

Pwyllgor Cymunedau, Cydraddoldeb a  
Llywodraeth Leol

Communities, Equality and Local Government  
Committee

Jocelyn Davies AM  
Chair of Finance Committee  
National Assembly for Wales  
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Wales



Bae Caerdydd / Cardiff Bay  
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19 October 2012

Dear Jocelyn

**Communities, Equality and Local Government Committee Scrutiny of Welsh Government draft budget 2013/14**

As part of the scrutiny process for the draft budget for 2012-13, the Committee invited a number of Ministers to be scrutinised on the budget proposals which relate to the Committee's remit. The Committee also held a stakeholder event on 26 September, attended by representatives across all sectors that fall within the Committee's remit; and a series of sessions on the way equality considerations should be integrated into financial planning on 4 October.

The Committee scrutinised Ministers over two sessions:

- 10 October

Minister for Local Government and Communities; and  
Minister with responsibility for Equality.

- 18 October

Minister for Housing, Regeneration and Heritage; and  
Minister with responsibility for the Welsh Language.

This letter outlines our comments which may inform your overarching strategic scrutiny of the Draft Budget.

Croesewir gohebiaeth yn y Gymraeg a'r Saesneg / We welcome correspondence in both English and Welsh  
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## **Minister for Local Government and Communities**

### ***Sustainable Development***

The Minister did not make it clear how sustainable development appraisals had impacted on his overall budget allocations. It was not clear what the Welsh Government's definition of 'sustainable development' was, and whether or not this was being applied consistently across all Government departments. The Minister has agreed to provide the Committee with a note explaining the position. The Committee feels that the Minister should show more clearly in the future how sustainable development appraisals have impacted directly on his decisions in formulating his budget.

### ***Invest-to Save***

The Minister admitted that there could be improvement in terms of the number of public sector organisations making bids to the Invest-to-Save fund and how they use this funding to deliver their functions more efficiently. The Minister needs to keep under review the impact of this fund and its effects. The Minister needs to ensure that public sector organisations are encouraged to take advantage of the fund.

### ***Collaboration***

On 16 October 2012 (when the Provisional Local Government Settlement 2013-14 was announced) the Minister announced the creation of a fund of £10 million from the settlement, equivalent to 0.25% of the total RSG, which would be available for authorities to access when they came forward with viable proposals for delivering collaborative projects on a regional basis. The take up, impact and effectiveness of this fund should be kept under review.

### ***Outcome Agreements Scheme***

The Minister said that the outcome agreements scheme (a three-year £31 million programme which allocates grants to local authorities on the basis of performance against certain targets) ends after 2013-14. The Minister said that he was looking to strengthen that scheme and admitted there might be changes in the way cash was allocated for the scheme. The Minister should ensure that the effectiveness and impact of the scheme is kept under review, to ensure that it is driving targeted improvements in local government, and to ensure that the scheme is successful in reducing the administrative burden on local authorities.

### ***Legislation***

Where the Minister intends to introduce new legislation that impacts on local government during forthcoming financial years, his budget proposals should explain more clearly how the introduction of that legislation has been taken into account. If there will be no new financial burdens on local government, the budget documents should show how that conclusion has been reached. If there will be new

burdens arising from the legislation, the budget documents should explain that and show clearly how any necessary funds will be delivered.

### ***Replacement for Council Tax Benefit***

The Minister said that he was working on a scheme to replace council tax benefit in Wales but that current estimates suggested there would be reductions of 14% to 15% in the budget received from the UK Government to deliver that. The Committee was told that the Welsh Government does 'not have the money to fund that' and it appeared that exact figures would not be known until December. The Minister told the Committee that he was "hopeful—and that is as good as it gets—that we will be able to deliver a scheme in April for a system". In his 16 October Provision Local Government Settlement 2013-14, the Minister announced that there would be a 'notional amount of £214 million to fund the council tax support scheme'. The Committee is concerned that the Minister is not more confident that a scheme can be delivered in time. The Welsh Government should do all it can to ensure that a scheme can be delivered and should provide reassurances that this will not impact on those dependent on such benefits and that the finances of local government will not be adversely affected as a result.

