



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

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

**Dydd Iau, 13 Hydref 2011
Thursday, 13 October 2011**

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cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included

Aelodau'r pwyllgor yn bresennol**Committee members in attendance**

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Keith Davies	Llafur (yn dirprwyo ar ran Kenneth Skates) Labour (sutstituting for Kenneth Skates)
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Bethan Jenkins	Plaid Cymru The Party of Wales
Ann Jones	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Gwyn R. Price	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales
Joyce Watson	Llafur Labour

Eraill yn bresennol**Others in attendance**

John Howells	Cyfarwyddwr, Tai, Adfywio a Threftadaeth Director, Housing, Regeneration and Heritage
Jane Hutt	Aelod Cynulliad, Llafur (Y Gweinidog Cyllid ac Arweinydd y Tŷ) Assembly Member, Labour (Minister for Finance and Leader of the House)
Amelia John	Pennaeth yr Is-adran Cydraddoldeb, Amrywiaeth a Chynhwysiant Head of Equality, Diversity and Inclusion Division
Huw Lewis	Aelod Cynulliad, Llafur (Y Gweinidog Tai, Adfywio a Threftadaeth) Assembly Member, Labour (Minister for Housing, Regeneration and Heritage)
Claire McDonald	Pennaeth yr Uned Cydraddoldeb Head of the Equality Unit
Kath Palmer	Dirprwy Gyfarwyddwr yr Adran Tai Deputy Director, Housing Department

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

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Jonathan Baxter	Gwasanaeth Ymchwil Research Service
Marc Wyn Jones	Clerc Clerk

*Dechreuodd y cyfarfod am 9.29 a.m.
The meeting began at 9.29 a.m.*

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

[1] **Ann Jones:** Good morning, everyone, and welcome to the Communities, Equality and Local Government Committee. I will start with the usual introductions. Please switch off your mobile phones, pagers and BlackBerrys—although they are not working—as they affect the broadcasting equipment. Translation facilities are available. Channel 0 on the headsets can be used to amplify the proceedings, and channel 1 is for the translation from Welsh to English. We are not expecting the fire alarm to operate, so, if it goes off, we will take instructions from the ushers—or you can follow me, as I usually say.

[2] We have had apologies from Mark Isherwood and Ken Skates. We are delighted that Keith Davies is joining us in Ken Skate's place. Do Members have any interests that they wish to declare before we start? I see that no-one does. Good.
9.30 a.m.

**Craffu ar Gyllideb Ddrafft 2012-13 Llywodraeth Cymru
Scrutiny of Welsh Government 2012-13 Draft Budget**

[3] **Ann Jones:** I welcome the Minister for Finance. I think that you are here today predominantly as the Minister responsible for equalities. I also welcome Amelia John and Claire McDonald, who are with you for our scrutiny of the budget. Minister, do you have any opening remarks before we go to questions?

[4] **Minister for Finance and Leader of the House (Jane Hutt):** Briefly, my paper to the committee highlighted the importance I place on the equality impact assessment that we have carried out. Indeed, we were the first administration in the UK to carry this out before the budget was passed in May, following the comprehensive spending review and the introduction of the Equality Act 2010. I am sure that there will be questions about how we are taking that forward, but that assessment is clearly steering how we are taking forward our public sector-specific duties. Our commitment to equalities and inclusion also featured strongly in the programme for government and has therefore had an impact on budgetary decisions. Finally, Chair, being the Minister responsible for both finance and equalities is important in putting equalities at the heart, not just of Government, but of the budget, ensuring throughout last year, and this, in budget discussions with Cabinet colleagues, that equality, the equality impact assessment and inclusive policy making were at the heart of their considerations and this Government's priorities.

[5] **Ann Jones:** Thanks very much. I will start the questions. What impact has moving the equality budget line into the central services and administration main expenditure group had on the allocations and the priorities for equalities?

[6] **Jane Hutt:** That is a technical movement in the sense that it has come into my budget-holding responsibilities in terms of the central services and administration MEG. It does not have any impact on policy decisions or directions or grant-giving arrangements.

[7] **Ann Jones:** So, are you confident that the Welsh Government's aim of a fair society, free from discrimination, harassment and victimisation, with cohesive and inclusive communities will continue?

[8] **Jane Hutt:** Yes. Obviously, the budget lines that I am responsible for come through in terms of the advancing equality fund, the inclusion grant, the community cohesion grant and the Gypsy/Traveller capital budget. There are new developments, which I talked about in my statement on equalities recently. We are finding funding—in the advancing equality

fund—to launch a Wales women’s network, to ensure that we have that more structured dialogue with women’s organisations. That is an example of how we are focusing on our aims, which, as you say, are considerable: achieving freedom from discrimination, harassment and victimisation and ensuring cohesive and inclusive communities. It is important to look at the programme for government as well, because it details that work to ensure that equality is woven into the fabric of Welsh society.

[9] **Mike Hedges:** That leads me neatly to my question. A great deal of equality work is carried out by the third sector. What is being done in this budget to try to protect the budgets of the third sector?

