do not know whether colleagues are aware of the Institute for Fiscal Studies's report that was published last week, but, in terms of us protecting local government funding, you will see that, if you compare, for example, social services in Wales with those in the north-east of England, not only are we protecting, but it is a 3.8% cut, compared with an 11.8% cut in the north-east, because of our decision to protect local government.

[227] **Janet Finch-Saunders:** How does the EIA of the budget work alongside or feed into the EIA of the programme for government? Were they two separate equality impact assessments? If they were, how do those two dovetail together?

[228] **Jane Hutt:** We equality-impact assess all our budgetary and programme for government provisions. I have mentioned 'five for a fairer future'—the key elements of our programme for government arising from our manifesto, to which we are committed. We undertook an equality impact assessment of those 'five for a fairer future' commitments—in fact, you will see them in the EIA document—which clearly demonstrates that they have positive beneficial impacts. I have mentioned, for example, Flying Start and early intervention in terms of social services. So, it is not that we do it for our programme for government, and then there is everything else. Our whole programme for government is subject to the equality impact assessment. In addition, new developments, such as the strategic equality plan, mean that we have to ask, 'Right, do we want to steer our programme for government in that particular direction and make some adjustments as a result of the work that we have undertaken?'

[229] **Janet Finch-Saunders:** So, the programme for government has had a specific equality impact assessment?

[230] **Jane Hutt:** Well, every part of it does, yes.

[231] **Ann Jones:** We have to make some progress: we are halfway through and we are only on question 4 of about 15, by the time people ask their supplementary questions as well. Mike is next.

[232] **Mike Hedges:** As you know, I keep talking about unforeseen consequences, and I want to ask you about the cumulative effects of changes in allocations. Small changes can be made in lots of different places, but their cumulative effect can be much greater. I often use a parking analogy: if two people both park to the ultimate edge of the two bays alongside you, then it becomes very difficult for you to get out, even though no-one has done anything wrong. That can be applied to budgeting. No-one is doing anything wrong—every budget makes changes to allocations, but their cumulative effect, when you add them together, is far greater and more serious. What are you doing in equality-impact assessing to look not only at individual things but at their cumulative effects?

[233] **Jane Hutt:** You have probably discussed this with colleagues in the Equality and Human Rights Commission. It is early days in terms of being able to assess cumulative effects; it takes a longer haul to get that information. We can look at the evidence—you can see the data sources that we have—which leads us to make decisions about how we allocate our finances in terms of equality objectives. However, we have a real opportunity now with the new group—the budgetary advisory group for equality—to help us with this. We want to seek that kind of specialist advice to help us take this forward. We need to look at examples from outside as well as inside Wales. However, there are many academic sources that we can draw on. I am quite interested in looking at it from a qualitative as well as a quantitative perspective; so we might start looking at it in terms of the impact on children, families, parents and young people, and on those with protected characteristics, and develop a cohort. Again, it is early days, but it is a valid question.

11.30 a.m.

[234] **Peter Black:** We heard last week from the Equality and Human Rights Commission that it has recently carried out a joint inquiry with the Government into the equality impact assessment process. How has that improved the process?

[235] **Jane Hutt:** It is very valuable. We have not had the report yet. One of the useful things about this appreciative inquiry is that it did not just meet me to test out how I, as Minister, and my officials were engaging in it. It actually met finance and equality officials across all departments. So, I think that it will be very valuable. It strengthens the case for the EIA and I think that we will learn lessons from it, and get good practice guidance. I am sure that the committee will be interested in looking at that. However, we still do not have the final report.

[236] **Peter Black:** So, the answer is that it has not yet fed into this one, but it will feed into next year's report.

[237] **Jane Hutt:** It will be next year, but I think that the actual process has been valuable in itself in preparing this EIA.

[238] **Peter Black:** My second question is about data sources. It underlines, in a sense, a problem that I have with the methodology of this actual assessment. If you read through it you will see that it has been done in a way where you have, effectively, looked at each budget line and asked, 'What is the impact of that budget line?', which is a very reactive approach to equality and the impact on equality. There does not seem to be much proactivity in terms of assessing what is needed out there and how the budget can be changed to reflect that. I will give you an example: I just re-read the housing section. You may recall a press article published a few weeks ago about disabled facilities grants, and the fact that a couple of councils were taking 18 months to two years to get disabled facilities grants. However, there is no reference in this document to how you are addressing that particular issue, which is a clear equality issue, in the budget as part of that. It may well be that you are not doing so, but I think that, at the very least, you should have made an assessment. Here are some data that have come forward, so why are you not making an assessment of how those data are being addressed in the budget?