### ***Communities First***

The Minister informed the Committee that "we also believe that we will get better value for money by restructuring the programme...". In view of this, and a lack of effective monitoring of how Communities First funds have been spent, the Minister should put in place systems to ensure value for money at the start of this new phase.

### **Minister with responsibility for Equality**

The Committee feels that while progress has been made on the Equality Impact Assessment, there are still improvements needed. In particular, the Committee would like to see a more systematic, consistent and transparent approach taken to the EIA next year, in line with Equality and Human Rights Commission guidance. This Committee will also issue specific recommendations on the EIA separately, based on the evidence gathered prior to scrutiny of the draft budget this year.

### **Minister for Housing, Regeneration and Heritage**

#### ***Heritage***

The Minister should ensure that the real terms reduction in funding for the arts in 2013-14 does not impact on the social justice commitments within the *Programme for Government* with respect to arts and culture.

The Minister should ensure that the real terms reduction in funding for museums and libraries does not impact on delivering the *Museums Strategy for Wales* and the *Libraries Inspire* programme.

### ***Disabled Facilities Grant***

There has been a significant reduction in the “Housing General Support” capital budget allocation of around 20 per cent. One of the programmes this allocation supports is local authority expenditure on disabled facilities grants (DFGs). The Minister confirmed that this reduction will have a significant impact on DFGs. We feel that the Government should keep under review the impact of this significant reduction, and should work with Local Authorities to do all it can to mitigate any negative impact.

It was noted that the EIA did not refer to the impact of the reduced budget on disabled facilities grants. The Minister, or his officials, did not provide an explanation as to why this was the case.

### ***Affordable Homes***

It was noted that the Minister had given a commitment in Plenary that the Social Housing Grant would be a protected budget. The Minister confirmed that the level of the Social Housing Grant had been reduced.

The Minister confirmed that the £4million revenue allocation for “Support for Social Housing” would be used to support the financing costs of a mechanism to deliver £100million in additional funding and 1,250 homes. There is insufficient detail at this stage to offer any comment other than that this expenditure needs to be monitored and kept under review.

### ***Supporting People***

The Committee noted that the budget for the Supporting People programme was protected. We feel that this programme will be under increasing demand over the next year as a result of the current economic climate, and we would encourage the Minister to ensure that robust systems are in place to ensure maximum value for money is provided by the programme.

### ***Welsh Housing Quality Standard***

In January 2012, the Wales Audit Office published a report on progress towards implementing the Wales Housing Quality Standard (WHQS). The report contained criticisms of monitoring arrangements and concerns about the quality of data being provided to the Government by social landlords on progress they were making towards meeting the WHQs. The Public Accounts Committee subsequently published a report recommending that some of the data provided by social landlords should be subject to external verification. The Minister should ensure that a robust system is in place to monitor progress towards meeting the standards and, in particular, how effectively public funds are being used to do so.

### ***Minister with responsibility for the Welsh Language***

The Minister acknowledged that there could be a more systematic way of ensuring that all Welsh Government policies are screened for their impact on the Welsh language. We would encourage the Minister to look at this as a matter of urgency

and to report back to the Assembly on progress, including how policies across all departments could also be used to implement the Government's *Welsh Language Strategy* and *Welsh-medium Education Strategy*.

When Census data becomes available, the Minister should be encouraged to draw up specific numerical targets for the Welsh-language commitments in the *Programme for Government*, so that the Assembly can scrutinise whether his funding for the Welsh language is achieving its aims.

The Minister should continue to monitor whether the funding he provides to the Welsh Language Commissioner is at a suitable level once the system of language standards starts to be rolled-out from 2013.

I trust you will find our comments helpful and hope that they will inform your Committee's scrutiny of the budget.

Yours sincerely

A handwritten signature in black ink that reads "Am Jones". The signature is written in a cursive, slightly slanted style.

Cadeirydd / Chair  
Communities, Equality and Local Government Committee