[10] **Jane Hutt:** It is interesting that, this week, I was asked to speak at the WCVA funding conference. There were nearly 400 people there. The third sector is obviously extremely concerned about the impact of budgetary changes. Indeed, I am having a meeting in the next few weeks as part of the draft budget consultation with representatives from the third sector, because we engage with them as part of our voluntary sector scheme. When we developed our budget—not just this budget, but the major budget for the next three years, which was agreed in February—we made the impact on the third sector one of the key points in the equality impact assessment, because we know that the third sector is serving vulnerable people and meeting their needs. Its work across all policy areas is important to delivering our goals in the programme for government, creating a more inclusive society in Wales, and also important because of the value of volunteering to a vibrant civic society. It is crucial to the way that I have developed this budget.

[11] **Janet Finch-Saunders:** You note in your written evidence that all Welsh Government departments undertook screening to assess the equality impacts of their draft budget proposals. Does this indicate that the screening process was undertaken after the draft budget proposals were developed?

[12] **Jane Hutt:** The equality impact assessment that we published last year was for the whole three years of the spending review, because we had to make big decisions last year, when we had the first tranche of cuts to revenue and capital. This year, we are looking at the impact of not just those decisions that we made that reflected the cuts: if you look at the budget document, you will see that we have identified policy areas where we have made a decision to protect services, for example, social services, which support vulnerable people in particular. That went into the revenue support grant to back our universal benefit, which provides a shield and mitigates against the cuts that people are experiencing as a result of welfare reform in particular, as well as unemployment and cost and price pressures on families. We are now screening with regard to any changes that may have occurred. It is important that we are looking at protected characteristics, and this links to our public sector equality duties. Everything that we are doing in the programme for government and the budget has to be screened, tested, and the impacts considered, and, if there are changes, then they have to be reflected in how we shape the budget.

[13] **Janet Finch-Saunders:** You are confident, then, that full consideration has been given to equality issues before decisions on allocation have been made?

[14] **Jane Hutt:** Yes. In my opening remarks, I did say that we are the only country in the UK that did a thorough and robust equality impact assessment. The Equality Act 2010 brought this into being as a key policy tool, and it had an impact on our budgetary decisions, as I said. We now have to make that a living and vibrant tool, and ensure that equality issues are taken into account by every Minister. That has been done through bilateral meetings, Cabinet discussions, and the development of the programme for government. It is important to note that there are areas where we do not have the levers or the control—the non-devolved areas, of course—where we have asked for equality impact assessments, particularly with

regard to welfare reform. This is of great concern to us, because welfare reform decisions and policies will have an adverse effect on the incomes of some of the poorest people in Wales—that was confirmed this week by the Institute for Fiscal Studies. That is where we have asked, ‘What can you do with your budget to try to mitigate the negative impacts of the non-devolved budget?’

[15] **Joyce Watson:** Good morning, Minister, and thank you for your paper. In it, you note that an in-depth equality impact assessment was undertaken last year for the three-year budget. The same work, however, was not repeated this year, except in cases where there were significant changes in allocations. How can an equality impact assessment that was produced a year ago still be relevant and effective in relation to this year’s draft budget?

[16] **Jane Hutt:** This meeting today is an important indication that the scrutiny of this draft budget must take into account the equality impact assessment. There are several pages in the budget document about the impact of the equality impact assessment, and a summary of where we feel that policy decisions have been different as a result of that assessment. However, I look to this scrutiny to see whether there are other areas that we should identify. I have mentioned a meeting that I am having with the third sector, and I am also having a meeting with equality organisations. This is where the external considerations that you, as a committee, take into account are important to feed in to me; it is very much part of the equality impact assessment.

[17] Other Governments in the UK are interested in how we are approaching this. In England, there is a much lighter touch in how its equality impact assessments are being developed. However, we see this as a key part of the work that we are now doing in terms of delivering our public sector equality duties.

[18] **Joyce Watson:** Why was it not made clear in last year’s equality impact assessment that it was intended to cover a three-year period?

[19] **Jane Hutt:** I think that I have answered that in saying that we saw that we had major decisions to make for that three-year period in the budget that was passed in February. We had to make priority decisions with regard to that budget. We did the equality impact assessment and we did not think that we should do it all over again for this draft budget. This year’s budget is for the second year of the spending review. It builds on the February budget, and the different features in it relate to the programme for government spend.

[20] So, it includes all of the ‘Five for a Fairer Future’ parts of the programme for government, and the announcement that was made this week on the jobs growth fund for young people. Clearly, the equality benefit of that for vulnerable young people and young people who are likely to be unemployed is taken into account. There is also Flying Start, and the fact that we are providing free childcare for two-year-olds for some of the most disadvantaged families in Wales. Clearly, those are all new dimensions that have come in as a result of spending decisions in the programme for government. They can be tested and will be borne out in evidence in terms of how we are trying to militate against everything that is happening economically and socially.

[21] **Gwyn R. Price:** Since the equality impact assessment of last year’s draft budget was carried out, there have been significant changes in equality legislation and the publication of new equality research in Wales. How have the changes in equality legislation and recently published research been considered in this year’s equality impact assessment?

[22] **Jane Hutt:** I will pick up on the point about research first. I was pleased to attend a conference where an important piece of research, ‘An Anatomy of Economic Inequality in Wales’, was discussed. Some Members will be aware of the research, which is the result of

collaboration between the Wales Institute of Social and Economic Research, Data and Methods and the Equality and Human Rights Commission, led by Teresa Rees of Cardiff University. Officials have had meetings to discuss the impact of that. It looks at the socio-economic impact of inequality, and that has been influential.