[239] **Jane Hutt:** That is a useful and interesting point. In terms of data sources, I think that you have seen the references throughout.

[240] **Peter Black:** Yes.

[241] **Jane Hutt:** We have used a lot of the work from the EHRC 'How fair is Britain?'

series, and ‘An anatomy of economic inequality in Wales’. You will see extensive references sourcing academic statistics, as well as our own. There are still some gaps in terms of sources and I have said that we need to move forward with those and fill those gaps. The point does follow up slightly from what Janet said. Proactively, as a Government, we have a manifesto; we have a programme for government according to our values and priorities, so we want to test that out. That is a very proactive thing in terms of ‘five for a fairer future’. When you are into a three-year programme of Government, and it is the second year, you are as Ministers—and I appreciate how it might read—looking at the impact and what could be the negative or positive impact. In terms of the point about the physical adaptation grants and extra care, for example, the EIA states that they are

[242] ‘likely to have a positive impact on disabled people.’

[243] It has undertaken screening, there is social housing, and, in terms of a positive impact on young people:

[244] ‘The evidence shows that this budget will continue to provide benefits to young people and disabled people.’

[245] There is no change proposed to the extra care capital budget. I think that that is a fair thing to report, mid a three-year budget line. However, I am interested to explore how we can be more proactive.

[246] **Peter Black:** I know that it is early days and, obviously, everyone is learning about this process. In a sense, do you think that it might be better to take this approach? We talked earlier about zero budgeting, but, in terms of the impact assessment, what about asking, ‘What is the problem out there, how is the budget addressing that, and how can the budget improve that?’, rather than just saying, ‘This is the impact of the budget?’

[247] **Jane Hutt:** I have said that we are in the midst of a three-year programme. I have talked about the proactive way that we have addressed that, but I am sure that methodology will be improved.

[248] **Joyce Watson:** How will resources allocated under the Wales infrastructure investment plan for growth and jobs, and Jobs Growth Wales, help to reduce inequalities in the labour market?

[249] **Jane Hutt:** I have mentioned, in terms of ‘five for a fairer future’, how important some of the strands, such as Jobs Growth Wales, are for young people, and how we have undertaken impact assessments to demonstrate that benefit. What is interesting is that—and, again, this is clear in the document—we are looking at opportunities for young people including those not in education, employment or training, disabled young people and those from ethnic minorities, as well as accessing those jobs through the private, public and third sectors. We are also looking at Welsh-language job opportunities for young people. Coming back to the proactive benefits of doing an impact assessment, this not only demonstrates that it is creating jobs, but it is targeting particular cohorts of young people who really do need that more supported approach into employment, and tackling youth unemployment.

[250] If you look at the Wales infrastructure plan, which I published this May, in this financial year, we have been more strategic about the way in which we are allocating capital. I will not go through it all, because I do not have time, but the investment framework lays out that strategic approach. In terms of capital allocations, all Ministers, even within that framework, have to look at the equality impact. One comment that I would make is that, when I was looking at bids from Ministers in May for the allocations that I made with the Wales infrastructure investment plan, there was a bid from Carl Sargeant for a one-stop shop for

domestic abuse. That actually did not fit in with this investment framework of transport, housing and energy efficiency, but it was a very important capital project that was linked to his equality impact assessment of the need to have capital investment in the 'In Safe Hands' strategy. That was an important steer. Also, you will see that we have put £13 million, for example, into Flying Start—that is capital investment, not just the provision of places, but new childcare centres. So, it is steering the Wales infrastructure investment plan very clearly.

[251] **Ann Jones:** Mark, did you have a supplementary question?

[252] **Mark Isherwood:** Yes. Thank you. This summer I sat in on a JobcentrePlus briefing for young people aged 18 to 24, and was pleased to see that not only did it outline all the options offered by the UK Government and the Department for Work and Pensions, but also outlined options, including the jobs growth fund, available at a devolved level. However, in similar visits to work programme providers, which deal with people furthest from the workplace, Jobs Growth Wales was not available to them through offer. What consideration have you given, or what discussions are you having, given the Welsh Government involvement with the work programme in Wales, to bring into that programme the devolved programmes that are available?

