

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cyllid](#)

[The Finance Committee](#)

14/01/2016

[Trawsgrifiadau'r Pwyllgor](#)
[Committee Transcripts](#)



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cynnwys Contents

- 4 Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions
- 5 Papurau i'w Nodi
Papers to Note
- 5 Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 2
Welsh Government Draft Budget 2016–17: Evidence Session 2
- 41 Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 3
Welsh Government Draft Budget 2016–17: Evidence Session 3
- 76 Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 4
Welsh Government Draft Budget 2016–17: Evidence Session 4
- 94 Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 5
Welsh Government Draft Budget 2016–17: Evidence Session 5
- 114 Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting

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
Christine Chapman	Llafur Labour
Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Ann Jones	Llafur Labour
Julie Morgan	Llafur Labour
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives

Eraill yn bresennol
Others in attendance

Eleri Butler	Prif Weithredwr, Cymorth i Ferched Cymru Chief Executive, Welsh Women's Aid
Adam Cairns	Prif Weithredwr, Bwrdd Iechyd Prifysgol Caerdydd a'r Fro Chief Executive, Cardiff and Vale University Health Board
Y Cynghorydd / Councillor Huw David	Dirprwy Arweinydd, Cyngor Bwrdeistref Sirol Pen- y-Bont ar Ogwr / Lefarydd Iechyd a Gofal Cymdeithasol, Cymdeithas Llywodraeth Leol Cymru Deputy Leader, Bridgend County Borough Council / Health and Social Care Spokesperson, Welsh Local Government Association
Y Cynghorydd / Councillor Anthony Hunt	Dirprwy Arweinydd Cyngor Bwrdeistref Sirol Torfaen / Dirprwy Lefarydd Cyllid, Cymdeithas Llywodraeth Leol Cymru Deputy Leader, Torfaen County Borough Council / Deputy Finance Spokesperson, Welsh Local

Government Association

Steve Moore	Prif Weithredwr, Bwrdd Iechyd Prifysgol Hywel Dda Chief Executive, Hywel Dda University Health Board
Jon Rae	Rheolwr Adnoddau, Cymdeithas Llywodraeth Leol Cymru Director of Resources, Welsh Local Government Association
Michael Trickey	Cynghorydd Cymru, Sefydliad Joseph Rowntree Wales Adviser, Joseph Rowntree Foundation
Dr Victoria Winckler	Cyfarwyddwr, Sefydliad Bevan Director, Bevan Foundation

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

Bethan Davies	Clerc Clerk
Martin Jennings	Y Gwasanaeth Ymchwil Research Service
Gerallt Roberts	Dirprwy Glerc Deputy Clerk
Christian Tipples	Y Gwasanaeth Ymchwil Research Service
Gareth Thomas	Y Gwasanaeth Ymchwil Research Service
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

Dechreuodd y cyfarfod am 09:07.

The meeting began at 09:07.

**Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions**

[1] **Jocelyn Davies:** Good morning, everybody. Welcome to our first meeting of this year of the Finance Committee. I welcome everybody back. Can I remind you, if you've got a mobile device, if you'd switch it to 'silent', I'd be very grateful? You don't have to switch it off, but on 'silent' would be great. We have no apologies, so we are expecting Peter Black to join us.

09:08

Papurau i'w Nodi
Papers to Note

[2] **Jocelyn Davies:** Before we go to our first substantive item this morning, Members, we've got a number of papers to note. Everybody happy to note those papers? Yes.

Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 2
Welsh Government Draft Budget 2016–17: Evidence Session 2

[3] **Jocelyn Davies:** We'll go straight to our first item, our substantive item, which is item No. 3. It's the Welsh Government draft budget 2016–17, and this is evidence session No. 2. We have with us this morning the WLGA, and you've had a paper in advance. Would you like to introduce yourselves for the record and, if it's okay, we'll just go straight into questions? Shall I start with you, Jon?

[4] **Mr Rae:** Thank you, Chair, yes. I'm Jon Rae, I'm the director of resources at the WLGA.

[5] **Mr Hunt:** I'm Anthony Hunt, I'm the deputy leader of Torfaen council and I lead on finance.

[6] **Mr David:** I'm Huw David, I'm the deputy leader of Bridgend County Borough Council and I'm the spokesperson for health and social services for the WLGA.

[7] **Jocelyn Davies:** Lovely, thank you. Obviously, you have submitted written evidence and we thank you very much for that. Would you briefly outline how the 1.4 per cent reduction in the provisional local government settlement will impact on the delivery of statutory and non-statutory services? Who'd like to answer that? Anthony, shall I come to you?

[8] **Mr Hunt:** Okay, I'm happy to kick off. Obviously, the reduction this year combined with the reduction in other years is having a big impact on discretionary areas of spending. However, I would say that we've been planning, as councils, for a much larger decrease. The fact that it is getting towards 1.4 per cent, as opposed to the 4 per cent of last year, will have a

big impact on our ability to deliver core services. The more years that that could become the new norm, so to speak—there will be big differences in our ability to maintain core services. I think if you look over the border in England, for example, the very fabric of some social care services is beginning to struggle to remain. The difference between 1.4 per cent and 4 per cent here in Wales means that we can continue to deliver those services. We still have to make tough decisions, and, if you'd walked into a group of local government finance leads six or seven years ago and told them they'd have nearly 2 per cent less cash than the year before, you'd have got some ashen faces, but I think we've become better at dealing with straitened financial times. And, because we've been planning around a worse scenario than was actually delivered, whilst having to make tough choices, we can start prioritising around areas like social care and areas like education to protect the most vulnerable people in our communities, and that's welcome.

[9] **Jocelyn Davies:** Lovely, thank you. Anything to add, Jon? Did you have something to add?

[10] **Mr Rae:** Yes. If I can just add to what Councillor Hunt has said, he's absolutely right that we need to look at these things over a period of time. That's why we put in the written evidence that we submitted to the committee. Figure 1 shows in real terms exactly what is happening to all local government services across the local government community, including fire, police and national parks. Some of the real-terms reductions since the onset of austerity are staggering for some services. Planning is 50 per cent down. Other services: regulation is 40 per cent down; culture is 35 per cent down. There has been relative protection in some statutory services. You can see education services and social services in that same figure; the reductions are not as severe as they are in other areas. This is not just shroud-waving; these figures are consistent with what the auditor general has put in his 'A Picture of Public Services' report—figure 15, I think, on page 34 of that. It's consistent as well with some of the analysis that the Public Policy Institute for Wales has done recently on budget cuts in England. You can actually see how some of these compare to areas of spending in England as well, and that's quite a useful analysis that Professor Steve Martin and his team have done.

[11] **Jocelyn Davies:** Not that we want to get into a big debate about what 'real terms' means, but could you briefly say what you consider when you say 'in real terms'? What are you taking into consideration?

[12] **Mr Rae:** We're just taking into consideration there the effects of

inflation. So, the cash reductions are probably around about 11 per cent less than the real-terms reductions.

[13] **Jocelyn Davies:** So, would that mean that 'real terms' is different depending on different sectors, because the inflation is different depending—

[14] **Mr Rae:** No, I think the convention is to use the Treasury's GDP deflators that are published on the Treasury website. That's what we've done in this case, and I think that is consistent with what bodies like the Institute for Fiscal Studies do, et cetera.

[15] **Jocelyn Davies:** Okay, thank you. Councillor David, did you have something to add, or are you happy?

[16] **Mr David:** Well, I'd echo the comments that have been made by Councillor Hunt. I certainly welcome the reduced reductions. We were planning for a much worse scenario than we're actually facing, but I would say, for an example, in Bridgend, we're still having to make cuts—net reductions—of over £7.4 million. That is significant. As we've done every year, we'll work as hard as we can to ensure that those cuts are not to front-line services. It's about making better use of resources and being more efficient, but, unfortunately, when those cuts are of that magnitude, then, inevitably, there will be some reductions in front-line service delivery. I don't think it would be honest to suggest any different. But, nonetheless, those reductions are far less than we were planning for just a few months ago—a few weeks ago, actually. So, it's very welcome, the news from Welsh Government.

[17] **Alun Ffred Jones:** Can you give us some idea of what's gone and what's going? What will not be there because of the cuts?

[18] **Jocelyn Davies:** Are you able to tell us at the moment?

[19] **Mr David:** Yes. One of my Assembly Members is here; I'm probably inviting more correspondence from one of my regional Assembly Members. [*Laughter.*] So, for example, we are looking at the blue badge scheme in Bridgend. We're looking at the highways budget. Currently, we're looking at the frequency of the refuse collection in Bridgend. Despite the protection for social services, what we are looking at is doing things differently in social services, and that is going to be difficult because people are used to a very

traditional form of social services. They are just some of the examples of what we're doing and, of course, there is the council tax increase, as well, that we'll be proposing in Bridgend, as I believe most—if not all—local authorities will be proposing a level of council tax increase.

09:15

[20] **Jocelyn Davies:** So, what other different approaches are being considered? Is charging for some services being considered by some councils, or getting other agencies to deliver things? Jon, do you want to—?

[21] **Mr Rae:** Yes, certainly. They are two areas that are being looked at, I think, by almost every council in Wales—and certainly, on the charges, where there's flexibility for the local authority to increase user charges for certain services. For some, the charges themselves are highly regulated; for example, around planning fees. But, for some, it's in the gift of the local authority. I think the Wales Audit Office are doing a study at the minute that I think will help set out the range of charges for certain services. It's an enormous—. It's not just, you know, a handful of services here. We are talking about an enormous amount of different charges. Certainly, what you were talking about there, Chair—alternative delivery models—I think both Torfaen and Bridgend have almost led the way on some of that, in terms of waste collection and leisure services. Now, every authority, I think, should be looking at these alternative models of delivery.

[22] **Jocelyn Davies:** I have to say, I never thought that we'd hear local government being pleased with a reduction, but it's only because you thought that you were facing a much worse scenario.

[23] **Mr Rae:** It's all about expectations.

[24] **Jocelyn Davies:** Yes. Okay. Ann, shall we come to your questions?

[25] **Ann Jones:** Thanks, Chair. Do you believe that the settlement process is based on a fair approach to allocating funding across Wales?

[26] **Mr David:** You can answer that one. [*Laughter.*]

[27] **Jocelyn Davies:** Which one—? Anthony, can I put you on the spot on that one?

[28] **Mr Hunt:** I mean, we can all have opinions on the formula and how it works in relation to our own authorities. I think if you spoke to a rural authority, especially this year, they would have concerns. Speaking as someone who's in charge of finance in a Valleys authority, I would accentuate issues of economic deprivation and the effect of that on the cost and burden of delivering services. And then there'd be city authorities that would talk about—certainly in Cardiff's and Swansea's case—the impact of lots of people coming in to work and having those facilities in that area. So, I don't think you are ever going to get everyone thinking that everything is fair across the board. But I certainly think that the process this year has been an improvement on previous years. Our voice, I think we feel, has been heard more. The representations we've made about the impact of decisions that are made here on services, both this year and in future years, have been heard, I think, especially in the area of social care, where we made quite strong representations. I know that Huw did, and many other members involved in the social care element made representations about the real and present danger to those services if our voice wasn't heard. I think that's been welcome.

[29] **Ann Jones:** Thanks. The reason I asked that was because the provisional settlement for 2016–17 shows that Powys will face a reduction of 4.1 per cent, which is the highest, if you're looking at league tables. You shouldn't look at league tables, I know. Some of the ones who are benefiting have much less of a reduction. So, how, then, as an organisation, do you equate that, and how do you make sure that those local services in Powys, for example, don't suffer more, and that, ultimately, taxpayers in Powys don't suffer more than taxpayers in some of the authorities that are having a cut of less than 4.1 per cent?

[30] **Jocelyn Davies:** Jon.

[31] **Mr Rae:** Thank you, Chair. Councillor Hunt has answered part of the political question there, he's absolutely right. There has been very good engagement this year, from discussions in the finance sub-group with the Minister, right through to the finance seminar we held in November. Taking Ann's question about the funding formula itself, the funding formula has delivered a variation that's actually no greater than it has been in previous years—that's when you look at the variation of the technical bit of the relative needs formula, the standard spending assessment. The variation around the mean is no more than 2 per cent. What's made a big difference this year is the withdrawal of the floor mechanism. I think that's a decision

that's something quite different from the funding formula itself. It's always been the position of the WLGA—and it's very difficult to hold 22 authorities on this line—that there should be a safety net there.

[32] I heard the Minister speaking in the Chamber yesterday. He's absolutely right that, you know, it shouldn't be a permanent thing. It should just be there to help those that are at the lower end of the scale. It's becoming apparent that it's not just rural authorities, it's the authorities with a population decline that keep kind of slipping into the bottom of this league table that Ann mentioned. It's the view of the WLGA that—. Again, what the Minister said yesterday was absolutely right; he speaks to 22 leaders and every one thinks the funding formula is wrong. It's not; it's just a little bit frayed at the edges. The view of the WLGA reflects the view of the independent members on the distribution sub-group, that really it's time for a fundamental review of the formula. I put the views of the independent members of the DSG into the written evidence that we submitted.

[33] **Jocelyn Davies:** It's something that we've heard for many years that it needs fundamental—. We've got a number of Members that want to come in on this particular point, Ann, but do you want to finish your point and then I'll bring them in?

[34] **Ann Jones:** I was going to say, you had started to tell us about some of the areas where you feel it would be under pressure, particularly as we've seen the continuing growth in health spend. Some of these services that you would deliver within local authorities may actually increase the health and wellbeing of those residents and therefore reduce the demands on the health service. So, what sort of things are you trying to protect that will assist other budgets, or what sort of things are you having to—? Councillor David, you were very honest when you said what you were looking at. But I suppose it's how you square that circle, basically.

[35] **Mr Hunt:** We're in a situation where we planned for a 4 per cent reduction, which involved very difficult decisions. I wouldn't want you for a minute to think that was easy. But the difference between -1.7 in our case and 4 is just over £3 million. So, instead of that money just sort of fluttering away as if it was suddenly happy hour and going back on some tough decisions, what we've done is we've sat down, especially with people in education and social care, and talked to them about which of those services they provide, which of the savings measures they put forward most reluctantly that would have had a knock-on impact on, for example, health

services with social care, and what we can do to maybe protect them, or maybe there's an area of preventative spend or an intervention that could actually benefit from an increase and would save money in the long term. Because you're quite right, I think it is a false economy to invest in the NHS and take money out of public health and social care services, because you'll save £1 and you'll suddenly end up costing £10 quite easily. So, we're looking very carefully at that.

[36] In a literal sense, I'm in the middle of conversations. Our Section 151 officer and I have been meeting with colleagues in social care and in education to talk about what we could do with the difference and to try and focus that difference very much on those sorts of areas. We've got three priorities. The two very much in play here are education and raising attainment standards and protecting the vulnerable. So, we're trying to tie the money very strictly to those, rather than seeing it dissipated. So, I wouldn't want, for a second, people to think that the choices that we've made to get to that favourable position have been anything but very difficult. But what it does do, I think for the first time since I've been in this job, is give us the chance to make more pleasant decisions off the back of those tough choices and to look at what we can invest in in those areas.

[37] **Ann Jones:** Can I just ask Jon—?

[38] **Jocelyn Davies:** Yes.

[39] **Ann Jones:** I think what Councillor Hunt has just described to the committee is a very comprehensive and thorough way of looking at how his local authority will present their budget. Are you confident that all of your constituent members are doing the same as what's happening in Councillor Hunt's area?

[40] **Mr Rae:** Yes, pretty much. The discussions that I'm involved with, for example, nationally with treasurers tend to be around how they can improve their budget setting in a way that systematically reflects what Councillor Hunt there is saying. You see a lot of the best practice in budget setting coming out of, say, the Wales Audit Office or the reports that Grant Thornton UK LLP do around approaches to zero-based budget setting or priority-based budget setting, so, in theoretical terms, they are exactly aligned with what Councillor Hunt is saying.

[41] **Jocelyn Davies:** Mike and then Peter.

[42] **Mike Hedges:** I have two questions: we've talked about percentage changes, but if we talk about the absolute sums of money that local authorities are getting, the rural authorities don't do particularly badly compared to the big urban authorities, like Swansea and Cardiff, which also provide a lot of regional and sub-regional services.

[43] **Jocelyn Davies:** This might not be a question.

[44] **Mike Hedges:** It is.

[45] **Jocelyn Davies:** I'm predicting that it's going to just about be a question. [*Laughter.*]

[46] **Mike Hedges:** Don't you agree that perhaps we ought to be looking at the absolute amount per head that is given out rather than the percentage changes, to actually see the fairness or unfairness in the system?

[47] The second thing is the DSG—I served on the DSG in the dim and distant past. We made a minor change to roads in which we moved it from 48:52 to 50:50, which took hundreds of thousands of pounds out of Swansea and Cardiff and gave them to Powys and Ceredigion. As you're dealing with a zero-sum game, surely when it comes to any change in the DSG, for every winner, there's going to be a loser.

[48] **Jocelyn Davies:** I told you that it was barely going to be a question. Peter, do you want to ask yours now so that the panel can think about the response, perhaps, to that, and if you give barely a response, we'll understand.

[49] **Peter Black:** I just want to come back on some of the things that Jon said. You agreed with the Minister that the floor should not be a permanent feature. You also said that the formula needs fundamental review. So, I'm just trying to get to the bottom, really, of what you see the solution being. Of course, as I think Mike has just illustrated, if you carry out a fundamental review of the formula, you're taking money from one authority and giving it to another. You're just playing around with the money. What is the long-term solution to this in terms of the formula that you would envisage? What sort of changes do you think will actually make that difference and even out the changes in distribution?

[50] **Jocelyn Davies:** I suppose what we're saying is that it's the same size cake isn't it? It's just about how you're going to cut it up. For an organisation such as yours, trying to represent everybody, you could never win with this one, could you?

[51] **Mr Rae:** Absolutely not, which is why the WLGA is fundamentally neutral about the formula. [*Laughter.*] Taking those questions, firstly on the point on the floor and whether it should be a permanent feature or not, the experience from England shows that when you have a permanent floor there—. And this happened with councils' RSG in England in the late 2000s and the police funding as well, where they had a system of floors and ceilings where the floor was so close to the ceiling that there was just a very narrow band and everybody ended up with the same percentage increase or reduction, which I think led to, essentially, the credibility, especially of the police funding formula, collapsing because no-one believed it was sensible any more after that. That's why I think the Minister's absolutely right because it just undermines the credibility of the formula.

[52] You're absolutely right as well, and this comes back to Mike's point about the fact that small changes in the formula can have massive financial repercussions. Look, it may be in principle that the formula is right, but it just needs to be tested. There are certain signs within the formula, in the underlying methodology, which tells you that it's a little bit out of date. For example, there are some census data in there that date from 1991. I don't think it's a good idea to have data that are almost a quarter of a century out of date in the funding formula. A lot of the underlying analysis is maybe about a decade out of date. The point that the independent members of the DSG are making is that we're in a completely different position now vis-à-vis public services and the way that they should be funded now. Perhaps the formula should be taking more account of these factors; Mike mentioned regional-type services.

09:30

[53] Going back to Mike's first question about rurality, currently within the formula, it equalises—. In technical terms, we say that it equalises for resources and it equalises for need. Part of that second point about equalising for need is that it should recognise the additional costs of providing services in rural areas, not only because of the diseconomies of scale of having small kind of outlets, but also the travel costs, especially in areas like social services where there are substantial travel times involved in

getting around Gwynedd and getting around Powys, for example, that need to be reflected in that formula. And that's why some of the rural authorities have higher per capita allocations than some of the larger urban areas.

[54] **Peter Black:** I sat on the DSG many years ago as well, as Alun Ffred did, and I think the issue—. You know, it's reviewed every year, isn't it, and you take part in that review? So, if there are issues around data, why are those data not being picked up in the reviews that you take part in every year? And if you have issues around travel times—I understand there's about a 6 per cent factor in there for rurality anyway—why is that not being raised in the DSG, and why is that formula not being revised on an annual basis to actually keep it as up-to-date as it should be?

[55] **Jocelyn Davies:** I haven't seen what the formula actually looks like but—

[56] **Peter Black:** You don't want to look; you don't want to know.

[57] **Jocelyn Davies:** I haven't, but it does sound like it would be quite complicated—

[58] **Mr Rae:** I've got a 100-page guide here to the formula, Chair, which you're welcome to.

[59] **Jocelyn Davies:** So, if you constantly try to make little adjustments here, there and everywhere to something that's already complicated, I could see the attraction of having a very simple solution to it, but if you have a simple solution to a complex problem, you normally end up with more problems.

[60] **Mr Rae:** Yes.

[61] **Jocelyn Davies:** Because if there was a simple solution, I'm sure everybody would have come up with it by now, and a call for reform in itself is repeated so often about this formula that everybody's bored with hearing just that. So, do you have a view on how reform would take place? Anthony, I'm going to come to you. Do you have a view on how the formula should be reformed, or is this something that's going to take, you know—?

[62] **Mr Hunt:** I think it's very difficult. I think you've struck on the right analogy, I think. It's very difficult at the best of times to talk about how the

formula should be reviewed without there being substantial losers. And as the cake is already getting smaller, it becomes even more difficult. In a time of public spending growth you can talk about adjusting, because people don't lose out, but if you talk about big, fundamental reforms, if there are losers at the level of 8 or 10 per cent, then you start to get fundamental crises in those areas, and so it's difficult. Even if everyone was to agree that, technically, the new formula you came to was fair and reasonable, if there was a jump for some areas it would still have massive implications.

[63] **Jocelyn Davies:** So, even if there's a fundamental change, it might need phasing in, in any case, because you would not be able to jump from one system to another. Yes. We're not going to come up with the solution to this today, even though we're making an attempt. We're going to have to move on in a minute, but, Nick, I'll allow you a quick—.

[64] **Nick Ramsay:** It's a quick question. I think it's unfair for us to ask Councillor Hunt this, because, obviously, Torfaen has done okay out of this year's settlement, relative to the other authorities—I think 1.5 per cent.

[65] **Mr Hunt:** We're just below the average.

[66] **Nick Ramsay:** So, to ask you if you would rather see your cut bigger and Powys get more money is not really a question that you're going to be able to answer, is it?

[67] **Mr Hunt:** I think the WLGA response, which is to ask for a rural stabilisation grant on a one-off basis, as opposed to anything more substantial, is the right one. There are two things in play here. There's the Powys example, where the formula, I think, has come off badly for them this year. But, also, in some other authorities, their council tax base has increased, and that's had a knock-on impact. To be honest, I have less sympathy for those examples, because they should get money back in terms of their council tax take, especially if it comes as a result of having lots of higher band properties. As someone from an authority with fewer higher band properties, I would say that that's something that the formula rightly takes into account, because we take less from council tax because we have less at the high end of the alphabet in terms of our council tax receipts. So, it's very complicated, and it's hard to come to a one-line response on it, because sometimes people are disadvantaged for very valid reasons, but you wouldn't want them to be disadvantaged in a way that fundamentally affects the viability of their services.

[68] **Peter Black:** If the stabilisation grant is a one-off, what happens the year after?

[69] **Jocelyn Davies:** Well, we're hoping for a bigger cake. [*Laughter.*] What I'm sensing is an agreement on the principles of what the formula should contain and, if there are substantial changes from now, phasing in, rather than jumping to, a new formula would be the most sensible and practicable way forward. We're not going to solve this today. We're going to have to move on, I think. Thank you for your answers on that. Julie, is it you?

[70] **Julie Morgan:** Thank you very much, Chair. I'll be going back down further into the detail of the spending now, and particularly about social services, because the Welsh Government has given an additional £21 million to social services to try to bring about change and move forward. So—and I think you've already referred to this, Huw—could you give us more detail about how you think this will impact front-line services?

[71] **Mr David:** I think it will be a huge help in terms of protecting some of those services and remodelling some of those services. I know there are lots of examples, including in my own local authority, where we've tried to work, and we have worked, very closely with the health service, and I think that's absolutely critical, because the demographic pressures that hospitals are facing are the same demographic pressures that we're facing—a rapidly ageing population.

[72] So, for example, we have developed a rapid response team in Bridgend, with the health board. Actually, we developed it three or four years ago, now. What the rapid response team is is an alternative to ambulances turning up to elderly people who, perhaps, have just fallen. So, they're vulnerable elderly people who, five years ago, had telecare in their home, fell in their home—not a serious fall—had gone through to telecare and, in the old days, that would have gone straight through to the ambulance service. An ambulance would have gone out, and we all know that there are not enough ambulances to go around. An ambulance would have gone out and maybe it would have had to have made an admission to a hospital, because they're attending and so have got to make an admission to a hospital. So, that's taking up a hospital bed, it's taking up an ambulance, it's causing a huge amount of anxiety and upset. Now, our rapid response team goes there, and in most cases, what they do is they make sure that person has no health problems—and they don't, in the majority of cases. What they need is

someone to help them to get back into bed, maybe make them a cup of tea, and maybe speak to their social worker to check that everything's okay. That service, in Bridgend, in the busiest months, stops over 100 admissions a week, probably into the Princess of Wales Hospital. So, that saves the health service money, it saves us money, and it's much better for the individual. So, that's one example of a raft of initiatives that are being taken across Wales to help people stay independent and stay safe in their own homes.