9.45 a.m.

[23] However, without repeating myself, we are moving into a new era in terms of how we manage, handle and promote equality of opportunity. So, we will not have a single equalities scheme from the end of March, but we will have a strategic equality plan to show how we will deliver on our specific public duties. That will have to show actions that will demonstrate positive equality outcomes, and we need the evidence from research to do that. It is part of the process of gathering evidence.

[24] Again, the Welsh Government is the only Government in the UK that has said that, as part of its public sector equality duties, it has to engage and consult those who use and benefit from services. That has been welcomed. For example, there is the framework for action on independent living for disabled people, which I announced earlier this week, in response to a petition from Disability Wales. Disability Wales has welcomed the fact that we will involve it in discussing how we will deliver that framework.

[25] **Rhodri Glyn Thomas:** Hoffwn ofyn cwestiwn cyffredinol, ac yna cwestiwn penodol, ynglŷn â'r gyllideb sy'n ymwneud â chyfle cyfartal. Mae'r cwestiwn cyffredinol yn ymwneud â'r cyfrifoldeb drwy'r gyllideb yn ei chyfanrwydd a'r ffordd y mae'r asesiad wedi penderfynu ar y math o bwyslais o ran dynodi arian. Am y tro cyntaf, mae'r Cynulliad yn wynebu sefyllfa lle mae'r gyllideb, mewn termau real o leiaf, yn lleihau ac mae toriadau yn cael eu gwneud ym mhob adran. Yr ydych wedi cyfeirio at wasanaethau cymdeithasol. A oes penderfyniadau eraill wedi cael eu gwneud o ganlyniad uniongyrchol i'r asesiad sydd wedi effeithio ar gyllidebau yn y gwahanol adrannau?

Rhodri Glyn Thomas: I would like to ask a general question, and then a specific question, on the budget relating to equality of opportunity. The general question relates to the duty throughout the budget as a whole and the way in which the assessment has determined the emphasis in the allocation of money. For the first time, the Assembly is facing a situation where the budget, in real terms at least, is reducing and cuts are being made in every department. You have referred to social services. Have other decisions been made as a direct result of the assessment that have had an impact on the budgets of different departments?

[26] **Jane Hutt:** I have always said that it was very important that the Equality Act 2010 came into being at a time when we faced the most difficult budget that we were ever going to have. Once the spending review announcement was made last November, very difficult decisions were made by the One Wales Government about our priorities. At that point, I was the Minister for finance, but I did not have responsibility for equalities. However, the whole Cabinet signed up to the fact that we had to do an equality impact assessment of our decisions on that reducing budget following the spending review. It did have an impact on our decisions. I have mentioned social services; we knew that we had to protect local government and local government services. Another policy issue where this had an impact was rural bus services, because of people's dependence on public transport. We identified that by doing an equality impact assessment of our draft budget. Sadly, things have become much more difficult this year, so the background against which we are developing and delivering this draft budget, day by day, is getting more challenging, is it not? That was reflected in the debates yesterday about what we do with any funding that comes our way in terms of economic opportunity. So, it is at the heart not only of the programme for government, but—as the Minister for Finance, I can assure the committee of us—of how we will handle a reducing budget and reducing budget lines, and prioritise.

[27] **Rhodri Glyn Thomas:** Mae'n dda iawn i glywed hynny, Weinidog, ac yr wyf yn siŵr bod y penderfyniad wedi cael ei wneud. Fodd bynnag, o edrych ar rai o'r penderfyniadau sydd wedi cael eu gwneud ar draws y gyllideb, ni allaf weld tystiolaeth bod yr asesiad wedi cael effaith mawr. Nid yw'n glir iawn sut y byddwch yn monitro hyn yn y dyfodol, gan y bydd toriadau eto yn ystod y tair blynedd nesaf, a thu hwnt i hynny yn fwy na thebyg. Sut fyddwch yn sicrhau bod hyn yn cael effaith wirioneddol ar y penderfyniadau a gymerir?

Rhodri Glyn Thomas: It is very good to hear that, Minister, and I am sure that the decision has been made. However, looking at some of the decisions that have been made across the budget, I can see no evidence that that assessment has had a great impact. It is not very clear how you will monitor this in the future, because there will be more cuts in the next three years, and beyond that in all probability. How will you ensure that this will have a genuine impact on the decisions being taken?

[28] **Jane Hutt:** As you know, Rhodri Glyn, we are having inter-governmental discussions about the fact that we are not being fairly funded. I announced this week that we are £300 million short of what we should be receiving, and I am very pleased that the UK Government is now engaging in these inter-governmental talks, to look at not just fairer funding formulas, but the levers that we need, such as borrowing. Capital is a big issue and we debated that in Plenary yesterday. We have to lever in as much funding and investment as we can in terms of capital and revenue, and progress those inter-governmental talks constructively and positively with the UK Government. However, it goes back to the fact that there will be a big impact, but our decision to seek to protect local services through our local government revenue settlement has been vindicated. If you look at the impact and at what is happening in Wales, the unemployment figures that were announced yesterday were appalling, particularly in terms of the impact on younger people. The money that we have decided to use this year for 16 to 25-year-olds, for Flying Start and for investment in schools, shows that we are a Government that is seeking to mitigate the impacts.