[253] **Jane Hutt:** That must be a question for the appropriate Minister, because I am not aware of that. It is good that the first experience you had at JobcentrePlus included the Jobs Growth Wales scheme, but I am not aware of the issues. All I know is that we have already created 3,000 job opportunities in the programme in this financial year, which is obviously very closely targeted, as I said, at opportunities for young people who may be NEET, disabled, or from an ethnic minority—groups that can be harder to reach. The committee could perhaps ask the Minister to explore that reason in relation to the work programme.

[254] **Ann Jones:** Do you want to move on to your question, Mark?

[255] **Mark Isherwood:** I will indeed. It is six years since you and I spoke at the launch of the Pat Neiner report on the accommodation needs of Gypsies and Travellers, which was in Llandod at the famous Metropole, if I recall correctly. The Welsh Government subsequently announced its Gypsy and Traveller refurbishment grant and, in the third Assembly, Brian Gibbons launched the Gypsy and Traveller new sites grant. However, this budget sees a £0.25 million reduction in capital funding for Gypsy/Travellers. To what extent does that reflect low take-up by local authorities as opposed to budgetary constraints?

[256] **Jane Hutt:** I can always guarantee that Mark will be there at a launch. That was a very important report by Pat Neiner, and it is now being implemented across Government departments. With regard to my responsibilities, you will know that, originally, we were funding 75% of the project costs, and we did not have the take-up from local authorities that we had anticipated—or, indeed, that was recommended in that report. So, we agreed that, for the last financial year and through to this financial year, we would cover 100% of the project costs. We had an underspend. It is very difficult, when you have a reducing budget—and, of course, we are talking about a capital grant. In 2010-11, it was £2.5 million, but with a capital budget that is reducing by 45% and an underspend, we had to look at other means and other levers to ensure this provision for Gypsies and Travellers. It is important to report to the committee that we have had an increase in the volume of applications from local authorities. In fact, for this financial year, although it is work in progress, we have bids worth £1.75 million and I think that we have had bids that we are progressing at the moment. Last year, we spent £1.8 million and we had an underspend of only £174,000. Sometimes, projects and schemes can slip, but, in the previous year, 2010, the underspend was £1.39 million. So, it is about getting the levers to drive local authorities to take up the 100% funding.

[257] **Mark Isherwood:** You referred to the increase in applications, and I know that the

housing White Paper also refers to giving powers to the Welsh Government to require local authorities to provide sites, where there is a need identified in their unitary development plans or local development plans. If demand were to increase, the capital allocation would increase in future budgets. Given the Neiner report and the work that is ongoing at Bangor University in north Wales on Gypsy and Traveller locations, areas and travelling patterns, to what extent do you think that local authorities in Wales and those across the border need to work together with the Gypsy and Traveller communities to identify where the need exists?

[258] **Jane Hutt:** That is a very fair question. We are looking at ways to get more collaboration between local authorities, but also at new ways of getting a capital grant for this provision. There are possible alternative funding methods that we could use, such as from registered social landlords. As you know, we are already exploring innovative capital financing to offset the reductions in our capital programme. We are looking at whether we could remodel some of our capital grants on this provision along the lines of the social housing grant. We are also working with authorities that might want to spend this money over a two or three-year period rather than a one-year period. Authorities are now rising to the expectation in a way that they were not previously, because of the 100% funding. I have been supporting the new statutory provision proposed in the housing White Paper and the housing Bill. So, they know that they have to deliver on this, and I am looking for ways to increase capital allocations from other sources as part of that.

11.45 a.m.

[259] **Kenneth Skates:** Minister, you have launched a number of strategies this year, including the refugee inclusion strategy action plan, the Gypsy and Traveller framework for action and delivery plan, and the framework for action on independent living and so forth. What allocations have been made in the budget to support the delivery of these strategies?

[260] **Jane Hutt:** It is difficult because of reducing budgets. In response to earlier questions, I talked about the fact that we were protecting organisations that are delivering for us. We have made efficiencies in my £2.8 million budget, although there have been reductions. For example, on the refugee inclusion strategy action plan, there are provisions not just in my department but across housing, social services and health, for example, because they all have responsibilities in this area. In fact, the budget responsibilities for organisations such as the Welsh Refugee Council have not reduced, and if I share those figures with you, you will see that there has been strong support for external organisations. As you say, Ken, we have announced a number of important new frameworks, and we are consulting on them. We need to make sure that my department and departments across the board realign their budgets, if necessary, to meet these needs.

[261] Back to my bedtime reading, the equality impact assessment contains fascinating detail. One of the interesting things in the education section is that the Minister for education has increased his funding for the minority ethnic achievement grant and for the Gypsy and Traveller education grant, for example. That is a result of an equality impact assessment on protected characteristics. I am confident, and we have to make internal efficiencies, where possible, to back these programmes.