[73] **Jocelyn Davies:** And that's just by a professional coming in and saying, 'Actually, you don't need to go to hospital; I'll make sure of that', whereas the ambulance driver would have automatically, probably, taken that person to hospital.

[74] **Mr David:** He would have had to, yes, that's right. And you've got medical professionals there, now, in ambulances, whereas you've got, still professionals, but they're social care workers and they have that flexibility, then.

[75] **Julie Morgan:** And, are there examples of this sort of initiative in every local authority, do you know?

[76] **Mr David:** Yes. So, for example, in Cardiff, I believe, through the intermediate care fund, they've developed what's called a smart house. So, the smart house is basically a demonstration facility where they have the telecare package. So, critical to this type of initiative is telecare—I don't know whether Members are familiar with—. Right, so you're familiar with telecare. Basically, for lots of families of frail, vulnerable elderly people, they just need to go somewhere and see how the initiative works because they're worried about their families. You know, instead of saying, 'You've got to put your elderly mum in an old people's home', actually, there's a solution that enables them to stay in their own home.

[77] **Jocelyn Davies:** It's cost-effective.

[78] **Mr David:** It's cost-effective, yes. Telecare, I think, costs about £2 or £3 a week, but, for those families, it's literally a lifeline. They've got, you know, some reassurance, and it's very technologically advanced now, so you can have special sensors for epileptic people. If the temperature—if there are any problems in the kitchen, if they've left, you know, the oven on—. It is those types of solutions.

[79] **Julie Morgan:** So, basically, the extra £21 million that's been given, that will be used to develop this sort of initiative and reinforce this move, particularly to keep elderly people out of hospital. That's one of the key things.

[80] **Mr David:** Absolutely, yes.

[81] **Mr Hunt:** We hope to go above and beyond that. But if I could contrast, you know, the kind of initiative that Huw's been looking at to try and use money in difficult times to safeguard the vulnerable, with some of the stories you hear coming out of English councils where, for example, they're charging people who fall in the night. At ground level, that is the very fundamental difference between a settlement that recognises our responsibilities to vulnerable people and a settlement that doesn't. At a human level, that's the difference between a cut of 4 per cent or more and still difficult, but manageable cuts.

[82] **Julie Morgan:** Thank you very much. I'm going to move on to education now. So, how sustainable is the Welsh Government's policy requiring local authorities to increase school budgets by 1 per cent above the overall change in the Welsh budget, considering the reduction in the settlement? That has been going on year on year. Jon, do you want to—

[83] **Mr Rae:** Shall I kick off on that? I mean, this policy has been successfully implemented over the last five years. I think councils have, actually, gone beyond the level of protection. I haven't seen the latest detailed monitoring, but, a couple of years ago, the last time I saw some of the monitoring forms there was—. As I said, many authorities have gone beyond the pledge that was in the Labour Party manifesto. I think discussions are ongoing for 2016–17. I think they're linked to further funding flexibilities as well, and I think those discussions between the education Minister and our education spokesperson, who's Councillor Ali Thomas, from Neath Port Talbot—. I think we'd have to question the longer term sustainability of the policy.

[84] In our WLGA manifesto, we've said that, you know, we're not disagreeing that education should be protected. What we're saying is that that is something that should be determined locally, because there are varying levels of education spend across the 22 authorities. There are some who'd say that, you know, schools and education services themselves should be subject to efficiency savings over the next four or five years. But I don't

doubt that the local authorities will be working with the education Minister to deliver on that for this year—sorry, for 2016–17.

[85] **Mr Hunt:** A colleague of mine in finance—a former colleague of mine, I should say, used to say that you can do anything, but you can't do everything. It's a classic example of this. You know, I'd certainly hope to continue to deliver this on a local basis, because education is one of our key priorities, but it does have a knock-on impact on other areas of spend, especially, I think, in the area of neighbourhood-type services, which are often the most visible services we provide to a large majority of our population who, maybe, don't use education or social care services as much.

09:45

[86] **Julie Morgan:** What are you thinking of? Which services?

[87] **Mr Hunt:** You know, things like roads, cleaning and greening-type services, parks and things like that, and leisure services, which we've taken the decision to put out to a not-for-profit trust. So, I very much agree with the prioritisation around education, but we can't pretend that it doesn't have impacts in other areas of spend.

[88] **Julie Morgan:** Anything to add, Huw?

[89] **Mr David:** Yes, just to explain that, in Bridgend, as in most authorities across Wales, social services and education would be the lion's share of the budget, so, in Bridgend, it's over 85 per cent. So, you can imagine, if we're protecting 85 per cent of the budget, the 15 per cent that's left takes a very disproportionate level of cuts. Even when you've got to make 1, 2 or 3 per cent cuts, overall, to your budget, when you condense that down, they can be quite significant. So, in terms of the long term, that has a very big impact, although I understand completely the reasons why Welsh Government want to protect education—it's investing in our children's future. As with probably every public service we deliver in local government, there's a strong case when you go through it individually and you look at those services. You can see how valuable they are and that they're an investment, so, it is difficult.

[90] **Julie Morgan:** So, basically, longer term, there may be difficulties in keeping this—.

[91] **Mr David:** Yes. I think as well because, for example, there are

changes—Jon will know the details—to the pension contributions for teachers, there has been a—

[92] **Jocelyn Davies:** Please don't tell us the details of it, but there's a complication because of pension—

[93] **Mr Rae:** There are unavoidable financial pressures that, maybe, are not even covered by the protection.

[94] **Jocelyn Davies:** Okay.

[95] **Julie Morgan:** And then, my final question is about the new homelessness legislation. The finance Minister, I think, has given £2.2 million to help bring that in. What do you expect to be using that money on and what results do you expect to get, bringing in this new legislation, and how it's going to impact?

[96] **Jocelyn Davies:** Who's going to take that one—Jon?

[97] **Mr Rae:** I'm happy to kick off, yes. I mean, we welcome additional funding for the legislation. I think it comes on top of the £5 million invested in previous years. Again, it's all about prevention. The ultimate outcome everybody wants from this is less homelessness, but some of the areas where that £2 million will be invested will be in things like training staff in homelessness services and investing in IT. I think there's—

[98] **Jocelyn Davies:** So, this is a one-off payment, is it?

[99] **Mr Rae:** To be honest, I'm not too sure.

[100] **Jocelyn Davies:** Okay. Well, if it's IT and training—

[101] **Mr Rae:** I can certainly check that out. Obviously, if it's a one-off, it can't be used to invest in, kind of, day-to-day funding. But if it is one-off, then the type of IT investment, training et cetera, that's exactly the type of investment that should be made with the resources.

[102] **Julie Morgan:** And what do you think is going to be achieved? What do you hope to achieve within your local authorities with this new legislation and this—?

[103] **Jocelyn Davies:** You probably don't know the detail for your own local authorities yet, do you?

[104] **Mr David:** No, not yet, but certainly, I think the fundamental shift that we all hope to achieve is prevention is better than cure. So, instead of waiting for people to become homeless, or rather only intervening when they turn up at the civic offices and say, 'I've got nowhere to go tonight', it's getting in there before it reaches that stage and preventing them becoming homeless in the first place. So, an example would be—because it happens and it probably will always happen or there's a risk of it happening and we need to try and reduce it—teenagers, where they have a breakdown in their relationship with their parents. I'm talking about 16 and 17-year-olds. Where we can see that coming, what we'd like to try and do is more intervention. So, for example, looking at family mediation. That we find very effective. So, instead of waiting for that family to fall apart, it could be that there's some support provided to that family where we get them to sit down and work together. If that can keep them together, that obviously costs the public purse far less than housing a vulnerable young person.

[105] **Jocelyn Davies:** We understand that, but is it a one-off? Mediation's got to be paid for every year because it's—. Jon, do you think you could send us a note on—?

[106] **Mr Rae:** Yes. Absolutely, Chair.

[107] **Jocelyn Davies:** Perhaps you could look at that, if it's a one-off, what the investments are going to be with that £2 million that then would set you in the right place in order that interventions—. We understand the theory behind intervening early, you know, obviously. Julie, have you finished?

[108] **Julie Morgan:** I've finished, thank you.

[109] **Jocelyn Davies:** Right, we've got through about half the time—a bit more than half the time we've used, and we've only got through a third of the questions. So, you're all going to be staying late if you don't speed up a little bit. Okay? Especially you, councillor David, I have to say. Nick, shall we come to your—?

[110] **Nick Ramsay:** Is that a veiled criticism? [*Laughter.*]

[111] **Jocelyn Davies:** No, not of you.

[112] **Nick Ramsay:** Well, I'll be really quick. On the issue of financial planning, the WLGA have said that, in England, local authorities now have a clear picture of their funding trajectory over the lifetime of the Parliament. What discussions have you had with the Welsh Government in relation to delivering longer-term settlement projections to support financial planning here? I think the Welsh Government have rowed back on giving you an Assembly-long budget plan, and you're working from year to year, which can't be helpful.

[113] **Mr Hunt:** It's certainly something that we've been calling for for a number of years. Our ability to plan financially over the medium term, I think, has improved massively over previous years, but as you say, unless we have firm projections of what the settlement's going to be over more than one year, it's very difficult, especially when the autumn statement becomes later and later. Certainly, that's a call I think my colleagues will continue to make. The more information that we can be given on a more-than-one-year basis, the better we can plan.

[114] **Nick Ramsay:** Why do you think the Welsh Government has gone back on this? It seems to be logical, as they found in England, that you need at least three years, I would say, to know where you stand on finances.

[115] **Mr Rae:** I think one explanation of that is the explanation that the auditor general gives in 'A Picture of Public Services', where over 2014-15 and 2015-16 there were unplanned increases, I think, to the NHS budget. At the end of the 2010 spending review period, it threw the system of multi-year settlements that existed since 2007 into a tailspin, and since the end of the 2010 spending review period we've had 2015-16 as a one-year spending review. It doesn't help when the Welsh Government itself doesn't know what it's going to get. Now, the Welsh Government does know what it's going to get up until 2019-20, which is why, in the written submission to the committee, we make an attempt to predicting what our aggregate external finance should look like over the next spending review period. In fact, the Office for Budget Responsibility has set out some figures. We've put that in table 1 in our written evidence. It could be overoptimistic. It looks like the aggregate external finance for councils increases by something of the order of about 1.4 per cent per year over the next three years. Our analysis of the Welsh block shows that a positive outcome for local government could be around that. It could be a 1.5 per cent increase. It could be a slight increase of 0.2 per cent in 2017-18, then 1.5 per cent. If there was more protection

for NHS budgets, it could be as bad as a 2 per cent reduction in 2017–18, and then 2.5 per cent for the two subsequent years. But what we need is multi-year settlements from the Welsh Government. I think that's been a focus as well for the Wales Audit Office in the two reports they've done recently, 'Meeting the Financial Challenges'—

[116] **Nick Ramsay:** It sounds like you're juggling in the dark constantly.

[117] **Mr Rae:** Feeling around—it's somewhere between feeling around in the dark and playing *Bruce Forsyth's Play Your Cards Right*, isn't it? [*Laughter.*] Higher or lower, we're left guessing.

[118] **Jocelyn Davies:** Councillor Hunt, you've got something that you want to add.

[119] **Mr Hunt:** I just want to maybe focus on the human impact of the difference. We often talk about the jaws of doom in local government about decreasing resources, increasing demand and the gap that opens up. If we could, for example, maybe have more the jaws of hope, with a multi-year settlement, at the end of which—. For example, I've been planning before on 'minus 4, minus 4, minus 4', because I always think it's best to plan pessimistically and strategise as more of an optimist. But at the end of that 'minus 4, minus 4, minus 4', if we could have a situation where we knew, over three years, for example, that it was going to be nearer flat-line, there is a massive difference by the end of that third year, and then we could very clearly demonstrate what we could deliver for you differently along that scenario. So, if we could have those three years—

[120] **Jocelyn Davies:** And you would make different decisions in year 1 if you knew that.

[121] **Mr Hunt:** Yes.

[122] **Jocelyn Davies:** That's the point, isn't it? It's not just the surety; it does affect which decision—. Nick, have you got a question?

[123] **Nick Ramsay:** Yes. Are we moving on to the programme for government commitments?

[124] **Jocelyn Davies:** Number 10.

[125] **Nick Ramsay:** Yes, number 10. In November 2015, the Welsh Government commissioned work to review digital activity within local government. It stated that digital technologies are being used to deliver services but only on a relatively modest scale. Does the draft budget include any provision for encouraging local government digital strategies?

[126] **Jocelyn Davies:** Who's taking that? Which one of you wants to take it?

[127] **Mr Rae:** I'll take it. I'm not sure there's any direct provision in there, to answer the question, but I know that all councils now are looking towards channel shift as part of their own digital strategies. So, not only channel shifting service delivery, but also in their corporate support functions as well—functions such as finance and payroll. I think the report that the Welsh Government commissioned from KPMG last year into local councils' admin services was helpful in that area. Actually, some of the digital strategies and initiatives are being looked into by a resource efficiencies group that's been set up between local government and the Welsh Government, and they'll be taking forward that agenda.

[128] **Nick Ramsay:** Great, thanks. In terms of supporting innovation, how do you think the 2016–17 draft budget supports local government in delivering service transformation?

[129] **Mr Rae:** I think it's a similar answer in that there isn't really additional funding for transformation. 'Additional' is a word—. I noticed in reference to Julie's question that she used the word 'additional' for social services funding. I don't want to be pedantic, but a lot of the finance community is saying that, actually, it's just less of a reduction than otherwise would have been expected, which is maybe another way of looking at it, but I don't want to be churlish about that. Transformation and improvement are part and parcel of what councils are doing. So, whether it's alternative service delivery models or whether it's just bread-and-butter efficiency savings and service re-priorities, everybody somewhere is involved with some form of transformation, and the WLGA helps in that respect by spreading good practice.

[130] **Jocelyn Davies:** Can I say something, though? Councillor David gave us a very good example of the rapid response—it's better for people and cheaper. It's wanting to save money that's driven that, but, actually, the outcome for people is a better service. So, there are some positives, I suppose. Does that mean that people, in some cases, while you might be

doing fewer things, will have a better service through the searching for saving money? Councillor Hunt.

[131] **Mr Hunt:** I'm very happy to come in on that. Yes, there are examples where that drive to save money has resulted in a better or at least more standardised service. I'm sure we could give you more written examples of that. We talk about these transformation services. For example, we deliver payroll with neighbouring authorities. Our shared resource service delivers IT services jointly with Monmouth and Gwent Police at the moment, and other partners are looking to come into that. And that's great.

[132] Thinking more of the KPMG study, I think sometimes we talk about it like motherhood and apple pie. Some of this is stuff that needs to be done and stuff that should be done. However, I do worry sometimes about the employment implications, especially in some of our Valley communities. You can talk about centralising payroll services, for example. I would make a strong pitch for those to be held within the Valleys, certainly.

10:00

[133] But, if there is a jobs implication in the £151 million figure—for example, in the KPMG study—most of that will come from jobs. If we're not careful—. While we are not employment agencies, as councils, I feel the responsibility to towns like Pontypool, and I know in Blaenau Gwent they do to towns like Ebbw Vale, for example. It is about the fact that if local government jobs are drained away from those areas, the fundamentals of the economies of those areas are really undermined. So, we do have to be careful. When we talk about transformation, joint services and things like that, we have to be wary, I think, of the jobs implications.

[134] **Jocelyn Davies:** That saving of money is usually people's salaries, isn't it?

[135] **Mr Hunt:** Yes. Seventy per cent of our spending is people's salaries. You don't save big amounts on paper clips, unfortunately.

[136] **Jocelyn Davies:** No. Chris, did you want a supplementary on this?

[137] **Christine Chapman:** Yes. It is interesting what you say, councillor Hunt, about standardised services, and then you talked about merging services with other authorities. I just wondered, when you said

‘standardised’—. What about flexibility for individuals who have particular needs? A standardised service suggests that, you know, it’s too inflexible for some individuals, and the most vulnerable would actually be at risk then. I don’t know whether you meant that.

[138] **Mr Hunt:** I wasn’t talking in terms of the standardisation of provision—more, I guess, about quality assurance and the capacity that maybe that gets. Lots of our services, thanks to several years of savings, are now being run with very few people in a team. For example, we had one team, which I won’t identify, in Torfaen where two people were ill or were off on other forms of leave. That, very quickly, became a bit of a crunch point in terms of the quality of the service that they could provide. We’ve since moved that team to work jointly with the same team in Blaenau Gwent, for example, and that now gives them more capacity to deal with unforeseen events like that. That’s the sort of standardisation that I meant in terms of—

[139] **Christine Chapman:** So, it’s better—

[140] **Mr Hunt:** ‘Resilience’, I guess, is a better word.

[141] **Christine Chapman:** Resilience. Yes.

[142] **Jocelyn Davies:** Because there is no slack in the chain, so—.

[143] **Mr Hunt:** Before, if they were a team of eight or a team of 10, they could take one or two people. If you are a team of four, you can’t.

[144] **Jocelyn Davies:** Mike, shall we come to your questions?

[145] **Mike Hedges:** Can we talk about progress on preventative spend? I’m aware of what you did in Bridgend, for example, on rationalising your estate and the savings that were made there. I know what Swansea is doing in attempting to rationalise its estate, and the savings it expects to make there. What further progress is being made on preventative spend, and what use is being made of either council reserves or the Welsh Government’s invest-to-save money in order to spend now and save later?

[146] **Jocelyn Davies:** Councillor Hunt, or Huw.

[147] **Mr David:** After your warning, chair, I was wondering whether I should speak. [*Laughter.*]

[148] **Jocelyn Davies:** You have given us some very good examples.

[149] **Mr David:** I think Mike, Mr Hedges, was referring to one of the few areas where you can make savings that don't necessarily impact upon staff—a real efficiency saving around the estate. We had three main offices in Bridgend. We will be going down to one main office by the end of this year. Not only does that realise some capital receipts—they are one-offs, but still, it helps with the capital programme—actually, you make some major savings around heat, lighting and power, and you improve working. What we had is different staff in different buildings. I know you have got phone and e-mail, but what you didn't have is that face-to-face contact, though I have to say that some staff think they are now in a chicken factory. The conditions are different—there is a lot of hot-desking, for example—but it can work. So, there's a saving you can make. We have taken other approaches in Bridgend. Building on councillor Hunt's point, as Julie and Peter will know, we've developed a joint public protection service with Cardiff and the Vale of Glamorgan. So, with a lot of those environmental health and trading standards functions that are highly specialised, what we found was that we didn't have the resilience, because you would literally be talking about one person. I gave the example of the dog warden. We only had one dog warden in Bridgend. Well, if the dog warden is off on leave—and he is entitled to holiday leave—then, you know, where's the dog warden? We've now got a joint service with the Vale. That's a small example but it's a good example of where, by collaborating with other local authorities, we make our services more resilient, and we're also making savings.

[150] **Jocelyn Davies:** I think we did take evidence on asset management from somebody from your local authority and the committee was very, very impressed. I think it was very good practice there in Bridgend with asset management. Chris, did you have a supplementary on this?

[151] **Christine Chapman:** Just on the point you made there about the staff, because obviously staff are such an important part of the picture and the success of local government, I just wonder how much are the cuts actually affecting the morale of staff, because it's a really important issue. If you're getting sickness levels going up, et cetera, et cetera, they're not going to provide a good service. So, I just wondered if you'd factored that into it, and—.

[152] **Mr David:** It's a really difficult one because I think the reality is that

people are struggling. Lots of people are struggling because we are expecting more for less from our staff. So, if you have lost thousands of people—and we have lost thousands of people, through people leaving through retirement, et cetera, and not replacing them, but the work isn't any less. In fact, the work is more—we talked about the demographic pressures. When you are expecting a lot more from people, and their pay hasn't increased—in real terms, their pay is falling, isn't it—then, yes, it does have an impact on morale. What we do about that it's difficult to know.

[153] **Jocelyn Davies:** Okay. Mike, shall we come back to your question?

[154] **Mike Hedges:** I'm finished.

[155] **Jocelyn Davies:** You're finished. Okay, then. Chris, we're coming to your questions now, I think, anyway, and then it'll be Peter. But we don't have much time left. So, if Members could be brief with their questions.

[156] **Christine Chapman:** Chair, can I—?

[157] **Jocelyn Davies:** Yes, Chris.

[158] **Christine Chapman:** Can I just ask about flexibility on the funding process? Has enough been done to offer funding flexibility through the revenue support grant?

[159] **Jocelyn Davies:** [*Inaudible.*] Jon.

[160] **Mr Rae:** I think this is maybe sometimes a perennial question that Ann Jones asks. If it's about hypothecated—

[161] **Ann Jones:** I'm sitting quiet. [*Laughter.*]

[162] **Mr Rae:** If it's about hypothecated funding, then, yes, there are encouraging signs—I'm certainly grateful to the Minister for Public Services that he's put the outcome agreement grant into the RSG.

[163] **Jocelyn Davies:** What proportion of funding now is RSG and—

[164] **Mr Rae:** It's a good question, maybe—

[165] **Jocelyn Davies:** Perhaps you can send us a note on that, because I

know you often call for everything to be in there, but how much of it is not?

[166] **Mr Rae:** I think, once we get a final picture of what all the grants look like, and I think for 2015–16 they were about £900 million—. That compares to four point whatever billion pounds in the revenue support grant. Wales is still the last redoubt of hypothecated funding. In England, they've made great strides towards de-hypothecation, even though there are actually still quite a handful of grants there. In Scotland, there are only two specific grants.

[167] **Jocelyn Davies:** Okay. Chris.

[168] **Christine Chapman:** So, are you saying there could be further—you feel that there could be further changes?

[169] **Mr Rae:** There is a lot of scope for that, absolutely.

[170] **Mike Hedges:** Sorry, can I just come in on this? There are winners and losers when you put it into the system. Those authorities which—. Put homelessness in, for example: those authorities that deal with a lot of homelessness, like the two big cities, would lose and those that are rural authorities would gain. So, when you un-hypothecate things, as happened with the grants—

[171] **Jocelyn Davies:** Mike, we're supposed to be asking questions—

[172] **Mike Hedges:** —for mental health and the mentally handicapped—. Don't you think there's a problem, if you put hypothecated grants into the formula, that you get substantial winners and losers?

[173] **Mr Hunt:** It's not a foregone conclusion.

[174] **Jocelyn Davies:** No, right. Okay, Chris, shall we come back to your questions?

[175] **Christine Chapman:** Yes. On the additional funding for schools allocated through the settlement, how are you going to show that they will be used for the purposes intended?

[176] **Mr Hunt:** In literal terms, we'll be able to demonstrate that the funding for schools has risen by the required percentage. If you're talking more in terms of outcomes, we'll obviously look to our schools to deliver, based on

the extra funding. I think it's important that you mentioned schools as opposed to education. People sometimes wrongly think that our education spending is protected and people in the LEA would stress that it isn't—it's just the money that goes to schools.

[177] **Christine Chapman:** In your view, will an additional £30 million allocation for the intermediate care fund encourage local authorities and health boards to work together?

[178] **Mr David:** Yes. [*Inaudible.*]

[179] **Jocelyn Davies:** That's lovely. There you are—

[180] **Mr David:** Our work has already taken place. What this enables is that we can do more of it and we can increase the scale of it and the depth of that shared working.

[181] **Christine Chapman:** Can I ask a bit more about consistency on this? Are there still barriers that need to be overcome? I'm mixing metaphors now, I think.

[182] **Mr David:** As long as we've got different local authorities and different health boards in Wales, you'll never have complete consistency. I think that's just a reality. I think the intermediate care fund has removed a lot of those barriers, because a lot of those changes require some initial, upfront investment. On the ground, there are much closer working relationships, certainly in my patch of Western Bay, and I think that's mirrored across Wales, that improvement. We're not all at the same place, but I think we're all getting there in terms of joint working. Certainly, there's far more joint teams, joint management and pooled budgets, et cetera, and all that facilitates that joint working for the citizen.

[183] **Christine Chapman:** Would you welcome a more formal agreement between local authorities and health boards to deliver much more integrated approaches, or would you be content with the way it is at the moment?

[184] **Mr David:** Well, actually, in Bridgend, we've got pooled budgets of over—let me get the figures right now—. It's over £5 million already. So, we've signed up to those—. Are they section 33? It's section something anyway—section 33, you know, there's an Act, and we've got—

[185] **Jocelyn Davies:** There's a statutory basis for it.