[29] **Rhodri Glyn Thomas:** Mae gennyf gwestiwn penodol ynglŷn â'r gyllideb cyfle cyfartal. Yr ydym yn sôn am symiau cymharol fach, ond mae gostyngiadau eithaf sylweddol yn yr arian sydd ar gael ar gyfer ffoaduriaid, ceiswyr lloches, gweithwyr teithiol a Sipsiwn. A oes modd cyfiawnhau'r gostyngiadau hynny yng nghyd-destun ehangach y tensiynau yr ydym yn eu gweld mewn cymdeithas ar hyn o bryd, a'r math o densiynau yr ydym wedi eu gweld mewn mannau eraill yn y Deyrnas Unedig? Yn ffodus, nid ydym wedi gweld yr enghreifftiau hynny ar eu gwaethaf yng Nghymru. Oni ddylem fod yn buddsoddi mwy yn y meysydd hyn ar hyn o bryd, o gofio mai symiau cymharol fach o arian yr ydym yn sôn amdanynt?

Rhodri Glyn Thomas: I have a specific question on the equal opportunities budget. We are talking about relatively small sums, but there are quite significant reductions in the funding available for refugees, asylum seekers, migrant workers and Gypsies. Can those reductions be justified in the wider context of the tensions that we currently see in society, and the kind of tensions that we have seen in other parts of the United Kingdom? Fortunately, we have not seen the worst examples of that in Wales. Should we not be investing more in those areas at the moment, bearing in mind that we are only talking about relatively small sums of money?

[30] **Jane Hutt:** I am glad to have the opportunity to look specifically at the equalities budget for which I am responsible. If we look at the Gypsy and Traveller budget line, we can see that the capital allocation has been reduced. When you are looking at a budget as a Minister, you have to consider what the spend level has been, and, unfortunately, the capital funding was not been used for Gypsy and Traveller sites by local authorities. What we have done now, which has been widely welcomed, is to say to local authorities that we will give

them 100 per cent of the funding. We had £2 million in the budget for this year for Gypsy and Traveller sites, which is reducing to £1.75 million for next year, but it will be 100 per cent funding for local authorities, whereas it was 75 per cent, and we were not receiving bids for it. We are now receiving the bids, so making the funding 100 per cent has worked—

[31] **Rhodri Glyn Thomas:** I understand that point; it is a fair point. I was more concerned about the money for inclusion in terms of refugees, asylum seekers and migrant workers. Is that not an area where we should be investing at the moment?

[32] **Jane Hutt:** We are confident that we can deliver on our commitments in our programme of government with those grant levels. We talked about the Gypsy and Traveller budget, but the community cohesion grant is also important and we are evaluating that at the moment. I am assessing whether that is an area where there will be particular pressure. I do not know whether Claire or Amelia want to comment on support for asylum seekers and refugees.

[33] **Ms John:** The action plan for asylum seekers and refugees concentrates on strategic steps that the Government can take, and the actions within that are funded by the departments. It is very much about taking a strategic approach to what works in terms of the inclusion of asylum seekers and refugees.

[34] **Ann Jones:** Bethan, do you want to take up the issue of Gypsies and Travellers?

[35] **Bethan Jenkins:** I ddilyn ymlaen o'r hyn a ddywedodd Rhodri Glyn, y llynedd gwnaethoch leihau'r arian cyfalaf am nad oedd y gyllideb yn cael ei defnyddio oherwydd problemau cyllido. A fydd y fframwaith newydd ar gyfer safleoedd Sipsiwn yn gyfle i chi ehangu ar y gyllideb gyfalaf, os bydd y fframwaith yn llwyddiant? Y broblem oedd bod y system gynllunio yn gweithio yn erbyn hynny.

Bethan Jenkins: Following on from what Rhodri Glyn said, last year you reduced the capital allocation because the budget was not being used as a result of budgetary problems. Will the new framework for Gypsy sites be a means to expand the capital allocation, if the framework is a success? The problem was that the planning system was working against it.

[36] **Jane Hutt:** The framework has been widely welcomed. Local authorities are starting to take responsibility. We have received six funding proposals for sites, so there has been a turnaround in terms of a policy response. The whole Cabinet, and I as Minister for Finance, must consider what this means regarding pressures on that particular capital budget. We have to remember that the capital budget for the coming year is facing a 21 per cent cut from the UK Government. It is a difficult situation and the competing claims for that capital will be all the usual suspects—roads, schools and so on. I am committed to this. There has been a good response from local authorities, and we need to assess what it means for delivering the Gypsy and Traveller framework.

[37] **Ann Jones:** Mike and Joyce have supplementary questions, Peter has a question to ask, and I am conscious that we have only two minutes left.

[38] **Mike Hedges:** Sorry, but I am going to go back a little bit. As part of the equalities agenda and in trying to deal with disadvantaged communities, you have asked local authorities to engage in programme bending in order to support Communities First areas. Have you evaluated the success of that, and have you asked any other areas to do the same?

[39] **Jane Hutt:** That would be a matter for the Minister for Local Government and Communities. However, it is something that local authorities recognise, as a result of the publication of the Welsh index of multiple deprivation and the way that we steer Flying Start

funding, that it is critical for their objectives of tackling child poverty and promoting equality.