[262] **Joyce Watson:** Minister, you are currently undertaking a review of the advancing equality fund and the inclusion grant. Can you tell us more about that review and how it will help you to achieve your programme for government and strategic equality plan commitments?

[263] **Jane Hutt:** I mentioned in my opening remarks that we were doing a review of our grants. We will launch the consultation within a couple of weeks. It will be about strengthening them. We have to review the grant regime that we have had in light of the

advancing equality and inclusion grant. This is the message not just internally, but also from external organisations, because so much has happened, with the strategic equality plan and the programme for government. We need to look in particular at the views of people who have protected characteristics. The existing arrangements are not up to date or in accord with statutory and Government expectations, so I can assure the committee that there will be a full consultation on this, and we will take it forward on the basis of the outcome of the consultation, linked to our programme for government.

[264] **Bethan Jenkins:** Mae'r rhaglen lywodraethu yn datgan y bydd Llywodraeth Cymru yn ceisio sicrhau atebolrwydd mwy cadarn yng Nghymru mewn perthynas â deddfwriaeth cydraddoldeb a hawliau dynol. Sut ydych yn gobeithio cyflawni hyn pan fo'r gyllideb ar gyfer cydraddoldeb a hawliau dynol yn wynebu gostyngiadau blynyddol mewn termau real?

Bethan Jenkins: The programme for government states that the Welsh Government will aim to establish stronger Welsh accountability for equality and human rights legislation. How do you hope to achieve that when the budget for equality and human rights is facing year-on-year reductions in real terms?

[265] **Jane Hutt:** I hope that I can clarify again that the budget for equality, inclusion, diversity and, indeed, digital inclusion, which is an important part of my portfolio and is key to equality, is £2.8 million. We have protected the external organisations from reductions. In answer to Mark's questions, I said that we are finding ways to improve the implementation of Gypsy and Traveller site provision with different levers. We must look at the regimes and policy initiatives that exist on equality and human rights. It is not all about money, but about the effective use of resources, and we must ensure that that is mainstreamed across the Welsh Government. It is not through my budget, but you will be aware that Carl Sargeant supports the Welsh Local Government Association through his budget, and it has an equalities and social justice unit, and the NHS has a centre for equality and human rights, which is funded through Lesley Griffiths's budget. So, we are looking at other strands to ensure that we have strength in Welsh accountability.

[266] My final point is that it will be a real challenge for us to work alongside the Equality and Human Rights Commission, because it has experienced a major reduction in its resources and the services that it provides. This all comes together as an important part of our programme for government. I cannot say more at this stage about how we will take this forward.

[267] **Bethan Jenkins:** Ar lefel Brydeinig, a ydych wedi ystyried y gallai'r Llywodraeth yn Llundain wneud newidiadau i'r agenda hawliau dynol, yng nghyd-destun y siarter, a'r posibilrwydd y bydd yn parhau yn rhan o gylch gorchwyl Llywodraeth San Steffan?

Bethan Jenkins: On a UK level, have you given any consideration to the fact that the UK Government could make changes to the human rights agenda, in the context of the charter, and that it could continue as part of the UK Government's remit?

[268] **Jane Hutt:** I have liaised with the Chair of the Joint Committee on Human Rights, Hywel Francis MP, and had discussions about what the UK Government is considering and the separate human rights assessment and inquiry. At this stage, we have to make our submissions and contributions as a Government, as we do, on where we feel the strength lies in the human rights legislation. On the Equality and Human Rights Commission, I have already met the new-ish chief executive and am due to meet, soon, hopefully, the newly appointed chair of the Equality and Human Rights Commission. Also, as I said, I am looking forward to meeting the new UK Ministers who have been appointed. There is a new Minister for women, and I am also due to meet a parliamentary secretary. These are all important inter-governmental discussions.

[269] **Ann Jones:** Thank you for that, Minister, and for attending. As usual, you will get a copy of the transcript to check for accuracy, and we will look forward to the note that you promised on the number of voluntary organisations that have received funding over the last three years. Thank you to your officials, as well.

11.53 a.m.

Cynnig o dan Reol Sefydlog 17.42 i Wahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Exclude the Public from the Meeting

[270] **Ann Jones:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42.

[271] I see that the committee is in agreement.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11.53 a.m.
The public part of the meeting ended at 11.53 a.m.