[186] **Mr David:** Yes, it's a statutory basis and the budgets are pooled. We've got significant teams. There are probably at least 200 members of staff who are managed jointly by health and social services and if you walk around some of our locality bases—we've got three locality bases—you wouldn't know who is working for health and who is working for the local authority. They're in the same teams, they're sitting around the same desks some of the time—most of the time, they're out with the patients, of course.

[187] **Christine Chapman:** That's a good example in Bridgend, but it's not happening everywhere.

[188] **Jocelyn Davies:** Jon.

[189] **Mr Rae:** Thank you, Chair. It's horses for courses. There are good examples of how the ICF is used in all parts of Wales, whether that's Western Bay, as Councillor David has just outlined, or whether that's—we've referenced it before—the smart house in Cardiff and the Vale, the @Home service in Cwm Taf, the 24/7 support service up in north Wales and, in mid Wales, I think it's more about intermediate care beds. So, it's about the priorities in those health areas. It seems to be working. The view of the practitioners—. I think there needs to be more evaluation around it, but the view of the practitioners, both on the health side and social services side, is that it's a very useful fund.

[190] **Jocelyn Davies:** Chris.

[191] **Christine Chapman:** But you know the—. Obviously, with Cwm Taf, I'm aware of the @Home service, but where there are places where it's not working, would you say that there should be more encouragement or moves to make it work? I just wondered—. Because, obviously, there are good examples—great—but there may be other places where they could do with it, but it's not happening. I just wonder whether you need to have something more formal in place.

[192] **Mr David:** I think it's just a question of pace. So, I think it's happening and it's happening because this is a huge pressure for every local authority and health board in Wales. We've got to get this right because our hospitals are under a huge amount of pressure and so are our social services teams. So, we'll get there.

10:15

[193] **Jocelyn Davies:** Okay. Peter, shall we come to your questions?

[194] **Peter Black:** Yes, thanks. They've given me questions on local government reorganisation. So, as I wasn't here at the very beginning, I should declare an interest as a member of the City and County of Swansea. In terms of local government reorganisation, do you think that the timetables are realistic, but, also, what are your views on the Welsh auditor general's comments that this process is preventing long-term thinking and long-term planning for local government?

[195] **Jocelyn Davies:** Who's going to take that one? Anthony.

[196] **Mr Hunt:** I'll kick off if you want. In terms of the last bit of your question, I tend to ban reference to reorganisation in our forward planning, because I think—

[197] **Peter Black:** So would I, if I could have the chance. [*Laughter.*]

[198] **Nick Ramsay:** We support that. [*Laughter.*]

[199] **Mr Hunt:** There is the danger—. I think we should—you know, good planning is good planning, and it should be done regardless of what we think is going to happen. I mean, when formal plans are in, and we know the timetable—I'm not saying you're oblivious to it, but there are things that we need to do to ensure the medium-term future of services, whether or not we reorganise. And that's what I do there. In terms of the timescales, I've not really got a view on this. Obviously, you've got elections here in May, and I think things become clearer after then. I'd certainly be—. My eyebrows would be raised to any further extension of our term as it is now, and then you've got the issue of how you can transition to new authorities, shadow authorities and things like that, but I don't really have an opinion on that so much as on other aspects of the Bill as it stands.

[200] **Jocelyn Davies:** Peter.

[201] **Peter Black:** My other question then is in terms of the regulatory impact assessments on the draft Bill and the costs in there. How realistic are those costs? Is it an underestimate? Is it about right? Do you think it's going

to cost—? Are the savings realistic?

[202] **Jocelyn Davies:** Jon.

[203] **Mr Rae:** Yes, they're in the right ballpark of other work that was commissioned by, for example, the WLGA. The Society of Local Authority Chief Executives commissioned a report—I think we've talked about it before in this committee—from the Chartered Institute of Public Finance and Accountancy. It's within the range of the first bit of work that Deloitte did way back before the Williams commission report was actually published. Just two issues: there's a real issue with trying to make estimates about a large enterprise like this five years prior to it actually happening, in a period of austerity, when we do not know what the savings are going to be in 2020 and beyond, and when we have great difficulty in trying to estimate the costs. And the last thing I'd say about it as well—and we still haven't put our formal response in, the consultation on the Bill finishes on 15 February and we're submitting evidence to the Communities, Equality and Local Government Committee, I think, on 24 January—is the issue of council tax harmonisation. We think that has been glossed over in the regulatory impact assessment. It's not an issue—. It won't be an issue everywhere. It's an issue in Gwent, where you have a great differential in council tax. It's an issue—

[204] **Jocelyn Davies:** That's a practicality.

[205] **Mr Rae:** Sorry, Chair?

[206] **Jocelyn Davies:** That's a practicality that must be overcome.

[207] **Mr Rae:** It's a major element. Income foregone is essentially a cost, and if it's around about £80 million, which we think it is—probably a little bit higher—it's a very, very significant cost indeed.

[208] **Jocelyn Davies:** Okay. Peter.

[209] **Peter Black:** I have to say, I went through the 1995 reorganisation as a councillor—other people in this room did as well—and you didn't get the feeling that there was any extra money as a result of savings to spend, and you see that spending on local government has continued to rise, council tax has continued to rise. Is it going to be the case that we may realise savings, but actually putting your finger on what those savings are and how you can redirect them to the services is going to be very difficult indeed?

[210] **Mr Hunt:** It's always more difficult in practice than it is on a bit of paper, isn't it? The other thing I'd point out about savings is that it's very easy to chime off a figure of savings, but, again, I come back to the point I made about the KPMG study: most of those savings are jobs, and we have to be very wary of the local economic impact and the human impact of that, especially in the more deprived parts of Wales.

[211] **Jocelyn Davies:** Okay. Ffred.

[212] **Alun Ffred Jones:** **Alun Ffred Jones:** I'll be asking in Welsh. I'd like to Byddaf yn gofyn yn ask a general question first. Local government has Gymraeg. Buaswn i'n suffered cuts over a number of years. We've heard licio gofyn cwestiwn figures—in Gwynedd, for example, they're looking cyffredinol i ddechrau. for cuts of more than £5 million and I've heard Mae llywodraeth leol figures about Cardiff and that it's looking for cuts wedi dioddef toriadau of £50 million. But the impression that I have had dros nifer o from you this morning is that you're quite satisfied flynyddoedd. Rydym ni with the current settlement and that you've dealt wedi clywed ffigurau— with the reductions that have happened over the yng Ngwynedd, er last few years. In fact, every example you've given enghraifft, maen nhw'n us has shown how services have improved or been chwilio am doriadau o adapted in order to help. I haven't had any dros £5 miliwn ac rwyf i impression that there have been any cuts to the wedi clywed ffigurau services that you provide. Maybe I've am Gaerdydd a'i bod yn misinterpreted what you've said, but that's the chwilio am doriadau o impression I've had—that there is certainly no £50 miliwn. Eto, yr crisis in local government and no cuts. Maybe you argraff rwyf i wedi ei would like to make some comments on that. chael gennych chi'r bore yma yw eich bod chi'n weddol hapus gyda'r setliad presennol a'ch bod chi wedi delio gyda'r gostyngiadau sydd wedi bod dros y blynyddoedd diwethaf yma. Yn wir, mae pob enghraifft rydych chi wedi ei rhoi inni yn dangos ffordd mae

gwasanaethau wedi gwella neu wedi cael eu haddasu er mwyn helpu. Nid wyf i wedi cael unrhyw argraff bod yna doriadau wedi digwydd yn y gwasanaethau rydych chi'n eu cynnig. Efallai fy mod i'n camddehongli'r hyn rydych chi wedi ei ddweud, ond dyna'r argraff rwyf i wedi ei chael—nad oes yna ddim crisis, yn sicr, mewn llywodraeth leol a dim toriadau. Efallai y buasech chi'n licio rhoi sylw ar hynny.

[213] Wedyn buaswn i'n gofyn hefyd—fe wnaethpwyd y pwynt bod gwasanaethau cymdeithasol ac addysg yn cymryd tua 80 y cant neu 85 y cant o gyllideb llywodraeth leol a bod y wasgfa ar y 15 y cant arall yna. Efallai y byddwn i'n hoffi cael ystadegau gan y WLGA ynglŷn â beth sydd wedi digwydd yn y gwasanaethau eraill yna—hamdden a diwylliant. Hefyd, beth sy'n digwydd o ran pethau fel casglu sbwriel? Beth ydy'r

I'd also ask—the point was made that social services and education take about 80 per cent or 85 per cent of local government budgets and that the pressure is on that other 15 per cent. Maybe I'd like to have statistics from the WLGA in terms of what's happened in those other services—leisure and culture. Also, what's happening in terms of things like refuse collection? What are the changes that have been introduced across Wales? So, could I have your comments on what I have said?

newidiadau sydd wedi cael eu cyflwyno ar draws Cymru? Felly, a gaf i eich sylwadau chi ar yr hyn rwyf i wedi ei ddweud?

[214] **Mr Hunt:** Certainly, I'd welcome the impression that there's no crisis. I think that's due to local government becoming very good at dealing with sustained cuts. However, I wouldn't want to give the impression there have been no cuts or no impact on the services we provide, because there have been. You can talk to any community in Wales, whether it's their local community hall now being run by the community, as opposed to a council, whether it's the closure of a service like a library—. We've managed to keep our libraries open, for example, but we've had to cut our school library service, which is something that we did with a real heavy heart in order to try and safeguard our libraries. We've had to do things like close offices and move things together. We've tried, wherever possible, to limit the impact on front-line services, but it's not always been possible to do so. I know there are a lot of things that have made me wish I was a councillor 10 or 15 years ago. So, I would hate to give the impression that it's been easy, but I think what we have managed to do is to try and be strong enough to make those tough decisions, whilst maintaining services.

[215] On the issue of social care and education, Jon opened up with a few figures on the impact on the non-statutory services, or the non-education and social care services. In terms of leisure, to safeguard our leisure services—because we saw there was only one direction if they stayed within the council, and that wasn't good—we put them out to a not-for-profit trust to try and get them savings, and they've done things like develop services that are bringing in money for them, like a soft-play area and a fourth generation pitch that they've got now. The impact on other services, you know, depends on the service. I could go on for hours; I think the Chair would probably stop me.

[216] In terms of refuse, our—

[217] **Jocelyn Davies:** Well, because I represent the area that you're talking about, I am aware of some things that have just had to go, haven't they? There are some things, and communities have been disappointed and people have been disappointed. I know you say they're tough decisions for you, but

it's not very nice for people who no longer have a library. That's really tough, isn't it, you know? I know it's hard when you've got to make the decision, but it's unpleasant—. So, I think the point that Fred was coming to is that you're telling us about the good practice and about improvements of things, but, in local authorities, some things have just gone, and these are the quality-of-life things that people talk about. Yes, Jon.

[218] **Mr Rae:** Chair, I mean, just quickly, again, from the recent report of the Wales Audit Office 'A Picture of Public Services 2015', they estimate, quite correctly, I think, that local government funding has reduced by, cumulatively, about £450 million since the onset of austerity. Again, that's inflation-adjusted. So, that's nearly a 10 per cent reduction in funding. You know, Councillor Hunt is quite right. I think it's a testament to how efficient and how well officers and members have actually dealt with these cuts that we've actually managed the unprecedented reductions, especially in 2014-15 and 2015-16, but undoubtedly this has had an impact on services. Again, that figure that we put in the written evidence—there's a chart on page 34 of the auditor general's 'A Picture of Public Services 2015' report that shows an even more detailed breakdown of how public services have been affected.

[219] **Jocelyn Davies:** So, Jon, has the WLGA done a calculation? I know that Councillor Hunt has said several times about how important these jobs are in deprived areas, but I would suggest that, in rural areas, local authority jobs are highly sought-after: they're a good employer, it's steady work and in rural areas, it's very, very—. I don't think there's a difference, actually, between rural and urban areas in relation to public jobs. Have you done a calculation of the impact on the economy across Wales of the loss of these jobs?

[220] **Mr Rae:** No, we haven't, but it's a question that I often get asked, whether I pop into Pontypool or whether I pop into Llangefni, because we think, over the course of austerity, we've lost about 10 per cent of our workforce; about 15,000 local government officers—

[221] **Jocelyn Davies:** So, their wages are not being spent locally. I mean, there must be a huge impact on the local economy, as well as on those families.

[222] **Mr Rae:** Exactly, yes.

[223] **Mr Hunt:** And on the job prospects of some of our young people in

some of our areas as well, because we've not had that throughput of new staff. And, yes, I'd hope that local government would always be an employer of choice, but I think that's less so now than, maybe, 20 years ago. I certainly worry about the job security that our employees feel working in local government at the moment, and about the fact that they're being asked to do more, with fewer of them, and getting paid less, in real terms. It is a worry.

[224] **Jocelyn Davies:** Okay. Ffred.

[225] **Alun Ffred Jones:** **Alun Ffred Jones:** Could I just ask one further question as well? Local authorities in 2016–17 are going to lose their national insurance rebate by a change to single-tier pensions introduced by the UK Government. I think that a WLGA report has suggested that this will create an additional £60 million in financial pressure for local authorities. Are those figures still accurate? How does local government intend to mitigate the impact on service delivery in the face of that?

A gaf i jest ofyn un cwestiwn pellach hefyd? Mae awdurdodau lleol yn 2016–17 yn mynd i golli ad-daliad yswiriant gwladol trwy newid i bensiynau haen sengl sy'n cael eu cyflwyno gan Lywodraeth y Deyrnas Unedig. Rwy'n credu bod adroddiad gan y WLGA wedi awgrymu y bydd hyn yn rhoi £60 miliwn o bwysau ychwanegol ar awdurdodau lleol. A ydy'r ffigurau hynny'n dal yn gywir? Sut y mae llywodraeth leol yn bwriadu lliniaru'r effaith ar gyflwyno gwasanaethau yn wyneb hynny?

[226] **Mr Rae:** The estimate of £60 million was always an estimate that was sourced from each local authority through treasurers, so I think it's about as current an estimate as we're going to get.

[227] **Alun Ffred Jones:** But that's huge.

[228] **Mr Rae:** It's massive. It is absolutely massive, but you know, let's put it—. It's big, but it's only a third of the total pressure that local authorities are actually facing in 2016–17 anyway, when you take account of other inflationary pressures. When you take account of demography in the paper that we submitted to the Minister over the summer, we estimated the pressures for 2016–17 as £208 million. That £60 million is a part of that. There's no doubt that, you know, part of that—. Absorbing that kind of pressure is difficult. You can't mitigate everything. It will have an impact on local services.

[229] **Mr Hunt:** Certainly, as soon as the announcement was made, we factored it into our long-term pressures—it added about £2 million to our pressures this year as an authority. It took them from £5 million to £7 million before you even talk about a reduction in funding. So, certainly, it's a big impact, but one that's been anticipated, I think, by authorities across Wales.

[230] **Jocelyn Davies:** Okay. Well, somehow, we've managed to finish one minute early. There was one thing that I was going to ask you if we had time, so a very brief answer—. I notice in your paper you said that you want a new relationship with the Welsh Government. What do you mean? What sort of relationship do you have now, and what sort of relationship do you want with the Welsh Government?

[231] **Mr Hunt:** Do you want me to kick off on this one?

[232] **Jocelyn Davies:** Yes. And then Nick wants to have the final word. Can you tell us what you are aspiring to, there, in terms of—?

10:30

[233] **Mr Hunt:** Very briefly, I was always of the opinion, as someone who wasn't necessarily against reorganisation fundamentally, that the quid pro quo for fewer, larger councils would be more autonomy, more independence and a more, perhaps, grown-up relationship of equals than perhaps has been the case in the past. I think the settlement this year is a sign that we're moving in that direction, in any case, and I think that Ministers get that. I do worry about some parts of the Local Government (Wales) Bill that don't seem to, maybe, get that quid pro quo for reorganisation as being more ability for us to make decisions and to shape our communities as larger, more powerful councils. That would be my concern. But, certainly, the relationship in terms

of working towards this settlement, I think, has been much improved, and that's welcome.

[234] **Jocelyn Davies:** Nick, did you have one final question?

[235] **Nick Ramsay:** Yes, thanks, Chair. Just going back to this issue of the formula, the settlement and the local government formula, the local government Minister told us yesterday—and he's told us frequently over the weeks and months—that the WLGA are more than happy with the formula and that it's in my imagination and other AMs' imagination that it needs any change at all. I know you commented jokingly on neutrality earlier, but you can't both be right, can you? I mean, why would the Minister say that the WLGA is completely happy with the settlement and the formula that we have?

[236] **Mr Rae:** I think it's a matter of semantics. I think, every year, we agree through the—. The distribution sub-group produces a report. It's usually a report of what the group has covered on its work programme. It's usually a small part of the formula. It links back to what Peter Black was saying, you know, 'Why aren't you addressing every issue with the formula?' The distribution sub-group can't; it only deals with a few tweaks and changes annually. We, the WLGA, ended up agreeing to that as an association. That's not an agreement that the whole formula is right, it's just an agreement that we've delivered on the DSG work programme. So, I think it's a slight difference in interpretation.

[237] **Jocelyn Davies:** So, that sub-group doesn't sit down and say, 'Are we happy with this formula?' You are considering a detailed part of it, rather than sitting down and saying, 'What do we feel about the formula'.

[238] **Mr Rae:** It has to be limited in its scope.

[239] **Jocelyn Davies:** So, it's not a fair comparison to make. To say that you're happy with the change doesn't mean that you're happy with the formula.

[240] **Mr Rae:** Chair, perhaps we should co-opt Assembly Members back on to the distribution sub-group.

[241] **Ann Jones:** We used to sit on it.

[242] **Jocelyn Davies:** I'm glad I'm standing down at these elections if that's

the job that you—. Okay, fine. I think we've come to the end. Thank you very much for coming today. We'll send you a transcript; if you would check it just for accuracy before we publish it, we'd be very grateful. I suggest now we have a break for 10 minutes. Lovely. Thank you.

*Gohiriwyd y cyfarfod rhwng 10:33 a 10:45.
The meeting adjourned between 10:33 and 10:45.*

**Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 3
Welsh Government Draft Budget 2016–17: Evidence Session 3**

[243] **Jocelyn Davies:** Welcome back, everybody, to a meeting of the Assembly's Finance Committee. We are now on agenda item 4, which is the Welsh Government draft budget 2016–17, and this is evidence session 3. We've had some written evidence in. We've got witnesses representing health organisations. Would you like to introduce yourself for the record, and then, if it's okay, we'll go straight to questions? I will start with you, Adam.

[244] **Mr Cairns:** Okay. Hi, I'm Adam Cairns. I'm chief exec at Cardiff and Vale university health board.

[245] **Jocelyn Davies:** Steve.

[246] **Mr Moore:** Hi, I'm Steve Moore. I'm chief exec of Hywel Dda university health board.

[247] **Jocelyn Davies:** Lovely, thank you. Can you comment, do you think, on how successful the implementation of the National Health Service Finance (Wales) Act 2014 has been in terms of achieving the expected benefits from having a three-year planning horizon, and, if you would, comment on the robustness of the planning system within it? Adam, shall I start with you?

[248] **Mr Cairns:** Fine, yes, thank you. So, we welcomed the introduction of a planning horizon that was longer than a year, and I would say that the work that we're doing to think through the way in which our population health needs need to be addressed over that longer time frame, I would describe it as a work in progress; I don't think that, from a standing start, we have yet got to all the places we need to get to, but it's undoubtedly a helpful framework for us. And, so, in our case, one of the things that it's allowing us to do is to think through how we can change the shape of our resources over

more than one year. And if you think about the challenge that we face, which is, 'How do we redesign, in real time, services that patients are accessing 24/7?', quite often, you've got to think through having additional facilities running alongside or on top of, and we're able to manage that much, much more ably over a longer time frame than over a very short and compressed time period. So, for us, it's a really helpful backcloth to the work that we do, and I think our capability, I suppose, to take even more advantage of that is going to develop over the years to come, I would imagine.

[249] **Jocelyn Davies:** Because something that certainly concerned us on this committee was whether health organisations automatically say, 'Oh, if only we had a longer planning horizon', which prevents them from addressing real challenges, and use that as the excuse, then. And then when they're presented with the solution, it isn't the solution that they really needed. But, I suppose what you are saying is that it's early days, but you think that it is actually a solution—the solution that it purported to be.

[250] **Mr Cairns:** What I think we all feel—and Steve may have some views of his own about this—but I think the way I look at it is that, you know, the health of our population is something that doesn't alter very much over a year, and many of the issues that we need to address, which are about changing the direction of travel, perhaps, for the health of our population, do need a longer term horizon. And what it, I think, promotes is a view that it is absolutely in our interest to shape the way in which we provide and design our services around a mixture of meeting today's demand as it is, but also thinking about how can we invest in things that might head things off, to prevent and improve health and wellbeing, and that longer horizon makes that kind of decision making easier to do.

[251] **Jocelyn Davies:** Steve, did you have something to add to that?

[252] **Mr Moore:** I would agree with what Adam said. I'm new to the Welsh system of planning, but in the way that we try and do business and the realities that we face around the health of our population, and, as Adam said, the long-term nature of healthcare, actually being able to plan over a longer horizon is very helpful, because otherwise we do get into one-year planning cycles, which means that it's very difficult to do some of that longer term investment. Now, I'm talking as an organisation that doesn't yet have an agreed three-year plan, which, in some ways, reflects where we are and some of the challenges that we're facing. However, our thinking is still very much in the longer term, even without that formal plan signed off, because it is

about how we invest for the future whilst dealing with the current issues, as we have today, in a system that does need to treat people coming through the door right now. So, I think the balance is right. I think it's something that does help us to do our jobs better, and it is early days. I think we've got more to do.

[253] **Jocelyn Davies:** Is the system very process driven?

[254] **Mr Cairns:** Do you mean the way in which the allocations are delivered to us?

[255] **Jocelyn Davies:** The way that it's done, the way that you get this approval and the way that— Are you actually facing your challenges, or are you caught up in the process?

[256] **Mr Cairns:** Okay. There's something I just wanted to add, and I think this is a way of addressing your question: one of the things that focusing on a single year does is that it drives people to take action in the very short term. Actually, that is a way of avoiding the problem because if you continue to try and find non-recurring short-term ways of dealing with a problem, you're not really addressing the underlying position. So, the dialogue that we now have takes us through the three years, and, in our case, we're setting out a 10-year programme, so what is it that you're trying to do over those three years initially? I think that's a better discipline because you're less likely, in fact, I think, to take short-term actions that aren't sustainable, that are non-recurrent if you're talking about a three-year programme. So, for me, the disciplines actually work. I think they are good.

[257] **Jocelyn Davies:** Okay, thank you. What are the key cost drivers affecting your three-year financial plans, and what is the range of assumptions used in terms of predicting those? You said that yours is 10 years.

[258] **Mr Cairns:** This is something that we are doing off our own bat because, for us, we think it's right to try and think through, over a much longer time frame, what kind of healthcare system—health and social care system, and indeed beyond health and social care—we need to be working with our partners on to make sure that people in Cardiff and the Vale get what they need. So, we have a fairly well worked through picture of what the world will look like 10 years from now. We have a formal three-year planning horizon and we refresh that each 12 months, pushing forward 12 months at

a time. So, that's the way that we set it up.

[259] The time of the year that we're at now is the period of that cycle where we are thinking through what the things that are going to hit our books next year are and how we're going to handle them. So, for us, there is a series of things. So, there are the raw demographics that we think, you know—. There's about, for us, some millions—£5 million or £6 million—worth of demand that we will encounter as a result of demographic changes, and I mean by that population size and growth alongside the mix in our population, and there are old people and so on. We've also got national pressures. So, we have to take account of any pay awards; there are changes in the pension scheme that we've got to pay for; there are National Insurance changes. That's actually quite a big number. For us, that comes, in total, to about £15 million. Then we have a range of things, which are to do with the specifics of individual services and the individual treatments, drugs or equipment that we're going to need to put in place. Unfortunately, the inflationary pressures in health are much, much higher than the retail prices index. So, the growth in cost of just doing what we did last year is much, much higher than RPI, unfortunately.

[260] **Jocelyn Davies:** I think we've got a supplementary from Ffred.

[261] **Alun Ffred Jones:** On the cost, inflation is higher. Why is inflation so much higher in health?

[262] **Mr Cairns:** Well, that's a good question. Partly, I think it's to do with the licensing and regulation of medical devices and products. It's a very, very arduous process to retain and maintain those licences. If you think about drugs, for example, it will take a drug company between 15 and 20 years to produce a new drug, from the bench all the way through to being in a patient's mouth. The research and development costs that they incur in bringing that to market all have to be paid for. So, there's a huge component of the cost that isn't to do with the direct provision of the product; it's to do with everything else. In addition, we've got tight specifications to do with the type of products that we use, and those do move. So, we find that the specifications improve and the quality of the products improve, and we're not in the position of putting things into patients or offering them devices, treatments or equipment that aren't as good as they can be.