[40] **Joyce Watson:** I have a question on the end-of-year flexibility that we did not have this year. What impact do you think that that would have had on capital budgets? We have talked about the reduction in the capital budget for Gypsy and Travellers sites; however, there have been far bigger reductions—I believe that it was £40 million that we did not have access to. It is not only about the levers that we have, but the levers that have been taken away from us, and the impact that that has had on our ability to assess our future budget.

[41] **Jane Hutt:** This is the sort of question that I get asked in the Finance Committee, about the regrettable loss of end-of-year flexibility, which was actually £400 million. There is also a 21 per cent cut for next year. Therefore, the debate that we had yesterday on capital was welcome, in that we are looking for every possible route and lever to access capital, and this will be on the agenda during the inter-governmental talks on funding. It will then be up to the Government, aided by your scrutiny, to decide how we can prioritise that spend.

10.00 a.m.

[42] **Peter Black:** In July, you launched the refugee inclusion strategy action plan, and you have already referred to the funding that you have made available for the all-Wales women's network. As the equalities and human rights budget line is facing a real-terms reduction of 5.3 per cent compared with the previous budget, how are you going to implement those programmes effectively?

[43] **Jane Hutt:** This is a challenge. As Amelia said, we are doing a great deal of work this year on the public sector equality duties. That, along with the outreach that it involves with our public sector partners, is a funding priority. We are also making progress with the advancing equality fund, which I have already mentioned. As well as the progress that we are making with the women's network, we are also going to have a race forum, and we are keeping our disability equality forum. We are going to weight the evaluation on community cohesion, which is an area where there has been a reduction. We have £200,000 in there now. I hope to increase that, but I want to weight the evaluation being done by Sheffield Hallam University to see whether the investment that we have made is effective. So, it is a fair question at a tough time, but I feel that the policy direction that we are taking, and the fact that we have a commitment to equality impact assessments and the public sector duty, should stand us in good stead.

[44] **Peter Black:** I am not questioning the policy direction; I am just trying to make sure that what you put in place can be done effectively with the resources that you have.

[45] **Jane Hutt:** I am confident that we can do it.

[46] **Peter Black:** Okay, thank you.

[47] **Bethan Jenkins:** There used to be in existence the Wales Women's National Coalition. What will the all-Wales women's network do that that did not do? Will it be doing something new, perhaps, and bring existing groups together that were not covered by the Wales Women's National Coalition? I know that the previous Minister took the decision not to fund that. I am just trying to understand the background to that.

[48] **Jane Hutt:** We have asked for proposals from networks, which are due by the end of this week. Then, I hope to announce who is going to take the network forward. I think that it will build on the good practice from previous networks, such as the women's coalition, but it will also learn lessons regarding what could be more effective, and how it could have a more structured dialogue, not just with Government, but with other women's organisations. It has

been warmly welcomed, including by those who were formerly involved in the women's coalition.

[49] **Ann Jones:** Thank you, Jane, for coming in today. I am sure that, as the Minister with responsibility for equalities, you will talk very hard to the Minister for Finance about making sure that the equality impact assessments are carried out. You will get a copy of the transcript to check for accuracy. Thank you very much, and I am sure that you will be back before us in another guise.

[50] While we are waiting for the next Minister, Huw Lewis, to come to the table, I remind Members that the next meeting will be next Wednesday, 19 October, when we will continue to scrutinise the budget. Carl Sargeant, the Minister for Local Government and Communities, will be coming in, as well as Leighton Andrews, with his Welsh language hat on, and Edwina Hart, the Minister for business, on tourism. These are all issues for which this committee is responsible. We have an early start next Wednesday at 9 a.m. and a pre-meeting at 8.50 a.m.. We will have a break between 10.00 a.m. and 10.30 a.m. because the Ministers have to attend various committees, but I do not want you diving off anywhere.

I welcome the Minister for Housing, Regeneration and Heritage, Huw Lewis, who is accompanied by John Howells, director of housing, regeneration and heritage, and Kath Palmer, deputy director of the housing department. I believe that other officials are sitting on the sides, as you have a wide brief, Minister, and we have many questions to ask on your budget. I thank you for the papers that you submitted. Do you have a few introductory remarks to make, Minister?

[51] **The Minister for Housing, Regeneration and Heritage (Huw Lewis):** It might be useful to set a context. It will come as no surprise to anyone who has had a chance to look at the papers that last year's budget settlement was very tight. Cuts imposed by the UK Government have led to reductions in budget lines, particularly on capital. I understand that we are going to look mainly at the housing and heritage parts of my portfolio this morning, since regeneration comes under the remit of the Enterprise and Business Committee. The picture is, however, largely consistent across all aspects of my portfolio.

[52] Overall, housing capital budgets will be decreasing by 7 per cent between 2011-12 and 2012-13, which is in line with the average percentage reductions in capital budgets across the Welsh Government. This means that it will take longer to deliver some programmes. I am working hard on this, and I hope that you will see this as a theme in my answers to your questions. The situation demands innovative ways of working of us, particularly in releasing new flows of capital from innovative sources, using land in more imaginative ways and accelerating the release of publicly-owned land in particular to be able to bridge the gap. It is worth mentioning as an example the new Welsh housing partnership, which draws together the Principality Building Society, four registered social landlords and my department to multiply the effect of the housing grant. In this case, the level of the housing grant is 20 per cent, as opposed to the usual level of around 60 per cent. This model of working will feature much more than it has done over the last decade in the Welsh Government's housing policy, particularly with regard to intermediate rented property, for which I anticipate greater demand during this economic downturn.

[53] The priority for heritage has been to protect front-line services. The revenue budget was reduced by 4 per cent. You will see that a larger cut was applied to staffing costs, particularly among sponsored bodies, in an attempt to protect front-line services and delivery in arts organisations and so on. You will see priority being given to St Fagans: National History Museum in terms of capital, because we wanted to ensure that the substantial possible Heritage Lottery Fund contribution for the museum is matched. The story then runs across partner organisations such as Cadw, with an emphasis on cutting internal administrative and

staffing costs, without compulsory redundancies, it must be stressed. I have also given a new emphasis to the need for Welsh Government sponsored bodies to generate their own income. National Museum Wales, for instance, is out in front on this, generating income of about £1.6 million a year. However, there will now be an expectation that all similar bodies will generate income, including Cadw and the National Library of Wales.

[54] **Ann Jones:** Thank you very much for that. You have answered my first question in your preamble. There you are, there is one down already. Mike is next.

[55] **Mike Hedges:** The budget narrative document states that full equality impact assessments are not required for this year's draft housing budget, because an assessment was carried out last year. The document also notes that the relevant changes are being subjected to screening. Can you explain what screening has taken place on relevant changes to the draft housing budget? Why do you feel that a full equality impact assessment is not necessary this year?

[56] **Huw Lewis:** The answer boils down to the fact that the UK Government's cuts have already had an effect, and the impact assessment of those cuts happened at the appropriate time. Having familiarised myself with the portfolio, essentially, the budget from now on rolls over. So, there are no major changes, only small individual changes. At this point, there are not any major spending changes on priorities. So, it was felt that the original impact assessment would see us through that period. The extent of these UK Government cuts is severe. People will be affected despite our best efforts to protect them and the most vulnerable in particular. An equality impact assessment was conscientiously undertaken at the time the cuts hit.

[57] **Gwyn R. Price:** What challenges will arise as social landlords, particularly local authorities, face another real terms reduction in the major repair allowance? How will this affect progress on meeting the Welsh housing quality standard?

[58] **Huw Lewis:** There are several aspects to this. First is the simple reality of the budget. The MRA budget is protected, in the sense it is flatlined, which in these tough times is a considerable undertaking. So, there is protection, if you like, although there is a real terms effect on what will happen. However, that enables us to honour the promises that we have made, for example, to stop transfer organisations from paying dowry gap funding at the agreed levels. We continue to require social landlords to meet the Welsh housing quality standard, either by 2012 or by individually negotiated targets. You will be aware that some social landlords will not meet the 2012 target, but there will be an agreed negotiated timescale in which they will be required to meet the standard. The commitment to the housing quality standard will remain.

[59] There are other aspects to this that are worth bearing in mind, the biggest of which is the housing revenue account subsidy—the HRAS system. We have done a great deal of work since the election in May to get a tough negotiating case together so that we can approach the UK Government with a view to getting Wales out from under the HRAS. If we are successful, the repayments of about £77 million annually that flow across Offa's Dyke would be stemmed, and that would have a huge impact on social landlords' ability to hit the WHQS. It would more than offset the real-terms problems that are hitting the major repairs allowance.

[60] **Gwyn R. Price:** Have you any sympathy for councils that think that they could come close to achieving the Welsh quality standard?

[61] **Huw Lewis:** I overflow with sympathy all the time, Gwyn, as you know. *[Laughter.]* What matters is the quality of people's homes. We are all more than aware of the impact that a decent standard of home can have, not just on the quality of people's lives, but also on

issues such as their health, particularly mental health. The Carmarthenshire study that has just been undertaken—Keith will be familiar with that—shows an enormous and significant link between the quality of people’s homes and the level of mental illness in a community. So, I am always prepared to be realistic about how we reach the quality standard, without letting go of a complete determination that everyone must reach that standard. I am not of a mind that once people have made a democratic decision in their community about how they wish the future to pan out, they should be held in some kind of perpetual punishment for having made a particular decision. It is for us, the policy makers, together with the responsible bodies, which are the social landlords in this case, to make sure that we deliver for those people by whichever means.

[62] **Peter Black:** I have three supplementary questions now, Chair.

[63] **Ann Jones:** No, you do not; we do not have time. [*Laughter.*]

10.15 a.m.

[64] **Peter Black:** On the housing subsidy system, according to the statement you put out in July, the £70 million or so that we are paying to the UK Government is related to a technical issue to do with the major repairs allowance as opposed to the housing subsidy system, which we are separate from in Wales. How much do you think it will cost to buy out that provision?

[65] **Huw Lewis:** This will be the subject of negotiation—

[66] **Peter Black:** Do you have a budget allocation for that buy-out?

[67] **Huw Lewis:** It is not for me to allocate budgets. This is really something that should concentrate the minds of local authorities, with the realisation that, if local authorities that are still subject to these repayments get out from under them, it will be the biggest single boost in terms of capital flow into housing that we could enable in the next few years. So, there is no allocated budget for it. You will forgive me if I do not get into details on what our negotiating stance might be with the UK Government—

[68] **Peter Black:** I understand that. However, are you saying that you do not have a budget for it—that local authorities might have to pay for that buy-out?