[263] Just to give you a very specific example, in the last 12 months, we implemented a new pack that is used every single time a patient has a

cannula put into their arm, into their vein. That pack is the absolute right thing for us to do, but it's £300,000 more than the pack that we were using before. And why are we doing that? Because, if we do that, we are much less likely to introduce an infection into the patient's bloodstream; that infection could kill them. So, it's not as if we're going to turn away from doing that. We do need to do that, and that's part of why the balloon does keep inflating for us.

[264] **Jocelyn Davies:** Steve, when do you expect to have your plans approved? You were saying that you're on that journey but you haven't quite got there yet. When are you imagining that that's going to happen?

[265] **Mr Moore:** We're working through a process with Welsh Government at the moment around that. We do have a lot of challenges that we are dealing with, but we're ambitious that the board wants to get a three-year plan in place as soon as possible. Clearly, we're hopeful that we'll do that this year—

[266] **Jocelyn Davies:** This year.

[267] **Mr Moore:** —but we've still got some underlying challenges that will make that quite difficult for us to achieve.

[268] **Jocelyn Davies:** Yes. Well, you're not here to answer questions about those, but you're expecting, sometime this year, to have your plan approved and in place.

[269] **Mr Moore:** Well, we're working through the approval process now for the end of March. Clearly, we've got some things within that plan, particularly around our financial position, that might make that difficult to sign off, and then we will continue to work with Welsh Government if it isn't signed off to get it signed off as soon as possible, but we're aiming for that end of March position first.

[270] **Jocelyn Davies:** Okay, right, thank you. Ann, shall we come to your questions?

[271] **Ann Jones:** Thanks, Chair. Will the increase in the health budget provide you with the additional resources necessary in 2016–17 to maintain your service delivery?

[272] **Mr Moore:** Just in broad terms, I think the first thing to say is that we

very much welcome the money that's been put aside for the NHS, and we understand how difficult it is in a time of austerity actually to be able to put more money into the health service. We do have significant cost growth, and Adam's described some of the things that will put pressure on our budgets in-year. So, whilst the money's welcome, it still requires us to step up to the challenge around driving the way that the health service runs, looking at the way that we transform and fundamentally moving towards things like more prevention services so that we can live within our means. But it will be a challenge, even with the additional money, which I know, in itself, has been a challenge to identify.

[273] **Ann Jones:** Okay. The draft budget includes a further £200 million, which was announced back in December. How and when are such additional funding announcements factored into your medium-term financial planning? I suppose you didn't know you were going to get it and suddenly it's there. So, how do you—.

[274] **Mr Cairns:** If I jump in, what—. Sorry, the first thing to say is that the cost growth in healthcare services, for all the reasons that we've just been discussing, is a universal, international, global phenomenon. It's not limited to Wales. For us, our first task was to understand exactly what we thought the total cost of looking after our population would be for the year ahead. Then we have to design ways in which we can find efficiencies that allow us to continue to meet that demand. We don't have the option, for example, of closing a library. We don't have an equivalent of closing a library; we just have to keep going on all fronts. So, it's all about efficiency and doing things for less, shaving out unnecessary steps and that kind of thing. When we received news of our allocation, we were then able to set that against all of those costs, and, for us, we're left with around about £26 million of efficiency still to find. At this point in the process, we are making headway. We've got quite a lot of work done now to understand how we are going to address that. It's not completely finished, but then, I wouldn't expect it to be completely finished just yet.

11:00

[275] **Ann Jones:** Are there additional expectations in terms of how the additional funding will be spent, and what are the outcomes that you are looking to gain in terms of reform, reprioritisation and service delivery improvements, above what is currently—well, currently agreed in your plans, but I suppose you are working to it in yours—or is this funding purely there

to fill an estimated funding gap?

[276] **Mr Cairns:** I think there's a very clear direction of travel for us all. We've got to move what we do—we call it 'upstream'—into prevention and healthy living. We've also got to make our reliance on hospitals as the point of care less of a dominating factor. So, for us, the plan that we have is resting on a number of principles, one of which is that we've got to do more, and we have to invest more, in services for people in their own homes, or close to their own homes, so that we can keep people healthy and interact with them as their health status goes up and down, with a view to preventing people from having to be in hospital, because we are keeping them healthy, and we are keeping them at home, looked after properly. So, for us, that's the really big thrust of the work that we are doing.

[277] **Mr Moore:** I would agree. It is very similar from our point of view. Of course, we've got the additional benefits around the expansion to the ICF fund, which will really help with some of that, and we've got some great local examples on the ground of how we are deploying the fund for this year in exactly the sort of things that Adam was describing. We try to ensure that, where possible, we do support people in their own homes, and that, if they have to come into hospital, we have good plans between us and social care about being able to get them back out again and back into their local communities. Things like the ICF hugely help with that.

[278] **Ann Jones:** Okay. Thanks, chair.

[279] **Jocelyn Davies:** That's the intermediate care fund.

[280] **Mr Moore:** Yes. Sorry.

[281] **Jocelyn Davies:** Okay. Peter, shall we come to your questions?

[282] **Peter Black:** Sure. In terms of transformation, the need to change the shape of healthcare services has been very clearly argued by a range of stakeholders, including the Nuffield Trust report, the Welsh NHS Confederation, the Wales Audit Office and even by the Welsh Government itself. Do you have views on whether the progress being made towards new models of care is sufficient and swift enough to meet the challenges and rising demand for healthcare services in Wales?

[283] **Mr Cairns:** I think that there is a very, very big agenda in front of us.

We have started. We are making some headway now into the transformation process. Really, what that's got to be about, in my opinion, is framing that transformation in the context of engaging our public with where they are and what the issues are that they are facing, and then joining in that conversation with the care professionals and the care providers. So, to give you a very simple example, one of the things that we've uncovered through conversations with patients is that patients sometimes feel—particularly if they've got lots and lots of things going on with their health—that they don't often feel that their health is really well co-ordinated. It feels to them that what we're offering is a whole series of one-off interactions with a whole variety of different healthcare professionals. So, we've introduced a programme that we are rolling out now with what we are calling 'wellness co-ordinators'. These are going to be people who will identify patients who have got lots and lots of healthcare needs. They will step in, and they will try and design a new offer for those patients that we hope will allow us to see the patient as a whole and to try and wrap around them the kind of care that they need in their local context to keep them healthy, keep them going and make sure that they are getting what they need when they need it. It's that sort of thing that we are beginning to put on the ground, and it will be a combination of lots and lots of small things like that, I think, that will lead to a transformation. It's not going to be one big thing. It's going to be lots and lots of small things that we are doing more and more of that will change the way in which the healthcare system works.

[284] **Mr Moore:** I think the agenda is the same, wherever you look, in any healthcare system across the world, actually: it is about how we re-orientate from a healthcare system that was largely set up at a time when there was lots of acute illness to now—you know, the great success story of having people living longer. Actually, that gives us challenges around managing people with long-term conditions and, increasingly, long-term conditions that are both physical and mental.

[285] Some of the stuff that Adam has mentioned is very much at the front of our minds in the Hywel Dda area around how we can become much more proactive in the maintenance of health for people, so that they don't get into the need for acute services quite so often. So, quite a large part of our thinking for our plan for the next three years is around a proactive care strategy that will allow us to wrap support around communities and enable people to stay well. But, the agenda is huge and it's something we know we've got to rise to if we're going to be able to move our services forward.

[286] **Peter Black:** That's important, obviously; but, your biggest costs are around hospitals, aren't they? We've seen the south Wales programme, for example, attempt a limited restructuring of the way those hospitals deliver services. But, you've also seen stuff up in the north where you've had to try to reflect changes to services. But, a lot of that seems to be driven by shortages in particular professions, crises in terms of recruitment—that sort of stuff. Is that a problem in the sense that you're reacting to events, rather than actually trying to plan ahead in terms of how you deliver those tertiary services?

[287] **Mr Cairns:** I've worked in the health service now for about 35 years. What a hospital is today has changed very dramatically. Hospitals are now, I think, all sorts of different things. They offer different things. And, yes, it's true that some of the drivers for changes in hospital services are to do with the way that junior doctors, particularly, are seeking to be trained. So, they're making choices about where they want to be trained. But, the other issue is that the standards that we now seek to deliver against have got better and better and better. What that means is there is a relationship, I think, between the number of certain kinds of conditions that any one doctor or surgeon sees and the quality of the results they obtain.

[288] So, for instance, we've gone through a process of centralising the provision of surgical treatments for upper gastric cancer, oesophageal cancer, and the like. What that's done is lifted the activity—small numbers of activity—from a number of hospitals. That's now all taking place in Cardiff. What we've seen as a result of that is a 50 per cent reduction in mortality and a similar reduction in post-operative complications; so, infections and revisits to theatre. We've moved from being in a position where we're able to have one surgeon at the table 7 per cent of the time, to two surgeons—because these are complex procedures—50 per cent of the time. That's a really good example of a very, very challenging surgical field and we've raised our game.

[289] I think that's the sort of conversation we need to be having collectively, and are having collectively, about how we make sure that we're balancing the need to have access locally for a range of things we can do safely, and that we're also addressing the need to ensure that the very small numbers of complex and difficult things that we need to do are done well and safely. I think the issue for us is that the standards we're operating to keep going up, quite rightly. That's what we want to see.

[290] **Peter Black:** I'm interested by this 2014 study by the Academy of Medical Royal Colleges; they said that estimates suggest around 20 per cent of mainstream clinical practice brings no benefit to the patients as there is widespread overuse of tests and interventions. I think that's a bit black and white actually, for myself as a lay person. I'm just interested in whether you think that is accurate and whether you think there are potential savings there. Or are those tests actually taking place because doctors don't really know what's wrong and they need to find out what's wrong?

[291] **Mr Cairns:** I'm talking rather a lot here, do you want to—? I'll have a go and then Steve can—

[292] **Jocelyn Davies:** I know that Mike Hedges is interested in this, so he'll soon catch up with you. [*Laughter.*] If you think you're talking a lot—. Do you want to ask your supplementary now, while they think about their answers, because it's going to be on this specific point?

[293] **Mike Hedges:** Very briefly on this, there's not just, as Peter Black mentioned, the survey that was done in Wales by a group of GPs, there's also some stuff that's come out of Nuffield. There's a whole range of things. Some of them are more blunt than the one Peter quoted. They say 20 per cent either do no good or do actual harm. We also know, from talking to the health Minister, who I think reported it here, that hospitals within the same health board will have twice as many tonsils being removed by one consultant than in another. No-one objects to spending large sums of money on health—it's probably the most popular thing that's done in Wales—but what we don't want to do is spend it badly and spend it to actually do harm. So, what are you doing to ensure that you've got some level of consistency, just within your own board at the moment, so that roughly the same number of tonsils are being removed by each consultant et cetera? What I'm trying to say is: what level of consistency can you achieve in order to make sure that we're not spending money that is going to do harm, or do no good, which is not only a waste of money, but is probably disadvantageous to the recipient?

[294] **Jocelyn Davies:** There you are, Adam. Didn't my prediction come true straight away?

[295] **Mr Cairns:** Marvellous, right. I'll have a go. Thank you for that question. There are two bits to that that I think I'd like to address: one is the tests and the other is what we do when we've had the test—

[296] **Jocelyn Davies:** When there might be procedures being undertaken.

[297] **Mr Cairns:** Exactly, yes. So, let's do the test first. The first thing to say is that tests are usually and almost always organised by doctors. They're not always, but that's the predominant category of individual we're talking about. The health service is an environment where, as you know, we need to train young doctors to become the doctors of the future. The way in which training is shaped is that those young doctors are very often the first people who patients meet. It's not surprising that many of those young doctors don't yet have all of the experience that the more experienced people will have. As a consequence, they're rather more cautious about the kinds of tests that they might need to order.

[298] So, I'll give you an example. We don't think that that model of training is necessarily the right model in all settings. So, we're changing that model in our acute medical environment, because we think that what patients actually need in that situation is a very senior and experienced doctor, who doesn't need necessarily a whole lot of tests to work out what's going on. What the tests that that doctor orders will do is simply confirm or otherwise the diagnosis that they've made based on their clinical skills. We can't do that everywhere and we do rely on junior doctors and they've got to get experience. There's no short cut—they have to learn. That's why, I think, some of those phenomena are occurring. I think that junior doctors probably order more tests—I'm sure that they do order more tests—than more experienced doctors do. So, what are we doing about that? It'll vary between organisations, but our approach to that is to open out the diagnostic departments: pathology and radiology. We are playing back to the requesters of those diagnostic tests in hospital settings how they're doing and how they compare to all of their other peers. On that process of peer review and transparency of information, there is a clear evidence base that that alters behaviour—people norm to where they should be. So that's the process that we're following in relation to the hospital test.

[299] There's a set of other issues to do with primary care and tests, and that's a little bit more complex. I'm happy to talk about that, if you like, but we're also paying attention to that.

[300] **Jocelyn Davies:** Before you go on to tests in primary care; Chris, was it on primary care tests that you wanted to ask a question?

[301] **Christine Chapman:** Tests generally. I just wondered whether you had

any comments on patient pressure to have tests vis-à-vis the doctors themselves deciding.

[302] **Mr Cairns:** There is a phenomenon that doctors will talk about, which is patients turning up with 25 pages of Google, saying, 'I've got this and I need this'. That's rather a caricature. I think it's true that there are lots of patients now who are far more informed than they ever were. That's a good thing and most of the doctors would say that they welcome that. It's always a case of, in the consulting room, in that discussion between yourself and your doctor, agreeing what is the right thing to do. I think that doctors do a very good job of having that conversation and they understand and know that tests are not always risk-free—they're not. The first responsibility of a doctor is to do no harm, and they won't be offering tests that they believe are unnecessary and/or risky for a patient unless there's a clear reason to do it.

11:15

[303] **Jocelyn Davies:** Okay, so there were the procedures.

[304] **Mr Cairns:** The procedures. Okay. So, the way into that is, again, rather like with the diagnostics, to invite people to conduct—we call it 'audits'. So, basically to say, 'What's your conversion rate of referrals for a particular situation and providing the operation?' There is variability, and that variability is normal and to be expected. What we're looking to do is, if there's a normal distribution, we don't want people way outside of the normal distribution. So, the issue for us is to find out, 'Why are you so different to everybody else?' Now, there may be a reason. It may be that that particular surgeon has a different surgical capability, a different technique, that means that they can do more, and so they do do more. And that might be appropriate; it might not be appropriate. So, every month, in our organisation, and, I'm sure, right across Wales, we run what we call 'clinical governance sessions'. Part of the conversations that we're having in those settings is the clinicians themselves saying, 'How are we all doing? What are our results? Have we got unevenness? Is there variability?' And, over time—. One of our phrases is to remove what we call 'unwarranted'—that means unjustifiable—variation in what we're providing. And that has to be a conversation that clinicians have together.

[305] **Jocelyn Davies:** It would suggest though, if there's such a large percentage, that, instead of having a few outliers, there's actually something more fundamental going on. What I'm seeing from you is that you're

addressing this in a certain way. Is it bringing down the number of unnecessary procedures and unnecessary tests?

[306] **Mr Cairns:** Okay. So, I don't think we carry out procedures that, on the whole, are unnecessary. I don't think that would be fair. I do think, though, that we probably over-test in some settings, as I've explained. And, on this number of 20 per cent, we carry out, I can't remember the number, but it's in the millions of pathology tests every year. The way it works is that a junior doctor will see you, and there'll be a form, and there'll be lots of things that they can order. And they might order three things, when actually one thing would do; they may order 10 things. It's one sample; it gets put through one analyser, and all those results come back. So, how many of those were 'required' and how many weren't? In the end, it doesn't actually make a huge lot of difference in terms of what it's costing us to do those tests.

[307] **Jocelyn Davies:** What it's costing. Right; okay. Steve, did you have anything to add? It was a pretty comprehensive answer. But, if you've got something different to add, we'd like to hear it.

[308] **Mr Moore:** Sure. Adam's covered a large number of points. I think the only other point I would make is that, actually, if you look over the last 20 years—I'm 26 years into the NHS, compared to Adam's 35—the NHS can actually demonstrate really good progress in reducing procedures that do have limited clinical benefit. When I started, the number of people having tonsillectomies was huge across the NHS. There is an ongoing process within the NHS that there is always more to look at, and that's partly because evidence changes, so what we understand is the efficacy of a particular procedure changes over time as we learn more. But, also, I think, for some of these things, it is about how we put proper peer review into our systems, which we are all working on, so that—as our junior doctors learn, quite often, it's in hindsight, when you've got through a particular case, that you can look back and think, 'Actually, I didn't need to do all of those things'. So, I think our job at health board level and at corporate level is to ensure that we encourage our clinicians to debate amongst themselves at multidisciplinary team meetings, in peer review meetings, 'Actually, did we do the right thing by that patient on that day?' So, I think what I'm trying to say is the pressure is always on, on those things. The evidence base is always changing and evolving, and it's something that will never come off the NHS's agenda.

[309] **Jocelyn Davies:** Okay. Peter, shall we go back to your questions, or are you happy?

[310] **Peter Black:** I'm think I'm done, yes.

[311] **Jocelyn Davies:** Chris.

[312] **Christine Chapman:** I think some of the areas we've sort of covered. But, on prudent healthcare, can you just say something about any progress about the prudent healthcare agenda, or what comments you've got on that?

[313] **Mr Cairns:** Do you want to kick off?

[314] **Mr Moore:** I'll go first. Again, for me, it's a real theme for the NHS in Wales, which is different from my previous roles in England. I think we've got some great local examples of how we've used those principles that underpin prudent healthcare in our local system that I could talk about. For example, we have a triage scheme where there are optometrists, which has meant that probably something like over 200 patients in a five-month period didn't have to go into secondary care, and we've got lots of examples like that. But, for me, I think the prudent healthcare agenda is much more general than it is about specific schemes.

[315] In our planning process that we are going through at the moment, we're looking at prudence in a number of ways. One is in the fundamental strategic objectives that we are setting ourselves as an organisation. And, fundamentally, they are prudent because they are about how we shift our focus into prevention, whether that's secondary prevention or primary prevention, and how we focus on the things that will stop people getting into or suffering from long-term conditions in the future—so, something about how we set our agenda that is fundamentally prudent, but, also, as we bring forward programmes and projects to be able to deliver on those things, to look at all of those programmes and projects through a number of lenses. One of them will be prudence: 'Are we introducing this in a way that is fundamentally prudent?' And that's something that we're looking to develop much more strongly as a health board.

[316] So, I think, for me, it's not a standalone thing—there won't be a separate chapter in our plan about it—but it will be through the way we do business and the actual business that we do that you'll be able to see that agenda coming through.

[317] **Jocelyn Davies:** Adam, did you have something to add to that or—?

That's standard now across Wales, is it?

[318] **Mr Cairns:** Yes, I think so.

[319] **Jocelyn Davies:** That's the—.

[320] **Mr Cairns:** I think it's a discipline, actually; that's what it is to me. It's a way of running conversations with patients, with clinicians, with managers and it's a very, very clear and, I think, very helpful discipline. And it's a good test; if we're considering, 'Should we do something or not? Should we invest our resources in this thing or not?' If we're able to run that through that lens, and run those checks, if you like, it's very, very helpful.

[321] One of the things that we did in the last 12 months was to—. As everybody knows, we have a rising tide of diabetes, and we're very concerned about how on earth we're going to change the shape of that. I'm not claiming victory, but one of the things we did was we asked ourselves, 'Why is it that GPs find themselves in a position where they need to refer to a hospital consultant as much as they do?' And we thought about that, thinking prudent. What that led us to was an experiment, which was, 'If we put consultant diabetologists into primary care to sit alongside GPs and if we were to encourage a conversation between the GP and the consultant and the patient, would the GP, over time, acquire more skills, if you like, and become more confident?' And the answer to that, as we rolled it out—we've now got 40 per cent fewer people with diabetes going to hospital. So, in other words, GPs feel much more confident about doing the things that they can do. The consultants, then, on the principle of 'only do what you can do', now are able to focus their time and energy, in that 40 per cent that we freed up, to look after patients in the hospital who have diabetes as part of their underlying symptoms. So, it's a really, really powerful discipline.

[322] **Christine Chapman:** What about the public themselves in terms of engaging with them? You know, it's a new idea, and I know that some patients will think, 'Well, hang on—.

[323] **Mr Cairns:** Okay, so I'm sitting with a podiatrist a little while back—. So, podiatrists, as you know, look after people's feet—we used to call them 'chiropodists', and there are still chiropodists. One of the things that they do is they will often prescribe an orthosis, like a fully-shaped sole or a different kind of shoe. I was talking to this particular podiatrist, and she was saying, 'Quite a few of my patients, I provide them with the orthosis, because that's

what they need, and then they don't wear them, and they come back and say, "My feet are still bad"—"Have you been wearing your—?", "No, I haven't". Now, I think—. We're not there yet, but I think there will be a time when we start to have a conversation with the patient that says, 'Well, look, this is what we can do to help you; are you prepared to do what you need to do, because we can't get this better unless you do your bit, too?' And the kind of rigour of prudent healthcare I think allows us to start to have a grown-up conversation with patients—not about denying them treatment, but about encouraging them to be part of the overall solution that we're trying to fashion with them and for them. It's moving us away from a world where, in the past, we sort of thought our only option was to do what we could and keep trying, but I think it opens up that space for us to have a different kind of conversation.

[324] **Christine Chapman:** Do you think there's enough being done by Welsh Government on leadership on this initiative, or should there be more—?

[325] **Mr Cairns:** No, I think they've given a very, very clear and strong lead. From the Minister down, I think everyone's really started to embrace it as a principle. In fact, only—what—six weeks ago, or something like that, we had a big collective conversation about, 'Where are we? How are we doing?' We were stealing each other's ideas, and it was a really, really positive and constructive conversation we had.

[326] **Christine Chapman:** Can I just ask another question? I know the NHS Confederation, in their evidence, say that

[327] 'Radical change is what is needed...which will require the support of the political community and the public.'

[328] Do you agree with this statement? What support do you think is needed?

[329] **Mr Cairns:** We were just talking, weren't we, in the ante-room? I was telling a story about—. We're closing Whitchurch Hospital. For those who don't know, Whitchurch is an old asylum, and the condition of that facility is really poor. We're moving people into a new setting, at Llandough, in what I think will be—it is—an unbelievable environment for patients. It's just amazing. But what's interesting is that you might have thought people would be looking forward to it, but quite a lot of people really aren't, because it's a change. So, I think the issue for us all is that, as society ages, as we think

about the science and what we can and can't do, the issue for us all is none of us like change, particularly if it's to do with something that we've relied upon and valued enormously. We've got to try and have a different kind of dialogue, I think, with the public—all of us, the politicians, people like us who are responsible for provision—and we need to find a way of discussing change that people can accept. And, in my opinion, it can't be a conversation that simply says, 'We're taking this away.' It has to be a conversation about, 'What are the issues? Can we engage you in a conversation about what those issues really are? Let's talk about what we can do, and we need to have you as part of that discussion.' It may be that we agree that we're going to take a risk and keep it going, but with our eyes open. It may be that that's not the right thing to do. So, for me, it's all of us, I think—every single player, I think, has got to think about crafting the kind of conversations that we're going to need to have in the future.

[330] **Jocelyn Davies:** Julie, did you have a supplementary on this?

[331] **Julie Morgan:** Yes.

[332] **Jocelyn Davies:** And then I'll come to you, Steve.

[333] **Julie Morgan:** It was just because you raised Whitchurch, which is obviously my constituency. Wouldn't you agree that, really, it's very important to have very consistent plans about how you're going to change sensitive services like mental health services? That, perhaps, has been one of the issues that has caused some of the regret.

[334] **Mr Cairns:** Yes, I think so. That's right.

[335] **Jocelyn Davies:** Nick, did you have a supplementary on this point, before we—?

[336] **Christine Chapman:** Sorry, can we—?

[337] **Jocelyn Davies:** I'll come back to Steve now. Did you have a supplementary on that point, or was it a new point?

[338] **Nick Ramsay:** No, it was on that point. We hear often that there are consultations going on by the Welsh Government and others. Is your point that those consultations are often consultations for the sake of it, for effect, and they're one-way, and really we need to develop the whole consultation

process into much more of a two-way conversation?

[339] **Jocelyn Davies:** He might have twisted your words a tad too far there. [*Laughter.*] But you need to have a conversation, not, 'This is what we've planned, that's going, and we're going to do this'.

[340] **Nick Ramsay:** My point is that there are loads of conversations that are ongoing all the time, but are they really just not cutting the mustard, because they're costing a lot of money, aren't they?

[341] **Jocelyn Davies:** Because they start from the wrong place.

[342] **Mr Cairns:** Well, look, consultation is part of the architecture, isn't it, of what we do? I suppose all I'm saying is that I think there definitely is a place for formal consultation, so everybody knows that this is the point we're at now, we're now formally putting it in front of the public, and so on and so forth. My point is that, well before that, a long way before that, we've got to find a way of opening out and making very clear what the challenges that we're facing are—they're a real challenge, I'm not pretending—and getting engaged with our public about what does that mean, then, and, working with you, what can we do? Then, to my mind, when we get to the point where a consultation happens, we should, in a way, be confirming what we've all shaped and just checking to make sure there aren't things that we've missed that are important that others would like us to take into account. I personally think that the challenges that we're facing through the period of austerity that we have mean that, you know, all of us, I think, have got to get engaged in that conversation. To my mind, we can't do that in a, kind of, parallel universe where the facts aren't the facts. The facts are the facts, I'm afraid, so what are we—all of us—going to do?

11:30

[343] **Jocelyn Davies:** So, the consultation should be the outcome of the conversation that you then consult on. Steve, shall we come back to you, now?

[344] **Mr Moore:** Just to pick up on a couple of those issues, although, actually, Adam's covered a lot of it, but, I mean, as a health board, we've had a year of really being very serious about how we engage with the public, given some of the concerns that there had been in my patch when I arrived and also reflecting some of the work that's been going on. So, I think I would

just underline the point that, for me, it's much more than consultation; it is about how we engage early in conversations with the public. My experience, so far, a year in, is that if you can put the facts on the table and if you can get your clinicians involved in the conversation with patients, then, actually, huge things are possible. I would hold up—and this was before my time—the transformation of services in Llanelli, given where we were a few years ago, as I understand it, and where we are now and a huge amount of enthusiasm about that hospital—. The senior doctor down there was saying to me recently that morale has never been higher. I think that was a demonstration of how you get the public, patients and your clinicians around a table to try and resolve an issue. And I think if we can continue to work on that basis, actually—there are difficult decisions ahead—that gives us a really firm foundation upon which to move forward with public support. There will always be people who will be concerned by change and may not like the direction of travel, but if we can involve them all in those discussions, then, actually, they feel valued, they feel part of the process, and if they can't support the answer, at least they can understand how we got to where we needed to get. So, for me, I think it's a real hallmark of, alongside the work around transformation, how we do some of that in a way that carries the public.

[345] **Jocelyn Davies:** Julie, shall we come to your questions?

[346] **Julie Morgan:** Yes, thank you very much. I was going to ask about working with other bodies, particularly local authorities, and how important that is and possible local government cuts and how you think they are going to affect your provision.

[347] **Mr Cairns:** I'll kick off, shall I? I'll be parochial, so we'll talk about Cardiff and Vale. In our case, we've been working now for about two years with both of our local authorities on the place. So, you know, it's not, 'What are our responsibilities? What's our agenda?' We've been having a conversation about Cardiff and the Vale—the community—and what are our collective responsibilities and how we're going to respond together to deal with the challenges that we jointly face. We've now got the university plugged into that conversation, and some of the outcomes of that are starting to come into view. For instance, I was listening to some of the discussion earlier on, and libraries often get mentioned when we talk about local government. So, we're thinking about, 'Well, if you can't keep your library open, maybe we could design a space where some of our services are and some of your services are, and you don't have to lose the library—you

can have a place, you know, tucked away as a part of our building'. So, we're starting to think about asking: what's the total estate that we all have, are we making the very best use of it all—probably not—how can we bring things together and how can we join it up?

[348] We're also looking at a programme that we're now moving forward, which is thinking about the old and the frail in our community and taking advantage of all the good things that we do individually in bringing them together now and starting to map communities, building up our locality teams, and they're fully integrated. So, our vision is that, over the next two or three years, we would like to get to a position where it's not an NHS service working with a social care service—it's simply a service that the public get. Housing is important, so we're bringing housing into that conversation, too. The independent sector is very important, so they're engaged, too. So, I think the future construct for this is definitely about place, rather than organisations. It's definitely about communities and it's definitely about public sector organisations collaborating, which is why the Act, I think, is going to provide such a useful mechanism for us, as we face the challenges to come.

[349] **Julie Morgan:** Do you see anything in this budget that is going to threaten that, which I think is obviously a great way forward?

[350] **Mr Cairns:** In our case, there's a formidable challenge, you know—there is. And what we're trying to shape, together, are ways of addressing that. We don't shunt a problem in one direction or the other; that's pointless, we agree. I think, you know, it's a very, very challenging environment.

[351] **Mr Moore:** I would absolutely agree. I think, for me, whilst the challenges in local government around their funding are very stark and very easy to see, we have challenges as well, and for me it's about how we jointly own those challenges together and move forward together. I guess, you know, we are not in competition with each other; what we are trying to do is the best for the patients locally.

[352] What I see, with fresh eyes coming into Wales and on trips around our community services, actually, are some fantastic examples of joint working between health and social care. In fact, there were days when I was out in some of our services when I couldn't tell the difference between a social worker and a health worker, because they were working so well together. It's those things, I think, in a time of austerity, that we need to motor on

together, and we see ourselves as full and equal partners reaching out to local authorities to help address that joint challenge that we face.

[353] **Julie Morgan:** What about the very practical issue of discharging people from hospital, with local authority budgets under pressure? What's the position now and how do you think that's going to develop?

[354] **Mr Moore:** I can say a little bit about where we are with what are often called delayed transfers of care. I mean, there's been a big focus on that. Generally, as a health board, we tend to do better and I think that's a historical thing, but it is an ongoing area of attention for both us and social care. At the moment, things are holding their own and our delayed transfers are fairly level. What we see, however—and this is linked to the finances, but actually it's much more linked to the demographic issues—is the increasing amount of complexity of care, and the packages that need to be put in place for patients coming out of hospital, which mean that we do need to think very innovatively with local authorities about what support looks like in local communities.

[355] Again, we've got some great examples, particularly in Ceredigion, where, for example, our Cylch Caron project in Tregaron will effectively take the traditional community beds out of the system, but will be a very different model about how health and social care, with a social landlord, help to support people to live in their local communities for as long as possible, and they're supported by all of the services that wrap around it. We've got those sorts of examples coming up all over the place and, I think—necessity is the mother of invention here—we are looking at some really innovative work. Actually, going back to the question about engagement, you know, getting the public engaged in that discussion upfront and getting them to be part of that solution, I think, is the only way that we can address some of those challenges.

[356] **Mr Cairns:** Can I just add one other thought, which is that—and, as a matter of record, our delayed transfers of care have fallen—actually, we don't want to focus on that as where the problem is? The problem is actually at the front, not at the back.

[357] So, to make that more explicit, if you imagine an older person, perhaps they're just about getting by at home, or maybe they're in a nursing home, and they have a fall. A neighbour calls the ambulance and the ambulance takes them to the accident and emergency department—we can

understand why they do that. In the A&E department, this is a patient who doctors don't know, they've never met before, but they can see that they're old, they're frail, and actually, when they look at them, there are lots and lots of illnesses that they have as part of their context. They don't know what yesterday was like, before they fell, they can simply see someone who is ill. That patient, very likely, will get admitted if their condition warrants it, and then inside the hospital, there'll be lots of things that can be treated—lots of things—and they may change the medications, which may trigger off a series of, you know, adjustments that the patient needs to make. And before we know where we are, that patient may well start to lose their remaining functional capability. They may not be able to get about and walk as much as they used to. And, before we know where we are, we've now got someone who's now very difficult to get back home again. So, rather than the system making that happen, what we're focusing on is, 'Okay, so, if that happens, how can we get in there quickly, see what yesterday was like, talk to the patient and the family and, if we can, reinstate everything that was there the day before with what we need to do on top, delivered at home?' That, I think, is the way that we can—. You know, over time, we're going to solve the problem. It's not about—. By the time you're in that place, we've already missed opportunities, I think.

[358] **Jocelyn Davies:** Chris, did you have a supplementary on this point?

[359] **Christine Chapman:** Yes, it's just the working together with local authorities and health. Obviously, in an ideal world this will work, but I'm just concerned that sometimes it doesn't work as smoothly as all that. Obviously, we talked this morning with local authorities about, maybe, low morale with staff because of cuts and then new systems. Does it always work as well as it should? Because, obviously, you've got people at the end of the day. I just wonder how much you are doing to try to really get people to work together.

[360] **Mr Moore:** I think it's fair to say that it's by no means perfect, and I wouldn't want to give the view that that's the case. There are always on-the-ground challenges. There are ways in which we do assessments that are different, and are done on a different basis. We can do much better about that because that impacts directly on patients and clients as well. So, I would say that I can understand, kind of, what local government were saying to you this morning. Because we interact at so many levels within health boards and local authorities, there are always opportunities for things to go wrong for working together not to be as good as it can be. I think, at a senior level, the commitments that I see across the area are very much there to work

together, to work differently, to address our problems together. I think if we can do that bit and make sure that our systems are working as well as they can, in quite often complex high-pressure situations, then I think that that's our job, really—to try and make that better. But it's always going to be a challenging environment, I think, between the two.

[361] **Christine Chapman:** Can I just say—? Obviously, we may have the good leadership at the top but, I mean, for that particular patient it would be absolutely disastrous if things went wrong at that level. It would affect that patient disproportionately than, say, the management team.

[362] **Mr Moore:** Yes, of course, and I think our—

[363] **Christine Chapman:** You just need one incident of that, and that would be an absolute disaster.

[364] **Jocelyn Davies:** Can you tell us and give us an idea of—? When you're saying 'shared budgets' and so on, how much are we—? We often hear about good practice and examples of good practice. We've no idea how widespread that is. How much money have you got in shared budgets with your local authorities?

[365] **Mr Moore:** The amount that's actually formally pooled through one of the sections is actually relatively small, but actually, if you looked, say, across Carmarthenshire, pretty much all of our community-based services and the community teams that work in our local hospitals—. Our transfer of care advice and liaison service team, for example, is a joint enterprise between us and the local authority. So, whilst the formal number is quite small, the way we operate as two services is actually very close together.

[366] **Jocelyn Davies:** So, you could provide evidence to us—not just examples but evidence to us—that this is becoming more widespread.

[367] **Mr Moore:** Yes, but there is always more to do.

[368] **Jocelyn Davies:** Adam, are you the same and could you provide us with evidence?

[369] **Mr Cairns:** We've not kind of got tangled up in the red tape around the technicalities of how you actually put all the money in one place and what the vehicle is.

[370] **Jocelyn Davies:** Right. Okay.

[371] **Mr Cairns:** What we focus on is making joint appointments to manage both sides of the pot, accountable up the pipe to the organisations that they work for. But, actually, their job—we agree—is to manage a single pot. So, we've put more of our emphasis on that kind of arrangement.

[372] **Mr Moore:** We're very similar.

[373] **Jocelyn Davies:** Okay. Julie.

[374] **Julie Morgan:** It's my last question and I'll go on to higher education funding. What are your concerns about the possible cuts in higher education funding on doctors' training, on research, on dentists' training? Of course, there's been this outstanding report about dental training here in Cardiff, which has been fantastic. So, I just wondered whether you had any comments on that.

[375] **Mr Cairns:** Yes, the university, for us, particularly—. Well, we've got three universities that we work closely with, but it's probably fair to say that Cardiff University is our most important higher educational partner. I think they are worried about it, as a higher education institute, but—. I think the 'but' would be that we are now focusing on three domains together. So, we've now unified and brought together the research office of the university and the health boards, so that is all now moving towards a position where it's all in one place. The teaching component at the moment is holding up really well. So, the feedback and the experience of students is very, very strong. We're not currently concerned about that.

11:45

[376] And the new dimension that we're about to launch—we'll be launching this in March—between the university and ourselves is to do with innovation. We think that the opportunity to open the university's doors right across the departments of the university and all of the colleges and then to mix that in with the UHW site specifically, and all of the clinical expertise that's on that site, there is big scope for us to develop a joint agenda around innovation. And that is about jobs, wealth and the economy just as much as it's about bringing innovation to beside the bed. So, currently, I'd have to say that I know the university are concerned about it, but in terms of the work that

we're doing together, it isn't currently affecting the way in which we see the future as two partners.

[377] **Mr Moore:** I would agree. We heard some of the concerns from our three local universities that we work with. It isn't having a direct impact on us at the moment, but these are long-term issues. I think the only other thing I would add to what Adam's said is that we have the ARCH project in our part of Wales, which is giving us all sorts of opportunities to think about research, innovation and different models, which is really quite exciting our clinicians. So, I think there are new things that are coming in to maybe replace some of the things that were in place already.

[378] Also, I would add that, particularly in a rural community like the one I'm in with peripheral hospitals off the M4 corridor, it's always been a challenge getting junior doctors in and so on. We've shown through some of the work we've done in Wthybush this year that, actually, by taking an innovative approach, we can find other ways, other types of doctors—some of them from overseas, for example—who are coming in and supporting those local hospitals. So, there are a number of different ways in which we are managing this and, over time, I think those things will develop. I am particularly excited about where we're going to go with ARCH.

[379] **Jocelyn Davies:** Okay. Mike, shall we come to you?

[380] **Mike Hedges:** Yes. I want to talk about primary care. It's interesting that we're an hour in now and this is the first time primary care has come up. There are two things we know on primary care. One is that its share of the health budget has reduced, and, far too often, 'for "health" see "hospital"' seems to be the shorthand. We also know that £40 million extra was invested in primary care in 2015–16. Can you outline how the advantages of spending that—? I know that Cardiff and the Vale have been trying to redistribute money into primary care over a period of time. So, a 'well done' for that, but still the percentage has gone down on an all-Wales basis. What is planned for 2016–17?

[381] **Mr Cairns:** I'll kick it off. We've got a long-standing ambition to build our system on resilient local communities with great primary care. Primary care is more than GPs, of course; it's the whole range. Just some very specific things: we developed, about three years ago, a model where, for our frail and older people, we have in each of our localities in the community what we call a community resource team. So, that's a bunch of people—social workers,

physios, occupational therapists. They were working five days a week; we've now stretched that to seven. So, every single day of the week there is a service now that can support older people in their own homes, helping them to overcome the difficulties they've got and to avoid going into hospital.

[382] We've got a set of processes now around our nursing homes because there's a large community of people who live in nursing homes. We are building capacity to look after those patients more effectively in those systems. I mentioned earlier that we have now these wellbeing co-ordinators that I was talking about; they're also coming. We've got ways and means of connecting those to what we call a directory of services. The directory of services is a list, really, of all the things the local community has available—all the small charities, all of the informal services, these social things—that we can connect people to so that we're not always needing to see those being provided by the public sector.

[383] We've got an expansion of community nursing under way so that we can enhance our ability to reach people who need to be reached, and we're building a community phlebotomy service. It is a detail, but it's being able to draw blood outside of hospital more effectively and more consistently. We are changing the shape of our pharmacy service. So, we're increasing the acumen of primary care to understand their prescribing behaviours and to challenge themselves, really, about what they're doing. Interestingly, prescribing costs in Cardiff have been falling, which is bucking all sorts of trends. I think it's because we've been running a process now for some time, which is making very transparent to GPs just exactly how they're doing compared to other people.

[384] I mentioned the community diabetes model. That model, that is working and has delivered the impacts that I was saying, is a prototype. We think that there are other areas like cough or breathlessness that would equally well be organised in that kind of way. Then we've got a whole series of things around specific diseases. We've got some stuff that we're doing around eyes; we've got some respiratory rehabilitation stuff that we're building; and there's a lot of investment going into family health and sexual health. We've got a big programme of work that we're doing that is trying to reshape provision. Actually, I'm very optimistic. I know it's a challenging time. I'm not saying that it's easy, but because of the pressures we are compelled to have the conversations with our partners and with our clinicians, and it's leading to these sorts of changes happening, I think, at a faster rate than it would otherwise be doing.

[385] **Jocelyn Davies:** Okay. That's all your questions covered.

[386] **Mike Hedges:** No.

[387] **Jocelyn Davies:** Go on.

[388] **Mike Hedges:** I've got a couple more. The next one is something I evangelise on: in Morriston Hospital, they have the out-of-hours GP service running alongside the accident and emergency department, and people are triaged to the right place. I think most people haven't got the faintest idea. They know that there's something wrong with them, but they're not able to know where they need to go and are triaged. Does that happen in Cardiff and the Vale, and does it happen in Hywel Dda? I also know, from attending the Public Accounts Committee, that in north Wales—well, in at least one hospital—you join one queue, and if they say, 'You want to go to the other one', you have to then join another queue.

[389] **Mr Cairns:** So, in Cardiff and the Vale we've been working on designing more ways in for patients. We have a drug and alcohol treatment facility in town. We have 95,000 people on a Friday and Saturday night drinking heavily, and rather than directing those people to the A&E department, we now have a drug and alcohol treatment centre. We're pushing the envelope in that. So, one of the things that we do is that we video the people as they are being received, and once they've sobered up, we play the video back to show them how vulnerable they are, how possible it might be that they might harm themselves or be harmed.

[390] We've recently introduced a new scheme that takes patients who appear to have an acute mental health need. The only real route previously was for those patients to go to an A&E department. That wasn't serving their needs well, and it was a challenge for the A&E teams. We now are able to offer those patients ambulance re-direct straight to the mental health service, and the time to treatment is dropped from a median of over five hours down to 20 minutes as a result of that.

[391] Then, in terms of out-of-hours we have got an out-of-hours facility in the A&E curtilage, but I think there's more that we can do, actually, to think through what urgent primary care needs to look like in the future. I don't subscribe to the view that you sometimes hear people saying, which is, 'These patients are in the wrong place'. I think the right response is to say,

‘Well, they are here. What is it that we need to do differently that would meet that need?’ So, we’re working on that bit.

[392] **Mr Moore:** Yes, I guess what I would add is that we have some examples as well around ensuring that we have services that are out there in our local communities. We’re a very rural community. So, co-location needs to be balanced with the need for people to be able to get access in their local communities. We’ve got things like a street triage initiative going with the police, which is doing fantastic stuff for people with mental health problems, particularly out of hours, and that avoids them having to come in to the more formal systems. In some of our hospitals we do have co-location, and we have some physical infrastructure challenges in some of the others. But, actually, we’re trying to deliver out-of-hours care on the whole three-county basis, which needs to recognise the fact that we’ve got some very dispersed communities to deliver care to.

[393] **Mike Hedges:** A lot of your residents, of course, use the system in Morriston anyway.

[394] **Mr Moore:** A number do, yes, but of course in Ceredigion and Pembrokeshire—

[395] **Mike Hedges:** But in Carmarthenshire they are.

[396] **Jocelyn Davies:** Can I just ask you? If you’ve got GPs in A&E, and it all sounds absolutely fabulous, aren’t you sending a mixed message to people when the Government is saying, ‘Don’t go to A&E unless you’ve actually got a bit of an emergency’? So, ‘Why don’t I just wait till I’ve finished work tonight and then I’ll pop up to A&E because there’s a GP there? It saves me having to get up at 7.30 a.m. in the morning and ringing my GP at 8 o’clock, not getting through till 8.40 a.m., and there are no appointments left. So, I’ll come up to your A&E tonight and see your GP’. Aren’t you sending a mixed message that is just going to get us into a worse position later?

[397] **Mr Cairns:** What’s causing the congestion in our A&E departments isn’t really that problem, in my opinion. It may just be our departments, but our congestion is the frankly very, very sick and very ill in ever-increasing numbers that we’re seeing. That’s really our problem. Yes, there are relatively small numbers of patients who choose to come to an A&E department for things that, quite frankly, are probably—well, they are—better looked after in a primary care setting.

[398] I've been down in the department and I've talked to some of those patients, I've talked to the staff, and there are a couple of things here. One is that when I say to the staff, 'Why don't you just tell this patient to go and see their GP?' they say, 'Actually, do you know what? We're really busy, and it's actually quicker for us to treat the patient than to have a big argument, and make all the arrangements, and so on and so forth'. So, one of the things we're having a look at—we haven't started this yet, and we might not do it—but one idea we have is to develop what you might call an exit team, so they're not part of the A&E staff, but if somebody's there, and the team think, 'Well, really they don't need to be here', the question is: why are they there? In some cases it's as you say—it's just convenient—but in quite a lot of cases, people may not have a GP. We've got lots of people in Cardiff and the Vale who, unfortunately, aren't in the primary care system at all. We've got some people who don't know how. It sounds ridiculous, but they don't know how to get in touch with a GP, or to assert that they need to see a GP quickly, and therefore—. So, we think that there might be something that we can do responsively that helps people, navigates them to the right part of the system, rather than simply saying to them, 'You don't belong here', because I don't think that's a good response. We need to understand why they're coming and respond to that need.

[399] **Jocelyn Davies:** I'm just saying to you that it's a mixed message. We've got the Welsh Government saying, 'Don't go to A&E unless you've got something that you need to go to an A&E for'. Earlier on you were saying that you're getting a bit tougher with patients in terms of saying, 'Well, look, we'll play our part, but you're expected to play your part'. But I can turn up to A&E because I'm not sure what my GP's phone number is, or something. It would have been quicker, when my children were young, if I'd carried on feeding them with a spoon. It did take me a little bit longer, and we had an argument, to teach them to feed themselves with a knife and fork. But I only had to do it once for each child. I didn't have to keep doing it. So, all I'm saying to you is that it might be quicker to say, 'Oh, we'll send them over there', but is that the correct thing to do? I'm just asking you to justify it because it is a cost on the NHS.

[400] **Mr Cairns:** It happens. I think it's superficially—. Please forgive me, I'm not trying to be difficult here, but on the face of it, it seems like a very simple problem. 'I've chosen to go to the A&E department today.' We don't know what's wrong with you, and there are untold cases where people who don't appear to be very unwell actually have got something really serious

that needs to be seen. So, we can't have a very simple rule that says, 'Unless you're really ill'. What we're looking at is trying to get underneath why people appear in those places, perhaps inappropriately, and think about how we can help them to move into the right part of the system. We are not saying to the public that, if you need to see a GP, please come to A&E. We're not saying that at all.

[401] **Jocelyn Davies:** Okay. Mike, have you finished your questions? Yes, okay. Nick, and then we'll come to Ffred.

[402] **Nick Ramsay:** Thanks, Chair. I'll try and be brief. There's £235 million available in capital allocations next year. How will the capital budget impact on health boards achieving savings and service transformation, especially as some of the NHS estate is ageing and not designed to meet the needs of a changing demography?

[403] **Mr Cairns:** Well, capital is a constraint, and capital is a resource that we need to deploy in order to make our services more efficient, more productive and more able to meet the need. We need to be thinking creatively about how we can access capital and ARCH, I think, is a really good example, and Steve might want to say a bit more about that. I think we've got to be ambitious about finding alternative sources of capital that we can deploy in pursuit of the kinds of things that we've been talking about today. It's a real issue we've got to get serious about finding solutions to.

12:00

[404] **Mr Moore:** Yes, I'd underline that. I think there is a balance to be struck there. I think all health boards are looking at needing to deal with some of the historic estate issues and the ageing estate that we have, as well as trying to use as much of that capital to transform the way we do things. We've got a number of projects. I mentioned Cylch Caron, and we've got the stuff going on in Prince Philip front of house and the Cardigan health centre, all of which are using capital to change the way the estate works so that we can fundamentally change the way the services work, which is good stuff. I think the other part of it, as Adam said, is that we need to get more creative about how we access maybe more novel forms of capital, and things like the ARCH project give us an opportunity to think differently about where we can get sources of capital to be able to deliver on some of the needs that we have in some of our communities. So, it is a challenge, it is a constraint. I think we're working on all fronts to both deal with historic and backlog

maintenance issues as well as transform and, you know, more is always welcome in that regard.

[405] **Nick Ramsay:** Is the three-year planning process leading you towards a more robust strategic capital programme for the health services based on planning priorities and investment objectives backed by a fully costed business case?

[406] **Mr Moore:** Yes, to an extent. We covered some of that earlier on, but, clearly, particularly with things like capital, having a longer term planning horizon is very helpful because capital takes time to get in place, to get the buildings built and so on and to see the impact that that might have on downstream services. So, I would say, fundamentally, yes, the answer to your question is that three-year planning horizon does hugely help with that capital planning.

[407] **Nick Ramsay:** We heard earlier from the WPGA how they regret not having a longer than a year planning process. In terms of efficiencies and savings, what assumptions do you have for year-on-year efficiency savings? Has the flexibility afforded by the new financial planning system given you opportunity for a more transformational approach?

[408] **Mr Cairns:** Broadly speaking, we're making an assumption that we're going to need to be more efficient by between 3 per cent and 4 per cent a year. That's the sort of broad brush that we're working on, and, I think, in some respects we addressed that early on in the conversation about the three-year time horizon. I think it does get easier to construct a plan that can transform over a longer time frame than trying to pile all that change into a single year.