[69] **Huw Lewis:** Well, it is a matter for them. These are their repayments—

[70] **Peter Black:** But you are negotiating.

[71] **Huw Lewis:** Yes, I am negotiating, and I will keep my cards close to my chest.

[72] **Peter Black:** Okay. Moving on to my next question, in cash terms, you have kept the major repairs allowance the same. The consequence of that is that the capital budget for other housing support has declined. A great deal of that goes to disabled facilities grants. So, effectively, you are cutting the amount of money for disabled facilities grants at for the sake of the major repairs allowance. On what basis was that decision taken? What impact will that have on the waiting times for disabled facilities grants? Did you carry out an equality impact assessment of that decision?

[73] **Huw Lewis:** The reason is prioritisation. That was forced upon us by what the UK Government is doing—

[74] **Peter Black:** No, the prioritisation is down to you, Minister.

[75] **Huw Lewis:** Well, yes, and I am just explaining. The prioritisation here is to maintain our commitment to quality housing and to honour the commitments to those stock transfer bodies that received undertakings from us. Clearly, in my view, it would be dishonourable to do anything else. It is the case, as I mentioned in my preamble, that people will be affected for worse and that things will slow down in other areas because of the cuts that have been imposed upon the Welsh Government.

[76] **Peter Black:** How did this decision pan out in your equality impact assessment?

[77] **Huw Lewis:** As I said, an equality impact assessment was undertaken at the time the cuts began to bite. Kath, would you like to expand on the issue of the DFGs?

[78] **Ms Palmer:** Yes, it is very difficult when it comes to equality impact assessments with all of the housing budgets, because they support vulnerable people. The DFGs are obviously a part of that. Unfortunately, we have had to make savings in certain areas. An equality impact assessment was undertaken, as the Minister said, with the decreases in the budgets. Obviously, we were looking to prevent any adverse impact as far as we possibly could. We had an external group look at that with Tai Pawb, with the Welsh Local Government Association, with Community Housing Cymru for the housing associations, and so on. We had all the partners around the table looking at how to prevent any negative impact. However, there will have to be savings in the actual budgets, and, unfortunately, the general capital fund budget line has been cut, and that is DFGs.

[79] **Peter Black:** Did you consider the alternative of reducing the major repairs allowance and allowing local authorities to borrow to make up for that by allowing them to put rents up by more?

[80] **Huw Lewis:** On rent policy, we have just come to the end of a major consultation. All of these topics are for discussion. We need to consider that consultation very carefully. We have heard a lot of responses to it. There are major implications here. In order to digest that properly and to ensure fairness across Wales, I have agreed that we can carry on as we are for 2012, with the new rents policies and guidance coming out in 2013. In my view, there simply has not been enough breathing space to ensure that we have digested those consultation responses properly. This will feature at the centre of my concerns when we get towards that new rent policy.

[81] **Peter Black:** So, effectively, by keeping rents down you are penalising disabled facilities grants.

[82] **Ms Palmer:** If we increased the rents for local authorities by any more, it would mean that the housing revenue account subsidy payment back to the Treasury would increase. It goes from the local authorities via Welsh Government into the Treasury, so, there is an adverse impact in terms of being able to increase rents. It would not necessarily mean that—

[83] **Peter Black:** However, the housing revenue account subsidy system is entirely contained within Wales, and the money that you pay back to Treasury is to do with the major repairs allowance.

[84] **Huw Lewis:** No.

[85] **Ms Palmer:** No.

[86] **Peter Black:** That is the statement the Minister put out in July.

[87] **Huw Lewis:** There is the potential of a clawback by Treasury and the UK Government, essentially, has us between a rock and a hard place. That is why we are negotiating a process. Getting out from under the housing revenue account subsidy is crucial for us across Wales.

[88] **Ann Jones:** You can see that when you bring the housing Bill before this committee you will have your work cut out. [*Laughter.*]

[89] **Huw Lewis:** It is good to see such enthusiasm.

[90] **Ann Jones:** I am conscious of the time. We are a third of the way through and we have only answered four questions, when we have 18 in total. We need sharper questions and answers.

[91] **Rhodri Glyn Thomas:** Mae Rhodri Glyn Thomas: Research, as often ymchwil, fel sy'n digwydd yn aml, wedi happens, has proven the obvious and shown profi'r amlwg ac wedi dangos bod y rhaglen that the Supporting People programme saves Cefnogi Pobl yn arbed mwy arian nag mae'n more money than it costs. The notable ei chostio. Yr enghraifft amlwg yw bod mynd example is that addressing homelessness i'r afael â digartrefedd yn golygu llai o means less pressure on the national health bwysau ar gyllideb y gwasanaeth iechyd service's budget. To what extent have you gwladol. I ba raddau yr ydych wedi asesu assessed the effect of the reduction in the effaith y gostyngiad yn y buddsoddiad yn y investment in the Supporting People rhaglen Cefnogi Pobl ar gyllidebau eraill? programme on other budgets?