[409] **Nick Ramsay:** I've come into this discussion quite late with these questions so a lot has been covered, but you mentioned the higher rate of inflation in the NHS earlier. Do you think we always have to accept that that is going to be the case or do you think that we could strive to get that down and make efficiencies in terms of the amount that things are costing?

[410] **Mr Cairns:** We procure lots and lots of things in the NHS, and every single year we set ourselves the target of lowering the cost of procuring services. So, the first thing to say is that's a target for us every single year. The challenge we face is about the science, really. So, it never stands still. It's always improving. There are always more things that we can do. There are

safer things that we can do. You know, I'm old enough to remember the only possible treatment for heart disease was to rip your chest open and take your heart to pieces and put it back together again. Now, we've got little things you put up your leg, called stents; you put them into your heart. They're now coated with material that makes it less likely to clot. There are other active ingredients now being added in. All the time all of these things are being done, they're making them safer, they make the outcomes better, but they are more costly to provide and we can't ask our clinicians to do something that isn't as safe as it could be. We couldn't possibly ask them to do that. So, we have got to evaluate those new devices and those new techniques, and if we believe that they are safer and they would deliver better outcomes, then we have to get after them and make sure we deliver them. And that's part of the cost equation in health really—it's the science pushing us ever further forward.

[411] **Nick Ramsay:** Yes, thanks.

[412] **Jocelyn Davies:** Ffred.

[413] **Alun Ffred Jones:** **Alun Ffred Jones:** Right. I am going to ask my lawn. Byddaf yn gofyn questions in Welsh. I have a question about capital fy nghwestiynau'n first, and then I have two further questions. Do you Gymraeg. Mae gennyf i use PFI as a means of funding capital programmes gwestiwn ynglŷn â in your area? chyfalaf, a dweud y gwir, i ddechrau, a dau gwestiwn arall. A ydych chi'n defnyddio PFI fel dull i ariannu cynlluniau cyfalaf yn eich ardal chi?

[414] **Mr Cairns:** We have two PFI schemes in Cardiff and the Vale. They're historic. One built us the St David's hospital, which is a locality hospital, and we have a multi-storey car park on the UHW site that is a PFI build. We don't have any current plans to go down that route again. When we talk about alternative sources of finance, we're not going to be doing straight PFI, because I think the rigidity and the downsides to PFI are too big. We need to think differently and we need to develop better solutions.

[415] **Jocelyn Davies:** Steve, have you got any?

[416] **Mr Moore:** No. To the best of my knowledge, we have no PFI or PFI-like schemes in Hywel Dda.

[417] **Alun Ffred Jones:** Thank you very much. Another two questions, please. To begin with the Government's legislation, there are many pieces of legislation that are relevant to the health service, such as the human organ transplantation Act, the social services Act, the regulation and inspection of social care Bill, the public health Bill and the national health service finance Bill. Do you have any opinion on the accumulative effect of the costs of responding to the requirements of these Acts? Do you factor those in in setting your budgets?

Alun Ffred Jones: Diolch yn fawr. I Government's legislation, there are many pieces of legislation that are relevant to the health service, efo such as the human organ transplantation Act, the deddfwriaeth y social services Act, the regulation and inspection Llywodraeth, mae yna of social care Bill, the public health Bill and the nifer o ddarnau o of social care Bill, the public health Bill and the ddeddfwriaeth sydd yn national health service finance Bill. Do you have berthnasol i'r any opinion on the accumulative effect of the costs gwasanaeth iechyd, of responding to the requirements of these Acts? megis y Ddeddf Do you factor those in in setting your budgets? trawsblannu dynol, y Ddeddf gwasanaethau cymdeithasol, y Bil rheoleiddio ac arolygu gofal cymdeithasol, Bil iechyd y cyhoedd a Deddf cyllid y gwasanaeth iechyd. A oes gennych chi unrhyw farn am effaith gronol costau ateb gofynion y Deddfau hyn? A ydych chi'n 'factor-o' y rheini i mewn wrth osod eich cyllidebau at ei gilydd?

[418] **Mr Cairns:** We would go through a process of assessing the implications of any of those Acts. So, a good example would be if we think about the regulations around human tissue, for example. Some years ago, there was a—*[Interruption.]*

[419] **Jocelyn Davies:** There you are—the embarrassment of Mike *[Laughter.]* Adam, carry on. Just close it. *[Interruption.]*

[420] **Nick Ramsay:** It's quite soothing, isn't it?

[421] **Adam Cairns:** It is actually, yes.

[422] **Jocelyn Davies:** It's quite nice, yes [*Laughter.*]

[423] **Mike Hedges:** I've no idea where it came from. All I did was close it down.

[424] **Jocelyn Davies:** Well, we can talk about that another time. Adam.

[425] **Mr Cairns:** The short answer is 'yes, we do'. Where we can identify costs, we have to budget for them.

[426] **Mr Moore:** I think all I would add is that, also, we shouldn't forget that with much of this legislation, there are great opportunities as well that are afforded to us. Those are also part of our equation when we're looking at these things.

[427] **Alun Ffred Jones:** **Alun Ffred Jones:** In relation to that, the Jest o ran hynny, mae'r Government always sets out the likely costs in Llywodraeth bob amser relation to any legislation, if there are any. Have yn gosod costau you assessed those estimates compared to the tebygol sydd ynghlwm reality of the situation? Have they costed more or ag unrhyw less, or whatever? ddeddfwriaeth, os oes rhai. A ydych chi wedi asesu'r amcangyfrifon hynny o'i gymharu â'r realiti ar y llawr? A ydych chi wedi gweld eu bod nhw'n costio mwy neu lai, neu beth bynnag?

[428] **Mr Cairns:** I think the answer to that is that, as we implement the requirements of any form of legislation, we will be doing that with a view to minimising, to the extent that we can, the additional costs that we need to incur in order to remain compliant. In a way, that gets built into the total consideration of all the things we need to do in any one year, or group of years. So, I wouldn't have for you a discrete, line-by-line assessment of the legislation. I think what we'd be looking at is, it now looks like we're going to need to have a body, a person who does this kind of thing, for example, and

we need to make a decision about whether we do that or not or whether we can build that into somebody else's role. That's the sort of process that we follow.

[429] **Alun Ffred Jones:** **Alun Ffred Jones:** Finally, do you have an opinion on the likely impact on the NHS in Wales of the Welsh language standards that will come on line in 2016–17?
 Yn olaf, a oes gennyich chi farn ar effaith debygol safonau'r Gymraeg ar y gwasanaeth iechyd yng Nghymru, a fydd yn dod ar waith yn 2016–17?

[430] **Mr Moore:** We've looked at this and I think the first thing to say is that there's a great opportunity that we are rising to in the NHS to work with our other public sector partners to do what Adam described, which is to ensure that we minimise the costs as they come forward, and that's about how we share resources, that's about how we share translation services, and so on, at a very practical level. We're working particularly with our local universities on that.

[431] Over and above that, I think our broad assessment, at the moment, for our health board is that it will probably add about £100,000 to our cost base, as part of our planning process. But, for me, looking at this, and particularly looking at some of the communities that we serve, it is really important that we have the ability to offer our services bilingually and make sure that we have good access to services. So, we see it as part of how we do business, albeit there is a cost to that.

[432] **Alun Ffred Jones:** **Alun Ffred Jones:** Thank you very much.
 Diolch yn fawr.

[433] **Jocelyn Davies:** Thank you very much. Well, we've run out of questions and nearly run out of time. We are very grateful for your attendance today. We will send you a transcript. If you check it, just to make sure it's accurate, we will then be able to publish it. Thanks very much.

[434] **Mr Cairns:** Okay, thank you.

[435] **Jocelyn Davies:** So, we will break now for lunch, and we will resume at 1 p.m. Is that okay? Thank you.

*Gohiriwyd y cyfarfod rhwng 12:10 ac 13:02.
The meeting adjourned between 12:10 and 13:02.*

**Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 4
Welsh Government Draft Budget 2016–17: Evidence Session 4**

[436] **Jocelyn Davies:** Welcome back, everyone, to a meeting of the Finance Committee. Just to remind you, if you do have a mobile device—Mike Hedges—if you could ensure that it's on 'silent', or do your best to ensure that it's on 'silent'—

[437] **Mike Hedges:** I've done my best; it says it's off.

[438] **Jocelyn Davies:** Right. Fine. Well, you're forgiven then. We are on item No. 5, which is the Welsh Government draft budget 2016–17. This is our evidence session No. 4. We're delighted that we have got our witnesses already here. Would you like to introduce yourselves for the record? Then, if it's okay, I'll just go straight into questions. Shall we start with you, Victoria?

[439] **Dr Winckler:** Okay. I'm Victoria Winckler. I'm director of the Bevan Foundation, which is an independent think tank.

[440] **Mr Trickey:** I'm Michael Trickey, the Wales adviser to Joseph Rowntree Foundation, which researches poverty.

[441] **Jocelyn Davies:** Lovely. Thank you. Thank you very much. Obviously, you've sent us in written evidence in advance. I have to say it was excellent, and straight to the point. I thank you very much for that. I hope you'll find our questions are as concise as your paper. So, would you like to tell us: what impact will the Welsh Government draft budget have on reducing poverty, prevention and early intervention?

[442] **Mr Trickey:** I'll start. Well, from JRF's point of view, we welcome the fact that the budget reflects a continuing commitment to tackling poverty and that most of the tackling poverty programmes have been more or less protected. We also note that this is a one-year budget, and poverty isn't something where you get significant impacts over a year, unless you are doing heavy-duty fiscal transfers. I think our focus is now much more on what happens next, and the opportunity, obviously, for a new Government to

establish a longer term financial and policy plan.

[443] **Jocelyn Davies:** A time for reflection and planning in the longer term. Mike, shall we come to you?

[444] **Mike Hedges:** Are allocations and programmes funded—? Sorry, can I declare an interest? I'm a member of the Bevan Foundation.

[445] **Jocelyn Davies:** Yes, of course.

[446] **Mike Hedges:** Are allocations and programmes funded within the Welsh Government budget to eradicate poverty generally based on robust evidence? Is there a problem using lower super-output areas when you have areas of greater deprivation alongside them?

[447] **Dr Winckler:** It looks like that's coming my way. I think there's always a difficulty with basing policy only on evidence. Evidence is clearly extremely important and we do have quite a lot of evidence about some of the anti-poverty programmes, and some of those are showing quite good results. Others are perhaps more balanced, not quite so clear, certainly in the short term. But there is some good evidence to substantiate quite a lot of the anti-poverty programmes. I think the big challenge is getting a poverty-reduction approach across all aspects of the Welsh Government spending: so, into its mainstream education programmes, into its mainstream health programmes, into planning, transport, et cetera, et cetera. There's a debate to be had about which is the best approach and whether you focus on activities with an anti-poverty label or activities that are within bigger budgets.

[448] In terms of lower super-output areas, I think what we have in Wales is a problem of poverty that affects a large number of people in almost all parts of Wales, and then we have some concentrations of people on low incomes in a small number of quite specific places as a result of market forces and housing allocations. If the question that you're getting at is: which is the most effective? My answer would be: we need both. We need big programmes that address big issues around income, access to work and access to opportunities, but we also need action that addresses the very specific circumstances in some places, which are—having no other means of measuring on maps—lower super-output areas.

[449] **Mr Trickey:** On the general point, one of the things that we notice is that the quality and volume of evidence in Wales about poverty has

dramatically improved over the last five or six years. There is much more extensive evaluation of policy and quite a lot of research, and, if you talk to partners in the communities and so on, you get a much stronger sense of a more sophisticated approach to data, interrogating data, collecting data and analysing them. So, I think all those things have been, from our point of view, very encouraging. There still is a very difficult issue about tracking the impact of money and spending on poverty levels. You see that—. It's not particular to Wales; it's a common factor across the UK. But trying to nail down, for instance, to what extent the pupil deprivation grant is the reason for recent encouraging findings on attainment levels, that sort of thing—. These are not easy things to do. But it still remains something—there's still future work to be done to try and improve that understanding of the connection and precise causal relationship between the spending and the outcome.

[450] **Jocelyn Davies:** Mike—no, Julie, did you have a supplementary?

[451] **Julie Morgan:** It was just to follow up on that. Are there any—? Could you give us any examples of where you can directly see the link? Are there any where you can see that the spending has had a result? Is it possible to do that at all?

[452] **Mr Trickey:** There is partial evidence all the time. So, if we were taking the pupil deprivation grant, what the recent evaluation shows is that there's clearly some evidence that some schools have responded and used the money in a very targeted way and there seems to be some connection with results. But the patterns are not consistent. I think it's probably trying to get a more consistent approach that's the biggest challenge.

[453] **Jocelyn Davies:** Ffred, did you have a supplementary? Then Chris.

[454] **Alun Ffred Jones:** **Alun Ffred Jones:** I'll be asking my question in Byddaf yn gofyn yn Welsh. In your evidence on behalf of the Joseph Gymraeg. Yn eich Rowntree Foundation, you say:
tystiolaeth chi ar ran
Joseph Rowntree,
rydych yn dweud:

[455] 'Overall levels of poverty have...not changed in the last decade.'

[456] A ydy hynny yn Does that suggest that the policies and the

awgrymu nad ydy'r strategies that have been pursued have not been
 polisïau a'r effective, or what?
 strategaethau sydd
 wedi cael eu dilyn wedi
 bod yn effeithiol, neu
 beth?

[457] **Mr Trickey:** The position, again, is roughly the same across the UK: poverty levels, overall, haven't changed much in the last decade. There were some significant improvements in the early part of the 2000s, probably linked to the development of the tax credit regime, or at least that was certainly one of the factors. And, since then, the biggest change, as you know, has been the shift from the focus on pensioner poverty, which has reduced, and towards in-work poverty and poverty among younger families. So, there's been some change within the overall level, but the overall level hasn't shifted very much.

[458] **Alun Ffred Jones:** But—. Sorry.

[459] **Dr Winckler:** I wanted to add to that, which is that the headline measure of poverty that's used, of 60 per cent of median income, is an incredibly blunt, unsophisticated tool that responds very slowly and in a very long term, and is influenced by all kinds of, mostly UK, factors. So, it doesn't tell us an enormous amount about the success or otherwise of a particular set of devolved policies.

[460] What is clear is that poverty in Wales hasn't decreased as many people hoped it would, but, equally, it might have held the line. And we actually just don't know how effective or otherwise it's been.

[461] **Alun Ffred Jones:** **Alun Ffred Jones:** An additional question, therefore:
 Jest cwestiwn how therefore is it possible for us as a committee,
 ychwanegol, felly: sut or as an Assembly, to know whether the
 felly mae'n bosib i ni fel Government expenditure is making any difference
 pwyllgor, neu fel at all, if we're not sure that this definition of
 Cynulliad, wybod os ydy poverty is meaningful? And the same arguments
 gwariant y Llywodraeth hold true for child poverty, and so forth. So, how is
 yn gwneud unrhyw it possible for us or anybody else to know whether
 wahaniaeth o gwbl, os the policy is working at all, and making any
 nad ydym yn sicr bod y difference?
 diffiniad yma o dlodi yn

un ystyriol? Ac mae'r un dadleuon yn wir wedyn os ydych chi'n sôn am dlodi plant. Felly, sut mae'n bosib i ni neu unrhyw un arall wybod os ydy'r polisiau yma yn gweithio o gwbl, felly, ac yn gwneud unrhyw wahaniaeth?

[462] **Mr Trickey:** That's why Rowntree's undertaken this big piece of work to develop a UK anti-poverty strategy, because those questions have been cropping up for a long time. So, there's a lot of research and there's been a long tradition of research, but what there hasn't been is how that research then gets translated into priorities and action. So, that's what the piece of work that we're involved in at the moment is doing, and I hope that the results of that will start to become available through the summer.

[463] One of the things, to follow on from the point that Victoria was just making, is how poverty is measured. So, one of the things that we have to grapple with is trying to find a more sophisticated approach to how poverty is measured than simply the headline figure about median income. That's an ongoing discussion. We don't have a result yet, but the work is drawing towards a conclusion, and I would hope that it'll be available to the next Assembly to assist, to try and get a better answer to that question than I think we currently have. I suppose that the only comfort is that you can see that each individual programme produces some outcomes and some evidence. It's really how they all fit together to impact on the overall level, and I think that's where the gap has tended to be.

[464] **Jocelyn Davies:** Chris, did you have a question?

[465] **Christine Chapman:** Yes. Just on that, I know both of you gave evidence to the Communities, Equality and Local Government Committee on our poverty report, which came out in June. Obviously, I'm not saying that's the last word on the definition of poverty, but one of the concerning things, I think, for us as Members was that there were other comparative areas where the poverty levels seemed to be dropping quicker than in Wales. I just wondered whether you had any further comments on that.

13:15

[466] **Dr Winckler:** You're right, poverty, particularly in Scotland, has dropped further. I think it is difficult. When you use a measure of poverty that is solely an income measure, and you don't break that down into different groups of people and you don't break that down into different parts of Wales because you can't because there are no data, I think it is then extremely difficult to measure the impact of a programme on, say, raising educational attainment, because to get from that programme about educational attainment to a change in the total percentage of people on below 60 per cent of median income needs such a chain of events, and such a massive impact that, to be honest, I don't think you can do that. So, the gap is in the understanding of how you can change that 60 per cent median income, if that is what you want to change, and needing the programmes underneath that to support that. The most obvious thing that you need, if you're going to change that, are policies in relation to the economy and labour market, because that's what drives incomes.

[467] **Jocelyn Davies:** Okay. Mike, shall we come back to your questions?

[468] **Mike Hedges:** A lot of what I was going to ask you you've answered, and I could put some suggestions forward, but the Chair will tell me off for that. [*Laughter.*] So, I will just ask a simple question. We've got lots of programmes dealing with poverty: some aimed at it and some, like education, that have a major effect on it. Do you think that they are co-ordinated as well as possible, or how better could they be co-ordinated?

[469] **Dr Winckler:** I think it's always difficult when you have a range of programmes that are in different ministerial portfolios because you need to get the linkages right. You don't want an educational programme that has no link with mainstream education, but, equally, they need to be part of the approach on poverty as well. I think there's always scope for better co-ordination. The area in our evidence to the Communities, Equality and Local Government Committee, where we felt there was the biggest scope for better co-ordination, was on economy and skills.

[470] **Mike Hedges:** That's me done.

[471] **Jocelyn Davies:** Okay. Peter.

[472] **Peter Black:** Thank you, Chair. Can I also declare an interest as the

Bevan Foundation is my think tank of choice? [*Laughter.*] Can I ask in terms of targeting? Could resources be targeted more efficiently and effectively by the Welsh Government, and how do you think they should do this?

[473] **Dr Winckler:** Oh, gosh. Do you want to go first on that?

[474] **Mr Trickey:** Shall I just, while you're trying to work out a proper answer to that—? [*Laughter.*] The issue of scale is really significant. I think it's almost the biggest challenge in terms of thinking about future strategy on policy. How do you deliver an impact at sufficient scale to really substantially affect the figures? I think there's a very big question. It won't just be about spending programmes. As Victoria says, there are very important ambitions around economic policy, labour market policy and so on, but there is an issue also about spending programmes. I think there's a big question about whether it would be better to concentrate resources on doing one or two things, recognising that other things will suffer, whether it's better to concentrate resources on one or two things at scale, or whether it's better to try and keep a kind of spread of activity across a whole range of poverty-related issues. I don't think there's an easy answer to that, but I do think it's a question. You know, issues such as childcare. We have a fragmented patchwork of childcare provision. We know that it's highly relevant to employment and career development. Would it better to try and concentrate resources on trying to do something around that at the expense of not doing one or two other things? For me, I think there's a big question about options and choices that will have to be faced up to, particularly in a context where overall levels of spending are going to be reducing in real terms.

[475] **Peter Black:** Is there a problem in the sense that the Welsh Government is responsible for some things and that the UK Government is responsible for other things, and we have different objectives and different targets?

[476] **Mr Trickey:** Yes, that's certainly a big issue. It will be interesting to see how the discussions around the Work Programme and its future develop. One of the things that will come through, I think, in a number of areas in the JRF work on anti-poverty strategies, is the dependence for success on getting a much closer mesh between UK policy and—

[477] **Peter Black:** Just on the subject of childcare, I mean—

[478] **Mr Trickey:** Exactly.

[479] **Peter Black:** [*Inaudible.*—the taxation regime against the—

[480] **Mr Trickey:** Absolutely right.

[481] **Peter Black:** And is there any way round that in the way we budget, do you think, or do we just have to live with it?

[482] **Mr Trickey:** I think one of the things that we're flagging up is exactly the kind of discussion that needs to be taking place between the devolved administrations—Scotland, Wales and Northern Ireland—and, in this particular case, you know, the Treasury and the Department for Work and Pensions.

[483] **Dr Winckler:** I think the issue of targeting is, actually, extremely difficult. I assume your question isn't just about geographical targeting—

[484] **Peter Black:** No, it's not.

[485] **Dr Winckler:** I think the issues about whether people go for universal benefits or entitlements to services, means-testing or some other kind of gatekeeping are actually very, very difficult. I don't think we've had the conversations that we need to have in, you know, Wales as a whole. What I do think we have at the moment is a bit of a patchwork approach to some schemes or programmes that are universal and some that are not. It's not always easy to see the rationale for that. Even within approaches to reducing poverty, there isn't a consensus about universalism versus targeting—which is best. There isn't that fixed view. There are advantages to both and, I suppose, if I'm to be really honest, Peter, I don't have an answer to that question.

[486] **Peter Black:** I mean, just following on from that, do you feel the programmes in the budget achieve the right balance in terms of people-based and place-based approaches? We've already talked about groups of people, as opposed to geographical groups, but are we targeting what we have in the right way and getting the right balance there?

[487] **Dr Winckler:** I think what we've done so far in Wales has been very much—the activity that comes under the heading of tackling poverty has been very much place-based, and I think there are limits to that approach. It is a successful approach for some things, but, as you know, more people live

outside those targeted areas on low incomes than live in them, and there are limits to what place-based approaches can do. So, my view would be that you need both, but the big changes will only happen when you have big people-based programmes.

[488] **Peter Black:** The pupil deprivation grant is very much people-based, but, of course, the data it rests on are free school meals, which are very imprecise data. I mean, are data an issue as well in terms of this targeting?

[489] **Dr Winckler:** Well, it depends what you want to target. I mean, there are quite a lot of data on lower super output areas, but they all tend to be of the same sort—

[490] **Peter Black:** And geographical.

[491] **Dr Winckler:** And it's geographical. We actually have quite poor data on incomes in Wales. A lot of the samples are very small. It's very difficult to identify some of the sub-groups of people—it's impossible to identify some of the sub-groups of people on low incomes.

[492] **Jocelyn Davies:** Have you got anything to—? No. Okay—

[493] **Peter Black:** Can I just ask the other question?

[494] **Jocelyn Davies:** Yes, sure.

[495] **Peter Black:** Are there any particular groups where funding is insufficient or approaches funded within the draft budget are insufficient that you have particularly focused on or think—? We are talking about geographically based anti-poverty programmes, but are there any specific groups you think we should be concentrating on?

[496] **Dr Winckler:** I don't think I've got a view on that, no.

[497] **Jocelyn Davies:** Chris, shall we come to yours?

[498] **Christine Chapman:** Sorry, can I just go back to the targeted—? Sorry, I need to declare my interest as a member of the Bevan Foundation. I mean, obviously, you know, if you were in an ideal world, would you say 'universal' or 'targeted'? I suppose there's, sort of, the wider picture, isn't there, about universal benefits, because we're all part of the society? So, I just wondered

what would be your view if you had lots of money.

[499] **Dr Winckler:** Universalism is attractive because it takes away stigma, it reduces administrative costs, and it benefits everybody. You don't have to be tested or assessed or whatever. There are lots of advantages to universalism. However, a rising tide lifts all boats. So, if your concern is to close gaps, not just to improve everybody's conditions, you need some targeting as well. The advantage of targeting is that it's more cost-effective, but then there are issues about reaching the right people, there are administrative costs and, inevitably, some of the people you want to target you don't reach. As I said, there is no consensus about which is the best. I suspect that, in a set of broad public services, you need a mixture of both.

[500] **Christine Chapman:** Okay, thank you. If I can just move on now, we started to talk about welfare reform. I just wonder whether you feel that the draft budget sufficiently addresses the impact of current and future welfare reform.

[501] **Dr Winckler:** What we know is that welfare reform has had and will have an absolutely enormous effect. It's not really clear in the draft budget the extent to which existing budget spend will pick up some of that impact. I suspect that, without specific provision, it's intended that it will. I think there is scope to do more in terms of addressing the problem—the issues generated by welfare reform, or the changes, whether you regard those as problems or not, that welfare reform is bringing, whether that's in terms of housing, changes in conditionality for young people and so on. The Bevan Foundation's view has been that more should be done, both in the short term to mitigate the impact and to enable people to change but, in the long term, to move to a society where far, far fewer people are claiming benefits.

[502] **Christine Chapman:** Okay. Michael.

[503] **Mr Trickey:** It's one of the big policy dilemmas, isn't it? To directly mitigate the impact of welfare reform would require quite substantial spending. There are things, as Victoria said, that you could and should do, broadly around the margins, but the sums of money we're talking about in terms of the vulnerability of particularly single parents and young families—we're talking very significant sums.

[504] There's always a trade-off you've got with thinking about poverty between the kind of long-term preventative stuff, which is fundamentally

what the tackling poverty action plan is really about in one form or another, and the kind of short-term mitigation. I suppose the issue is to what extent you can do more, recognising that it is at the margins, in terms of the conditionalities and so on within the existing regimes. But it's not realistic, I don't think, to expect that that will significantly avoid some of the very difficult challenges that are coming up.

[505] **Christine Chapman:** On the more detailed discussions about the budget, obviously we've had the draft budget and both your organisations have made recommendations and had views on where that sits, but are there any concerns that you've got about the draft budget as it is? Are there things you'd like to add, or are you reasonably happy with it in terms of eradicating poverty and mitigating welfare reform?

[506] **Mr Trickey:** We don't normally comment on the details of individual budgets. I'd have thought that, in very broad terms, this budget reflects the kind of consistency of policy that's been established over a number of years. So, in that sense, it feels a reasonable response to the challenges ahead. But, as I said earlier, I think the challenges ahead are qualitatively different and more difficult. I don't think you can sort that through a one-year budget, but I do think that there are some fundamental challenges that will need to be addressed in terms of thinking about the next budget and the next set of plans.

13:30

[507] **Christine Chapman:** So, is there anything major—. Perhaps Victoria could answer—

[508] **Alun Ffred Jones:** What are those challenges?

[509] **Mr Trickey:** Well, the fact that we still have got income poverty levels at roughly about 23 per cent of the population. There are some encouraging changes in terms of things like the kind of poverty attainment gap, but we still are faced with the fact that the headline figure on poverty hasn't changed.

[510] **Jocelyn Davies:** Can I just ask you—? I know this is a very broad question, but we live in a rich country. The UK is a rich country. It's like the fourth or fifth biggest economy in the world or something like that. Tiny country; big economy. How is this acceptable that we have—is it 40 per cent

of children living in poverty? How is that acceptable? Or is that poverty level one that's—. I suppose it depends where you are in that continuum. Some people are incredibly poor and there are some people who are going to be just below that median, I suppose. But how is it acceptable that we have not been able to address poverty in a rich country?

[511] **Dr Winckler:** Certainly our view is that it's not acceptable. It is about the distribution of the good things in life, with people at the bottom of the pile not getting their fair share. That's the Bevan Foundation's view on that. Going back to Chris's question, what we have pulled together as a set of recommendations for the next Government, where we think there needs to be a much, much bigger—I wouldn't say 'push' but a big shove to try to get poverty levels down with a clear target for income levels—. We think there needs to be two things. There needs to be, first of all, a national programme to spread prosperity where we're looking at not only growing the economy, but making sure more people have access to the good things in that economy, which will involve introducing a living wage, making sure that everybody who wants a job can have one, big increases in adult training and apprenticeships, but also, we've recommended a programme of life chances so that, if something goes wrong in somebody's life, if they are sick or disabled or they become a lone parent, those do not become permanent barriers to them making the most of their own talents and the opportunities available. I can certainly send that to the committee.

[512] We costed that at a very rough ballpark figure of £300 million. I mean, without access to the kinds of calculations that officials are able to do, it's no more than a rough estimate. But that kind of activity in the numbers that are required are what we think is needed to get a sea change in the numbers. So, although many of the programmes in the tackling poverty action plan are very worthwhile and do seem to be producing good results, they're not doing it, as Michael said earlier, at the scale that we need to get the change.

[513] **Jocelyn Davies:** Chris, back to you.

[514] **Christine Chapman:** Going back to—. Victoria mentioned about the economy, because I know that is a big part of the report we did, but isn't there a danger that you could end up having people who may be better off because of jobs, but then you're still leaving behind that sort of core of people who are still very poor? I just wondered whether you have any views on that—whether we need to do a bit more, and pull everybody up really as opposed to just talking about the economy.

[515] **Dr Winckler:** There will always be people who are unable to work for all kinds of reasons, and that's where an adequate benefits system is very important and will continue to be important. That's a very important part of what used to be called social security. I think, going along with that, though, it's not only about money: it's about shelter, it's about food and it's about warmth—a social minimum, if you like, below which we, collectively in Wales, should not allow anybody to fall.

[516] **Mr Trickey:** Going back to your question, the reason that Rowntree is doing the anti-poverty strategy is because we believe that it doesn't have to be like this—

[517] **Christine Chapman:** Yes.

[518] **Mr Trickey:**—and that employment is going to be one of the key—it's a cliché, but it's still true—routes out of poverty. From our point of view, I think that means rethinking the relationship between how you tackle poverty and how you develop the economy. That's both providing job opportunities and about the progression of people once they've got a job, it's about pay rates, it's about a whole basket of things that need to be meshed together. Lots of those bits are there at some point or other of policy at the moment, but they're not drawn together in an integrated way, and we think that's key to it.

[519] What's happened to pensioner poverty is encouraging. It's been one of the—. It's not an absolute success, as there are still too many pensioners who are in poverty, but if you look at it, you would say that it's been one of the great successes of public policy over the last 20 years. We've made substantial differences. So, it is possible to do it, but it just requires prioritising it across the whole of Government, both in Wales and the UK, to try and really drive that kind of fundamental change.

[520] **Jocelyn Davies:** Julie, shall we come to your questions?

[521] **Julie Morgan:** Yes, thank you very much, Chair. I wanted to ask you about the impact of the cuts in local authorities, and in particular the third sector and all of these things that we're hearing about that are now under threat—leisure services, community services, housing, all those sorts of services. How do you think it's possible to mitigate the effect of those sorts of cuts?

[522] **Mr Trickey:** I suppose it's worth just saying at the beginning that one of the things that JRF has most often commented on is that there's been, in a sense, a more balanced approach to the cuts in Wales than within the UK Government, where, as we know, social care, for instance, has taken quite a significant hit and local government more generally. So, I think, at that level, we would welcome the fact that a more balanced approach has emerged here, although it's not been without political consequences in terms of, particularly, the debate about the NHS. But, it still does remain that trying to maintain a balanced approach is clearly going to get more difficult. One of the crucial things is that, within local authorities, there are some issues about how funding is distributed to local authorities. I don't think JRF would have a view about that specifically, but in terms of within local authorities, we'd certainly be looking for a more integrated and joined-up approach to understand the relationship between decisions in one area of policy or a service and how they impact on others. So, the more that there's a holistic approach, the better. The potential with things like community asset transfer seems to have become an interesting and new part of the thinking about local services. But, it would be foolish, I think, just to pretend that there aren't some really difficult decisions ahead.

[523] **Dr Winckler:** I think that's right. It's clearly impossible to run the services that are there at the moment with reduced budgets. There will be consequences from decisions that are made to close or curtail services, and the challenge is to make sure that the burden of that doesn't fall on the people who are the least well off but are often the least vocal as well.

[524] **Julie Morgan:** Following on, on that sort of issue, one of the areas that have seemed to be a bit of a target have been library services, although community asset transfer is obviously being used there as well. How can we get this more holistic thinking, because obviously, for people looking for employment, many of them go to the library to look on the computer services that are often there, and yet the general view of the libraries doesn't always include that? How do you think we can get this more holistic way of linking all these services?

[525] **Mr Trickey:** I think it partly comes down to having as good an approach to impact assessment as you can. Often, these things don't get made in that sort of way. A decision about a library will be seen as something quite remote and distinct from a decision about education or whatever. But, these things do interact. One of the things, picking up Victoria's point, is a

kind of appraisal system that is about impact on vulnerable groups. The more that service providers can start thinking in those sorts of terms, rather than simply in the traditional siloed approach to how they make budget decisions, the better.

[526] **Julie Morgan:** You mentioned the impact assessments. Do you have a view on whether the Welsh Government's strategic integrated impact assessment includes sufficient information on the negative impacts of the cuts on higher education and local government cuts?

[527] **Dr Winckler:** In a short word, 'no'. I'm sorry.

[528] **Julie Morgan:** Could you expand on that?

[529] **Dr Winckler:** Assessing that impact assessment, if you like, is, in itself, a big exercise. While what's there is fine, it's knowing what hasn't been covered. It's simply something that we haven't been able to do. Sorry.

[530] **Jocelyn Davies:** Okay, Nick, shall we come to your questions?

[531] **Nick Ramsay:** Thanks. Do you feel that innovative ideas are developed, shared and implemented successfully in the public and third sectors?

[532] **Dr Winckler:** The flippant answer would be 'clearly not', since we're a think tank and research centre. I think, as with all broad-brush questions like that, you could say that there are some examples where the answer would be 'yes'. I think there are some circumstances where organisations are developing new approaches. I think there are also areas where you can spot that that good practice is not travelling. I think, in some cases, we've got frightened-rabbit syndrome of people almost paralysed with the difficulties of making spending cuts. Michael's been doing specific work on this, which he'll talk more about.

[533] **Mr Trickey:** Just to agree with all that, if we're looking for positive news about this, there is a public innovation centre being established now, in a partnership between Cardiff University and Nesta, as part of a kind of drive both to test out policy ideas in the public realm and then to promote their take-up and transfer. So, it's a recognised issue. There are cultural reasons as well as practical reasons why good ideas don't get taken up.

[534] **Nick Ramsay:** You think that those ideas are there—

[535] **Mr Trickey:** I think, very often, they're there. I think, if you looked across public services in Wales, you would find really interesting, exciting examples of practice, covering nearly every aspect. What you'd also find is, by and large, that's where they stay—locked up in the institution that's developed them. Mobilising those ideas turns out to be really difficult. But, the gain that could be had if we become more effective at that would be huge, in terms of the quality of the interventions, their impact on the public and the quality of service that the public gets. The cost of not transferring those ideas is, I think, very significant.

[536] **Nick Ramsay:** What was the programme you mentioned?

[537] **Mr Trickey:** It's a development called 'Y Lab', which has been set up by a partnership between Nesta and Cardiff University.

[538] **Jocelyn Davies:** We've taken evidence, yes. You may remember, Nick, that we took evidence from them about something else, but not about the budget. This is the same question we put to those really: in a small country, where everybody seems to know everybody else, why is it so difficult for a good idea to travel a few miles down the road? You know, if there were vast distances, and there was no way to—. But it does seem as if these ideas—. Ministers come here and quote to us examples of good practice. If I hear 'Gwent frailty scheme' quoted at me once more—. Why is it just in Gwent? Why isn't it a Wales frailty scheme? It just seems to have stayed there. So, we know very well about these things, but it does seem very difficult to get them taken up. You say it's cultural. You say there are cultural reasons.

13:45

[539] **Mr Trickey:** There are certainly cultural issues: the 'not invented here'. Organisations get very blinkered. They tend to be very focused on what they do, and not particularly alert to what others are doing. I think I'm painting a bleaker picture than I think is fair. I think there's greater cross-currency of thinking now than there would have been even 10 years ago. But it's still remarkable that demonstrably good ideas don't travel.

[540] **Jocelyn Davies:** I don't suppose Wales is unique in this. I suppose that this is commonplace elsewhere as well. Okay. Nick, have you—? Okay then. Ffred, shall we come to you?

[541] **Alun Ffred Jones:** **Alun Ffred Jones:** Thank you very much. Could I Diolch yn fawr. A gaf i just go back before asking general questions? The jest fynd yn ôl cyn strategy of Governments over the last 10 years in gofyn cwestiynau terms of tackling poverty and disadvantage has cyffredinol? Mae polisi focused on the 100 most underprivileged areas in neu strategaeth Wales, and there are lots of resources and Llywodraethau ers dros programmes that are focused on those 10 mlynedd ynglŷn â disadvantaged areas. Is there any evidence that threchu tloidi a poverty or deprivation has been reduced in those difreintedd wedi areas? canolbwyntio ar y 100 ardal fwyaf difreintiedig yng Nghymru, ac mae llawer iawn o adnoddau a rhaglenni wedi canolbwyntio ar hynny. A oes tystiolaeth bod tloidi neu amddifadedd wedi gostwng yn yr ardaloedd hynny?

[542] **Dr Winckler:** The evidence in the evaluation of the Communities First programme is mixed. No. 1, you can't get evidence on the headline rate of poverty because we just don't have those figures. What the evaluation of Communities First showed is that Communities First has been moderately successful at those things that place-based policies are good at, which shouldn't be a surprise to us. So, they have been quite successful on environmental improvements, quite successful at housing-related things, and moderately successful at some community engagement activity. Where place-based interventions struggle, including Communities First, are on the economy, employment, education and health, because those are, for the most part, not necessarily related to that place, and the solutions lie more broadly. If policy—and it doesn't—but if public policy had put all its eggs solely in the basket of Communities First, it would have achieved on some things but not on others.

[543] **Alun Ffred Jones:** **Alun Ffred Jones:** Is there a problem as well, in A oes problem hefyd o terms of those areas, that there were no base safbwynt yr ardaloedd figures established on what was supposed to be hynny nad oedd yna measured later on, and so we don't know what the ffigurau sylfaenol wedi progress or lack of progress has been since then? cael eu sefydlu ynglŷn

â'r hyn yr oedd i fod i gael ei fesur yn nes ymlaen, ac felly, nid ydym yn gwybod beth yw'r cynnydd neu'r diffyg cynnydd sydd wedi bod ers hynny?

[544] **Dr Winckler:** 'Yes' is the simple answer.

[545] **Alun Ffred Jones:** **Alun Ffred Jones:** Right. Could I just turn to a more general issue? You've referred to the fact that there will be pressure on public spending for the next four or five years, evidently. So, what kind of radical rethink of spending priorities needs to be had to ensure that public services are sustainable, not only next year but in the years to come? What would you change?

Rydych chi'n gwybod beth fydd gwasgfa ar wariant cyhoeddus am y pedair neu bum mlynedd nesaf, mae'n amlwg. Felly, pa fath o ailystyriaeth radical o flaenoriaethau gwariant sydd ei hangen er mwyn sicrhau bod gwasanaethau cyhoeddus yn gynaliadwy, nid yn unig y flwyddyn nesaf ond yn y blynyddoedd sydd i ddod? Beth fydddech chi'n ei newid?

[546] **Mr Trickey:** That's a question beyond the poverty area. I would say, in a more general sense, that the biggest question about resource allocation, because it drives so many other decisions, is what you do about spending on health and the NHS. I haven't checked the figures recently, but it must be now accounting for nearly half of the resource DEL. The pressure on health spending—you know it all better than I do—for a variety of reasons is consistently upwards, so, roughly, something around 3 per cent in real terms a year. That clearly isn't affordable over the long term without doing very serious cuts in other parts of fundamental public services. So, you know, the

biggest issue is what you do about that. Now, I'm part of a project with the Health Foundation, which is trying to look at the longer term in Wales and what the options might be on how to manage health spending in such a way that it doesn't pre-empt the entire Welsh Government budget in the long term. It's too early to know the kinds of issues that we'll be talking about. But, the fundamental change in clinical practice, as well as management and operational effectiveness, will all be part of the mix. But, I suspect until you've cracked it and got some clear line on that—and, again, this is a problem for every western economy—until you've got a clearer line on that, there are serious concerns about the sustainability of public finances as they currently look as though they're going to be. In terms of poverty, I think we said earlier, there is the need, thinking about the next Assembly, to go back—not go back to the drawing board. I mean, there's a lot of data, there's a lot of experience and a lot of knowledge that has accumulated now. I'd hope that the JRF anti-poverty strategy would help in that process of kind of reviewing and just taking fresh stock of what's the best possible use of limited money.

[547] **Alun Ffred Jones:** Diolch yn fawr.

[548] **Jocelyn Davies:** Okay, well, thank you very much. We've come to the end of our questions. Dr Winckler, I think you said you'd send us a document, a paper on something.

[549] **Dr Winckler:** Yes.

[550] **Jocelyn Davies:** Thank you very much for coming today. We'll send you a transcript. We'd be very grateful if you check it for accuracy before we publish it. Lovely, thanks very much.

[551] **Dr Winckler:** Thank you.

[552] **Mr Trickey:** Thank you.

13:52

**Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn
Dystiolaeth 5
Welsh Government Draft Budget 2016–17: Evidence Session 5**

[553] **Jocelyn Davies:** Right, if we move on to the next item on our agenda.

You would have received a written paper from Welsh Women's Aid in response to our consultation. So, we're on agenda item six, which is still on the Welsh Government draft budget 2016–17, and this is evidence session number five. We've got our sole witness. I hope you're not feeling too lonely there.

[554] **Ms Butler:** I'm fine, thank you.

[555] **Jocelyn Davies:** Thank you for sending us a written submission. Would you like to introduce yourself for the record and then we'll go straight into questions?

[556] **Ms Butler:** Yes, thank you, Jocelyn. Prynawn da. My name is Eleri Butler. I'm chief executive officer of Welsh Women's Aid. For those of you who don't know, Welsh Women's Aid is the national charity in Wales—we've been working for nearly 40 years—to prevent domestic abuse, sexual violence and all forms of violence against women, and also to ensure high quality services are provided across the country for women, men, children, young people, families and communities.

[557] **Jocelyn Davies:** Lovely, thank you. In your written evidence you highlight the uncertainty around the future funding of Welsh Women's Aid and the domestic abuse services more widely. Can you set out details of the impact that this has on the ability to plan for the future and on service users and, of course, staff?

[558] **Ms Butler:** Yes. I think the first thing to say is that the evidence that I'm providing today is on behalf of our membership services across the country. We have 24 specialist services providing domestic abuse and violence against women services across the country, and also it's based on our own experience as direct service providers as well, to give that context. We provide the national helpline, the Live Fear Free helpline, and we also run the Children Matter project. So, our feedback is also based on survivors' experiences as well.

[559] In relation to your question, I think the first thing to say is that we're really pleased that budgetary investment in the current year has contributed towards strengthening the legislative and policy framework around violence against women, domestic abuse and sexual violence. But I think some of the concerns we've got are things I think that other third sector services have raised in submissions—things like annual funding cycles being problematic,

delayed decision making. Generally, the domestic abuse and sexual violence sector has suffered chronic underfunding across many years, and I think we're currently facing a crisis in relation to the future of the specialist services sector. So, in terms of impact, nationally, from a Welsh Women's Aid perspective, much of our public-sector grants or contracts that we get are awarded annually. Currently we're in this stage of the financial year where we've only got 30 per cent of our funding confirmed from April, which is obviously a concern. We are in discussion with the Welsh Government, obviously, and with local funders, about the continuation of our funding, and that's the same for our membership services across the country.

[560] **Jocelyn Davies:** At this stage. So, we're in January and you can be sure that you've got 30 per cent. Did you say 30 per cent?

[561] **Ms Butler:** Yes; 30 per cent.

[562] **Jocelyn Davies:** Thirty per cent. So, you've no idea of the 70 per cent, whether you've got it or not, even though the Supporting People budget was largely protected.

[563] **Ms Butler:** Yes, that's the case. From a Welsh Women's Aid perspective nationally, and also locally, our membership services have told us that the vast majority don't actually know what their funding is in April yet. I mean, they're all very pleased that the protection has happened nationally from that statement—

[564] **Jocelyn Davies:** Yes, but they don't know how that impacts on them.

[565] **Ms Butler:** They don't know, locally, necessarily what is happening. We've called around this week just to double check to try and get the most up-to-date information. It's been suggested to some services that they're still likely to get 10 per cent or 20 per cent cuts, even though there's protection nationally to the budget for Supporting People. And also, for quite a lot of our services, because Supporting People doesn't fully fund the costs of their provision, they get other local authority grants—small amounts of grants, for example; maybe homelessness prevention grant or some Families First grants. Whether or not Supporting People continues, they don't know that some of those grants are continuing yet or not either. Some have been told that some of their local authority grants, outside of Supporting People, are being cut from April, which means that—

[566] **Jocelyn Davies:** So, if the budget's protected, why would somebody have a 20 per cent or 30 per cent cut to their budget, if that's where the source of their money was?

[567] **Ms Butler:** I don't know whether there's a difference between the national protection for the national pot of money as opposed to local decision making having—

[568] **Jocelyn Davies:** I see, but these are all commissioned on a local basis anyway.

[569] **Ms Butler:** Yes, it's local decision making. That's the information we've got. So, in terms of the impact on service users in particular, as one of the clients you mentioned, if services don't know what their funding is from April at a local level, then they're going to get, very soon, to a position where they're going to have to stop taking referrals, and very soon to think about— if they have refuges, for example—how they move on families from those refuges. I'm hoping, in the next few days or weeks—imminently—services will be told what their funding is, obviously. But the other thing to flag, I think, particularly, is that the feedback we've had about funding for services is that children and young people are very poorly served in relation to access to support services locally. Some local authority grants provide funding for support workers for children and young people, but it's very, very small amounts. We've been told by quite a few of our services that that's been cut for next year. So, it's very concerning; and obviously, the impact on staff is demoralising. Managers are telling us—

[570] **Jocelyn Davies:** Because they don't know if they've got a job.

[571] **Ms Butler:** No. Managers are telling us that, because they've already faced in-year cuts—some of these are cumulative cuts—and although, on paper, some of the cuts look relatively small at 3 per cent, 5 per cent or 10 per cent, for example, these are very small services with very small annual budgets and income, and that's going to have a significant impact.

[572] **Jocelyn Davies:** I've got two Members that want to ask supplementaries. Ffred, and then Chris.

[573] **Alun Ffred Jones:** **Alun Ffred Jones:** I am sorry. It's my fault in that I Mae'n ddrwg gennyf. haven't read the notes carefully enough, but am I Arnaf i y mae'r bai nad right to say that the Government has ensured an

wyf wedi darllen y increase in your core funding for the next year? Am nodiadau yn ddigon I right in saying that? manwl, ond a ydw i'n iawn i ddweud bod y Llywodraeth wedi sicrhau cynnydd yn eich arian craidd chi ar gyfer y flwyddyn nesaf? A ydwyf i'n iawn wrth ddweud hynny?

[574] **Ms Butler:** Not that I'm aware of. Not for Welsh Women's Aid nationally. Our funding is confirmed from the Welsh Government for the helpline. We've successfully tendered for, and won, a contract for the helpline for the next few years, and we've also got a contract with the Welsh Government to deliver 'ask and act' training across the country. I haven't had, as of today, confirmation of any of the funding.

[575] **Alun Ffred Jones:** **Alun Ffred Jones:** Okay. Right. Sorry. Ocê. Reit. Sori.

[576] **Jocelyn Davies:** Okay? Chris.

[577] **Christine Chapman:** This is my question, really: you talked about this uncertainty at the moment with funding. I mean, local authorities are part of this, but they're telling us—you know, we took evidence this morning—that they're pleasantly surprised that there's not such a bad cut anticipated. So, I just wonder whether you feel this would have an impact on the uncertainty, and wondering how it's going to be funded. I know it comes via the Welsh Government, but I just wonder whether that would be better news for you, bearing in mind that some local authorities seem to be reasonably happy.

14:00

[578] **Ms Butler:** I think it's better news—. It's good news, overall, I think the message is. Certainly, when the announcements were made recently, our membership services and sexual violence services had discussions and thought, 'Well, this is really positive; this is great', but actually, on the ground, the services we've contacted this week and over December still don't know what their funding is. I would say that is in the vast majority of cases—they don't know what their funding is—and quite a few of them have been

told that they're likely to expect a cut of their funding at a local level.

[579] **Jocelyn Davies:** And a significant percentage cut—

[580] **Ms Butler:** For them, significant, yes. And services have said if they do actually get a cut from April, some of them are looking at either stopping service delivery, or some have said that they're likely to close.

[581] **Jocelyn Davies:** Close. So, then, people fleeing domestic abuse will have nowhere to go.

[582] **Ms Butler:** Yes.

[583] **Jocelyn Davies:** Right, thank you. Mike, will you do Ann's question?

[584] **Mike Hedges:** Certainly. It leads nicely on from what you were saying earlier. What sort of funding model would you like to see adopted to ensure sustainable, long-term solutions for future services across Wales? I think what you've said up until now is that what you've got does not necessarily meet the criteria for being either a sustainable or long-term solution.

[585] **Ms Butler:** That's a very good question. I think the current model for funding specialist domestic abuse and sexual violence services is not fit for purpose. Many services, as I've said, are under huge financial pressure and some are drawing on their reserves to carry on providing services. Some are talking to us, as I said, about being cut or parts of their services closing.

[586] What we would like to see is protection of existing funds from April this year to give commissioners and services time to understand what provision they have and what they need in local areas. We are hopeful that the violence against women, domestic abuse and sexual violence Act that was recently enacted, which will be introducing statutory commissioning guidance, out for consultation probably later this next financial year, which will likely then kick in from 2017, will make a difference. I'm pleased that that's going to be happening and I think that's going to be really positive. But our concern, really, as a national network of organisations is what's going to actually happen from April in 2016-17, before that comes in. So, ideally, we'd like protection of existing funds from April and also, then, for Government to work with local public services, and, most importantly, third sector organisations, to come up with a sustainable and secure funding model that will enable consistency and continuity. I think, the other—

[587] **Jocelyn Davies:** If I could just interrupt, it seems ironic that we've got a piece of legislation—and some of us were involved in the scrutiny and passing of that legislation, and it was going to be groundbreaking in relation to violence against women in Wales—at a time when the budget might actually close facilities for those very people whom the legislation is there to protect.

[588] **Ms Butler:** Yes.

[589] **Jocelyn Davies:** Well, I think it's ironic, anyway, and I know that you're in a difficult position to agree with that, but you're making your case, I think, very well. Mike.

[590] **Mike Hedges:** I wouldn't use the word 'ironic'; I'd use the word 'sad'.

[591] **Jocelyn Davies:** Well.

[592] **Mike Hedges:** When you're asking for protection, are you talking about cash protection or real-terms protection? I think that we could make an argument for cash protection, but I don't think we'd have any success in trying to make an argument for real-terms protection.

[593] **Ms Butler:** I think either would be better than—

[594] **Jocelyn Davies:** Yes, if you can't have the one, you'd like to have the other, wouldn't you?

[595] **Ms Butler:** Yes. Cash protection.

[596] **Mike Hedges:** I think we could make an argument for cash protection. I think anything beyond that, we'd have difficulty making an argument for.

[597] **Ms Butler:** Yes. I appreciate that, and I do think there are positive developments and there is funding allocated to implement aspects of the Act, as I'm sure you've heard from Ministers, and there's a lot of really good work going on, and Wales, around violence against women, prevention and early intervention especially, is still held up as an exemplar, globally, and across the UK.

[598] The issue is—and I think we raised in our evidence to committees as

the Bill was going through—that, specialist services in Wales, as in the rest of the UK, in the third sector, are independent from public services to that extent, but they're very much a key part of the implementation of the Act. They're expected to pick up the referrals when survivors and perpetrators are identified and responded to, and they need to be sustained. That's our concern, really. I also think another consideration, which we've also raised with commissioners, is that I do think 2016–17 needs to be a turning point, and if there was cash protection, that would be really helpful. There's been a recent European directive on victims' rights, which came into force from November, which I mentioned in my evidence paper, which includes obligations for all states to make sure that there are specialist services for victims, particularly women and children. There's also the Istanbul convention, which the UK is a signatory to. So, there are international as well as national obligations to make sure that specialist services in the third sector are protected.

[599] I would say that, because of the way that services are funded at the moment, through Supporting People and, predominantly, through other, small amounts of local government grants, for example, I think there are other partners in the public services that also need to be part of this sustainable funding model, particularly health, social care and other services. At the moment, it's only coming through housing-related support, homelessness prevention, and very specific, to some extent siloed, budget lines. One of the things I mentioned in our evidence was that I was quite disappointed—I wasn't expecting, necessarily, to see it on a high level across the budget that is out for consultation, but it would be really good, from our perspective, if departments across Government, not only in the local government budget line, actually allocate funding and resources for violence against women prevention and early intervention. I'm particularly thinking about economic development and also thinking about health, addressing equalities, addressing poverty and so on, because violence against women, domestic abuse and sexual violence are cross-cutting across all of those issues. Actually, pooling resources would make more sense and provide more value for money.

[600] **Jocelyn Davies:** Julie.

[601] **Julie Morgan:** Just a follow-up on that, in terms of health, how much input do you actually get from health at the moment? Anything?

[602] **Ms Butler:** Financially or—?

[603] **Julie Morgan:** Yes.

[604] **Ms Butler:** At Welsh Women's Aid level, none, and I don't know many services, if any—domestic abuse services—that get health-related funding, as grants or contracts. Health is part of the partnerships, obviously, in terms of delivery, but in terms of actual funding—. I made some recommendations in our evidence to actually identify a couple of things that if, from a budgetary perspective, funding to the NHS could be required somehow to enable them to take part in preventative and early intervention mechanisms—I made a couple of suggestions—I think that would be really positive. At the moment, they're not; they're not funding a significant amount in Wales. They are in the rest of the UK.

[605] **Julie Morgan:** Really?

[606] **Jocelyn Davies:** Chris, did you have a supplementary?

[607] **Christine Chapman:** But aren't they doing specialist nurses in A&Es? They're doing that, aren't they, in some areas?

[608] **Ms Butler:** Yes, they may have their own internal—. So, they're delivering training; they do a routine inquiry and they, obviously, provide responses to domestic abuse and sexual violence—

[609] **Jocelyn Davies:** You probably get referrals from them.

[610] **Ms Butler:** Yes, but they don't necessarily invest in the third sector in that way. I'm not saying they don't have any spend at all around those issues, because, obviously, they do. It's a big issue. I mean, health, of all public services, has a big financial consequence in relation to violence and abuse.

[611] **Jocelyn Davies:** Peter, shall we come to your questions?

[612] **Peter Black:** Yes, thanks. I think you've partly dealt with some of this already, but your key recommendation to protect funding for domestic abuse and sexual violence services in the coming financial year—what do you think it would cost?

[613] **Ms Butler:** I think that's a really difficult question, because we don't

have that information. We don't actually have information publicly available to know how much of the public sector budget—budgets, if you think about the combined budgets—actually goes into spending around domestic abuse and sexual violence. It's not nationally available, or not easily available.

[614] **Jocelyn Davies:** So, they're not data that are collected anyway?

[615] **Ms Butler:** Well, obviously, somebody holds them. Commissioners know how much they're spending and some Government departments will know how much they're spending on it, but it's not something we have access to.

[616] **Jocelyn Davies:** It's not collated together.

[617] **Ms Butler:** No, it's not something we have access to particularly. But one of the things it's really interesting to think about is that the income and the turnover of the specialist services that we're talking about are tiny, if you're thinking about charity income and expenditure as a whole. So, we do know that, in Wales, for example, in relation to our membership—we have 24 members across the country—70 per cent of those domestic abuse services have an annual income of less than £650,000 a year. So, the budget is relatively—

[618] **Peter Black:** That's in total, is it, or—?

[619] **Ms Butler:** Yes, so their income—no, each—

[620] **Peter Black:** Each one, right.

[621] **Ms Butler:** Yes. And a quarter of services have an annual income of less than £250,000. So, as a sector as a whole, compared with the rest of the UK, their annual turnover—we're talking about very small charities, and their turnover is relatively—

[622] **Peter Black:** So, you're spending between £15 million and £20 million a year in those 27 organisations.

[623] **Ms Butler:** Approximately.

[624] **Peter Black:** Yes, my maths is very ropy. [*Laughter.*] But if you think in terms of the capacity, then, in terms of the demand for those services,

presumably the increment they're getting is not meeting that demand. You have people waiting to use those services, you have issues where people can't get into refuges, and stuff like that. Are we talking about doubling capacity, are we talking about tripling it? What sort of ballpark, you know—to actually meet that demand?

[625] **Ms Butler:** I would like to be ambitious, but I think, for 2016–17, I would just like to protect what we've got at the moment.

[626] **Peter Black:** I understand that, I'm just trying to get a feel for where we're at.

[627] **Jocelyn Davies:** Have victims been turned away? Do you have waiting lists of people waiting to come in who are victims?

[628] **Ms Butler:** Yes, in different services. So, there are waiting lists of up to two years for sexual violence services, for counselling, for example. I think I put in the report that we know of 284 women who were turned away from refuges in Wales last year because there was no space when they needed help. Actually, I did a look at our data for this year, and if you look at the first six months for this year, it's actually increased. So, if you look in relation to—

[629] **Jocelyn Davies:** If you compare it to the first six months of last year.

[630] **Ms Butler:** Compared with last year, yes. The numbers seeking support are increasing. Calls to our helpline are increasing. In the first six months of this year, 161 women in Wales couldn't be accommodated in refuges because there was no space available. Obviously, refuges are the tip of the iceberg, really. The services provide a range of community-based services as well.

[631] **Peter Black:** How many bed spaces are there in refuges in Wales, do you know?

[632] **Ms Butler:** That's a good question.

[633] **Jocelyn Davies:** Could you send—

[634] **Ms Butler:** I could send you the information.

[635] **Jocelyn Davies:** Yes, if you don't mind. Just a note on—

[636] **Peter Black:** What we've established, then, is that we have a new, groundbreaking Bill that is meant to sort a lot of these problems out, but there's massive underfunding out there in terms of actually delivering that agenda.

[637] **Ms Butler:** In the third sector, there is. A lot of the funding is targeted to the public sector.

[638] **Peter Black:** Which then commissions the third sector.

[639] **Ms Butler:** Yes.

[640] **Peter Black:** Is that commissioning a part of the problem, in a sense? It tends to be more piecemeal and you don't get a national look at this. Is that a problem—the fact that they commission on a local basis?

[641] **Ms Butler:** Yes and no, I would say. I think it depends on the quality of commissioning. You can commission services through giving grants or giving contracts, through to competitive tendering. I think one of the main problems is that the public sector actually doesn't know how much they're spending on domestic abuse and sexual violence themselves. They're providing services to the public, they're working with domestic abuse and sexual violence all the time, and, outside of the grants and the tendering that they give to the voluntary sector, they're spending on themselves a huge amount in relation to their own resources and service delivery around domestic abuse and sexual violence. We can't quantify that across services.

[642] **Jocelyn Davies:** Because of the way that that information is gathered; because it's collected for a different purpose.

[643] **Ms Butler:** It is. We really need, I think, to develop a sustainable funding model around invest-to-save principles, particularly thinking about early intervention and prevention. Whilst commissioning—I could go on a lot longer on commissioning if you want—I think, in theory are really positive, in practice we are seeing a lot of poor practice out there. It's leading to contracts that, for example, don't enable sufficient flexibility in terms of delivery and it doesn't necessarily meet the needs of survivors. We're being told by some specialist services that the funding available is only to provide funding for staff to have contact time with survivors, so everything else

around the rest of the work isn't funded.

[644] **Peter Black:** So, core services are suffering because of that approach, really.

[645] **Ms Butler:** Yes. And specialist services in the third sector are having to cut back. Quite a few managers have told us that they've redesigned, they've restructured, they've made efficiency savings, they've cut back—office costs as much as they can, but they now think there's nowhere else to go in relation to the cuts that they need to make.

[646] **Peter Black:** Okay, thanks.

[647] **Jocelyn Davies:** Chris, did you—or have we covered your point?

[648] **Christine Chapman:** Yes, that's fine.

[649] **Jocelyn Davies:** Julie.

[650] **Julie Morgan:** Yes, thank you. In your evidence, you said that services to BME groups are much more likely to be cut and to face reductions and possible closure. Could you expand on that? How do you think this should be addressed?

[651] **Ms Butler:** The evidence was particularly referencing some research in the UK that shows that black and minority women's services are often the first to bear the burden of financial cuts to third sector violence—against—women services in particular. I appreciate that it's part of the budget consultation and the development. There's a strategic integrated impact assessment that, I think, is quite comprehensive. But I think we've got some—obviously, in relation to black and minority services available in Wales, around the providers of services and support for domestic abuse and sexual violence, we've got a very small number.

14:15

[652] I mean, BAWSO, for example, provide a national service for survivors of domestic abuse and violence against women, forced marriage, female genital mutilation and trafficking. They haven't had their funding confirmed across all areas of the country from April, as have many others not had their funding confirmed. There haven't been cuts as such, but the demand for

their service they're saying is increasing, and they haven't got the capacity to meet the demand. They've told us that, in the first half of this year, they alone had 30 survivors from black and minority communities seeking refuge, and they didn't have space to accommodate them. They've also got high numbers of women approaching them for support who aren't necessarily engaged with public services, who haven't called the police—

[653] **Julie Morgan:** Who what, sorry?

[654] **Ms Butler:** Sorry?

[655] **Julie Morgan:** Sorry, I missed what you said.

[656] **Ms Butler:** They have high numbers of women using their service and contacting them who are not necessarily engaged or known to public services, or who haven't contacted the police. So, they're very much well known and well respected and are used in local communities, but their level of sustainability is as bad, if not worse, as the rest of the services in the country. And our shared concern, really, is that the evidence in the rest of the UK shows that that's where cuts happen first, and we would not want to see that happen in Wales, because at the moment we've got a really good service model.

[657] **Julie Morgan:** Right, so there isn't any evidence in Wales at the moment that their services are being cut more deeply than other services.

[658] **Ms Butler:** No, that's UK research.

[659] **Julie Morgan:** That's UK research. Right. I'm aware that organisations like BAWSO have often carried women who don't attract any funding at all, and I suppose those are the women you were referring to when you said that they're well known for how good they are. And, certainly, there used to be women from the immigrant community and the refugee community who used to be sustained by BAWSO. Does that happen anymore?

[660] **Ms Butler:** Yes. Particularly, it's an issue for women with no recourse to public funds, for example, or who have insecure immigration status.

[661] **Julie Morgan:** It's still an issue.

[662] **Ms Butler:** It is, yes. One of the things we've been thinking about—and

we've been looking to some examples in Northern Ireland, which has a destitution fund that's set up nationally, which has been particularly used for domestic abuse purposes—is to think about this bridging arrangement, or if we could protect in the interim. Is there an interim funding model that could be available in Wales that would include, for example, protection and support for women with no recourse to public funds or insecure immigration status? Given that we've embarked in Wales on a national programme of change around violence against women and domestic abuse prevention, it would be really good from our perspective if the Government actually demonstrated to local public services and local authorities how they could effectively pool resources across a range of departments. So, for example, if all Government departments could either top-slice or pool resources or allocate funding, not only within the local government strand but across all other Government departments, to set up some kind of interim transitional violence against women, domestic abuse and sexual violence fund, for example, which would include being able to access support for women with insecure immigration status—. And I think we'd need that kind of fund—that kind of national pump-priming sort of fund—as an intermediate measure to enable us to transition from where we are now to where we need to be in terms of when the commissioning guidance is embedded and working well at a local level. Whether that could also provide support for survivors of abuse who have insecure immigration status, who may be destitute, that's something we'd really want to prioritise.

[663] **Julie Morgan:** Thank you.

[664] **Jocelyn Davies:** Okay, Mike.

[665] **Mike Hedges:** Thank you, Chair. Do the Welsh Government and local authorities give adequate consideration to the net benefit of investment in domestic abuse services in terms of reducing demand for other public services? Put simply, do people think that they're paying the money and somebody else is getting the benefit? I know how difficult it is for organisations, because you get lots of different people giving you the money. It's nice to have the money coming in, but it makes life quite difficult when you're relying on lots of different people, some of whom look and say 'They've had a lot from organisation X; they don't really need ours'. Would it be helpful if you had one central funding position, rather than having to go around trying to get funds from lots of different places?

[666] **Ms Butler:** I'd be slightly anxious about that suggestion, because I

think then there's an over-reliance on one funder. I think there's a combination of possibly national, particularly transitional, but national funding for violence against women prevention, domestic abuse and sexual violence, as well as local funding to be available—I wouldn't necessarily advocate one-size-fits-all, as it were. In Scotland, for example, there's an interesting model where they've allocated to address and prevent violence against women and domestic abuse. They've allocated an additional £20 million this year to do that, to widen access to specialist services across the country. But, at the same time, they've got some national pots of money targeted at particular pieces of work like, for example, supporting children in refuges. But they've also got arrangements through the equalities budget and supported housing budget at a local level to commission and grant-fund services. So, I do think you need that mixed economy, in a sense.

[667] Also, I would strongly advocate, from a charity perspective, that we shouldn't be reliant on public sector services anyway. There are a lot of charitable trusts and foundations that are funding domestic abuse and violence against women services across the UK. Relatively few—there are significant ones, but relatively few—are funding in Wales. That's something that the third sector in Wales are doing well and are trying to do better on, to bring that funding into Wales. The lottery, for example, just allocated nearly £50 million to prevent violence against women, but it's only for England. So, I do think there's more that we need to do to think about diversifying income streams so that we're not solely reliant on public sector funding, but that there's a core element there that's in place that is a combination of national and local.

[668] Going back to the first bit of your question, I wouldn't be able to speak for Welsh Government or local authorities in terms of whether they take those into account, but I'd be surprised if they were considered. There's lots of evidence out there to show the social value and the cost-benefit value of refuge services, outreach services and sexual violence services. I gave some examples and case studies in my evidence to show that, in one particular case, if we had access to early help and referral to specialist support in the third sector at the point of contact with public services—compared with what actually happened in the case I referred to in my evidence, which was going through the public sector system that didn't meet a survivor's needs—you'd have actually saved the state in the region of £2 million, just with one woman going through that system.

[669] So, I really think we need to invest-to-save around early intervention

and prevention. One survivor accessing supported housing in a refuge, for example, will save the state, through supported housing funding, in the region of £20,000, because, if those places weren't there, they'd go to a range of other public sector services. But I don't think we've got a comprehensive or sufficient way of looking at that invest-to save-model at the moment, in the way the funding arrangements are currently rolled out on a local level.

[670] **Jocelyn Davies:** Okay. Nick.

[671] **Nick Ramsay:** Thanks, Chair. In terms of funding for the legislation—you've touched on some of this already—you said that the Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 must be accompanied by a commitment to fund the protection and support of survivors. Do you consider that the current draft budget allocates sufficient resource to do this?

[672] **Ms Butler:** No, not really. I think I've covered that.

[673] **Nick Ramsay:** That was a clear answer. [*Laughter.*]

[674] **Jocelyn Davies:** Yes, you have covered that.

[675] **Ms Butler:** I think the budget that I've seen, anyway, which is obviously very high level—I haven't seen any of the detail—is allocating funding for addressing domestic abuse and sexual violence in the local government funding line, and also it obviously comes through Supporting People at a local level. But I think that's subject to all the problems I've identified. There is, and we welcome, the investment to implement the Act in relation to the public sector. As recipients of some of the tendering processes through Welsh Government, we very much welcome being part of that being rolled out over the next five years. So, we have got longer-term contracts with the helpline, for example, and also for the ask-and-act training that we're facilitating across the country. But it's really specialist services on the ground in the third sector that—

[676] **Nick Ramsay:** Do you think there's a lack of futureproofing? Do you think there's the capacity for an increase in future demand?

[677] **Ms Butler:** In the third sector, yes. I think you can't actually address violence against women prevention and domestic abuse prevention without

having specialist services, and survivors' experiences at the centre of that approach.

[678] **Jocelyn Davies:** If you're training people to ask and act, you're going to find more victims, aren't you?

[679] **Ms Butler:** I would hope, if it works.

[680] **Jocelyn Davies:** In the short term—obviously, hopefully, there'll be some prevention. But you're going to find—I would have thought that's an obvious—. In the short term, you're going to find more people, and you're already turning victims away.

[681] **Ms Butler:** Yes, and there's an expectation that those referrals are referred to specialist services in the third sector, yes, and that's where there's a capacity gap, as that rolls out. Obviously, that's going to hopefully roll out over the next year to 18 months, when the commissioning guidance comes into effect. It's the short-term concern that we have that actually we may not have specialist services in place in a year or 18 months' time, if we don't protect them currently.

[682] **Jocelyn Davies:** Yes. Okay, Nick?

[683] **Nick Ramsay:** I've got a controversial question. Do we need the Act? It obviously has benefits but is it the most efficient—calm yourself—[*Laughter.*] Is it the most efficient and effective way of targeting funds towards tackling abuse? In other words, whilst it's obviously going to cover certain areas, is it as efficient as other means could have been at actually dealing with the problem?

[684] **Jocelyn Davies:** It is a controversial—. Why didn't you ask me? [*Laughter.*]

[685] **Ms Butler:** I'm happy to respond.

[686] **Jocelyn Davies:** Well, I don't think it's fair. The point is that we have the Act, I suppose, and it does create duties.

[687] **Ms Butler:** I think it's a really positive—

[688] **Jocelyn Davies:** And you did welcome it, so I'd be surprised if you sat

here today, after welcoming it, and said, 'No, we don't need it'.

[689] **Ms Butler:** No—

[690] **Jocelyn Davies:** But you have concerns around commissioning.

[691] **Ms Butler:** We've got concerns about current commissioning. We're very positive about statutory commissioning guidance that's hopefully going to come out over the next year, because I think that can make a significant difference.

[692] **Jocelyn Davies:** But services could disappear in the gap.

[693] **Ms Butler:** Yes.

[694] **Jocelyn Davies:** In the interim period.

[695] **Ms Butler:** Yes, and those are local decisions to be made. But, certainly, having the legislation and the legislative framework with a particular focus on prevention and early intervention I think is fantastically important, and I would not say 'no' at all. I do think there needs to be join-up between that and the future generations legislation—talking about futureproofing—and wellbeing strategies and so on, and also to make sure that investment goes in to not only violence against women prevention and services, but actually also to addressing and achieving equality between men and women, because that's one of the fundamental issues in relation to prevention. Domestic abuse, sexual violence—

[696] **Jocelyn Davies:** Peter, did you have—?

[697] **Peter Black:** Can I just ask—? You seem very confident about the future commissioning guidance coming out. Are you being consulted on that, or are you involved in a working group, or is the sector involved in drawing that up?

[698] **Ms Butler:** Not as far as I know, yet, no. No, we haven't been involved in that.

[699] **Jocelyn Davies:** But the theory behind that—. The point is that there is going to be statutory guidance on commissioning. But what you're saying is, if services are lost in the meantime, then that's a bit irrelevant.

[700] **Peter Black:** But we don't actually know what that's going to say yet, do we?

[701] **Ms Butler:** No, but I would hope we would have a voice to be able to influence what it says.

[702] **Peter Black:** If we find your confidence is not misplaced, that's fine. *[Laughter.]*

[703] **Jocelyn Davies:** I'm sure Eleri is—.

[704] **Ms Butler:** Having been a violence against women commissioner, I think there are some good commissioners out there, I just think it needs to work in practice.

[705] **Jocelyn Davies:** Exactly. Ffred.

[706] **Alun Ffred Jones:** **Alun Ffred Jones:** Maybe you have answered the question already, but, for you, what would improve the budgeting process and make planning the barod, ond, i chi, beth services better? And also, would you support Women's Equality Network Wales's call for an overall gender budget analysis that would explain the general impact of the budget? yn well? A hefyd, a fyddech chi'n cefnogi cais gan Rwydwaith Cydraddoldeb Menywod Cymru am ddadansoddiad cyffredinol o'r gyllideb yn ôl rhywedd a fyddai'n egluro effaith gyffredinol y gyllideb?

[707] **Ms Butler:** That's a very good question.

[708] **Jocelyn Davies:** We've had written evidence in from them, and this is one of the points that they made.

[709] **Ms Butler:** Yes, absolutely. I think that's really important. In terms of

improving the process, we really welcome being able to be part of the scrutiny process and giving evidence, I think, is a great opportunity for the third sector to have a voice to influence budgeting and decision making. To improve the process overall, I think it would be really helpful if funding and budgeting was done on a more long-term basis, but I know there are restrictions around that.

[710] I think, in terms of gender budgeting, it's really important to have a gender-responsive budgeting process, and we would support the Women's Equality Network's recommendations. I've been part of that network. I think adopting a gender-responsive budgeting process would be really helpful, not only in terms of making sure we're in line with legal requirements around promoting equality between women and men; it's not only about, I think, analysing what the budget lines and resource allocation and overall impact is for women and men, but it's also about, in my experience, creating a policy framework and actually then developing interventions to address inequality between women and men and make sure that that equality is actively promoted, and having monitoring mechanisms around it. So, it's not only about the analysis; for me, it's about a wider system of actions around it. So, we would very much support that process. I understand the Women's Equality Network are issuing some guidance on how to do that at a local and national level. So, that's something that we would recommend adopting in future.

[711] **Jocelyn Davies:** Okay. Is everybody happy? Thank you very much. We'll send you a transcript; if you check it to ensure it's accurate, then we'll be able to publish it. Okay Thanks very much.

14:29

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

Cynnig:

Motion:

bod y pwyllgor yn that the committee resolves to exclude the public penderfynu gwahardd y from the remainder of the meeting in accordance cyhoedd o weddill y with Standing Order 17.42(vi). cyfarfod yn unol â

Rheol Sefydlog
17.42(vi).

Cynigiwyd y cynnig.
Motion moved.

[712] **Jocelyn Davies:** I suggest that we go into private session under 17.42.
Is everybody content with that? Yes.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 14:29.
The public part of the meeting ended at 14:29.