[92] **Huw Lewis:** You are right to speak in those terms of the Supporting People programme. There will be a reduction in finance for Supporting People of around £3 million, from £139 million to £136 million in this financial year. Then it will flatline again. So, there is an attempt to protect this programme as much as possible in the current circumstances, because of the multiplier effect of saving money across the board in terms of other governmental expenditure. The Carmarthenshire study shows, for example, that for every pound put into Supporting People, £2.30 will be saved from the public purse, because of the fine work that our partner organisations are engaged with there.

[93] Incidentally, I am committed to some longitudinal research to ensure that the justification for Supporting People is copper-bottomed and that we can show its real effect to other Government departments. I have already begun discussions, for instance, with the Minister for Health and Social Services. We are having a specific meeting to discuss how we can work together to multiply the effect of Supporting People. There will also be a move towards a needs-based formula for Supporting People, which is overdue. This should ensure that fewer vulnerable people fall through the net across the country

[94] **Peter Black:** What effect is the reduction in the social housing grant going to have on the supply of new affordable housing? What discussions have you had with the sector on that matter?

[95] **Huw Lewis:** I have had many discussions. There will be an effect. It will not be for the better. It is impossible to quantify the effect at this stage. I congratulate housing associations for stepping up to the mark by undertaking to provide 1,500 additional homes without grant over the next four years. Although we will continue to ensure that we are supporting housing associations and social landlords in general through the social housing grant, which obviously will continue—we will continue to build houses and provide homes through that mechanism—the only way to make the numbers add up now is to break out into other ways of working. The first is through innovative ways of introducing capital into the equation; secondly, by speeding up and making more efficient the release of public land, and

using its value as another lever to bring in capital; and thirdly, by fulfilling our manifesto commitment on an empty properties initiative, on which I am currently working, looking at how we can, in an innovative way, bring capital to bear on the considerable empty home problem that we have in Wales.

[96] Underpinning all that will be, as the Chair mentioned, the coming housing Bill. I am looking forward to cross-party working on how a legislative framework can further assist us in clearing away as many obstacles as possible between our aims of providing sufficient affordable housing and the realities that we face in terms of bureaucratic obstacles and so on.

[97] **Peter Black:** You are aware, of course, that research commissioned by the One Wales Government on housing demand identified a need for another 14,000 homes a year, of which roughly 5,000 should be affordable—I think that it was 5,100. Is that a target for you in the provision of new homes? If not, why not? Will you be able to come anywhere close to meeting that demand?

[98] **Huw Lewis:** I am not setting targets at present. That is not to say that targets will not be set in future. The actions of the UK Government have made that kind of predictability impossible at this stage, as they have affected the ways of working that we have become used to in Wales. It would be foolish and dishonest to commit to concrete targets at this stage, but as I say, they may follow. We are also breaking into new territory here, because the empty properties initiative will have to be introduced to the mix, once we get to grips with that—there is a lot of co-working that needs to be done with local government to make that happen. I also have a commitment to a wholly new housing sector within Wales: the co-operative housing sector. I went to London last week to look at the London model, and this afternoon I am off to Stockholm to take a look at the Swedish co-operative housing model in its sunset months. The Swedish Tories are about to marketise the co-operative housing sector, so I am getting in there just before it is dismantled in an attempt to learn lessons, so that we can replicate the model here in Wales.

[99] In terms of the impact that all this has on targets, I hope that you will understand that there would be a fair amount of voodoo involved in coming up with any kind of numerical target at present. The future is just not clear enough for that at the moment.

[100] **Peter Black:** We are well used to the use of voodoo with housing targets, Minister; by the last Government, perhaps. On demand for housing, the UK Government has pledged to increase the supply by 100,000 homes, mostly for the use of the intermediate housing market. Are you pursuing that route as well?

[101] **Huw Lewis:** I think that intermediate housing for rent will become a bigger and bigger feature of the Welsh housing scene. It answers the particular needs of younger people, who may actually be in employment, but are locked out of their aspiration for home ownership because of the demand by mortgage lenders to come up with much bigger deposits than was previously the case. However, that is not to say that we do not also need to look at the private rented sector. We anticipate growth in that sector, and I want that growth to be of good quality, and to be managed well. Again, there are legislative things for us to think about there, as well as co-working with landlords, and we will continue to look at ways in which we can assist people on to the housing ladder through straight home ownership, whether that is in a staged way, through part-ownership and other projects, or whether we can assist more directly.

[102] **Ann Jones:** I have three supplementary questions on this issue, and then we will wrap it up. I intend to finish the housing section by 10.35 a.m. to give a fair chance for the heritage section. You will have to be quick. Joyce, Bethan and Mike, please ask all of your supplementary questions and the Minister will answer them together.

10.30 a.m.

[103] **Joyce Watson:** My question leads on nicely from what we have discussed. A report was published today by Shelter, which looked at the affordability of the private rented sector—albeit in England. The lack of affordability with regard to buying houses has put pressure on the rented sector. How will you manage that? I know that the report relates to England, but I am sure that it translates to the situation in Wales. What impact do you expect to see and how will you manage it? The reduction in housing benefit will put further pressure on people wanting houses in the rented sector and will mean that some will not be able to afford the £9 that will be missing from their pockets every week.

[104] **Bethan Jenkins:** I will pick up on your comment that there will be no targets now, but they may follow. I have met many housing organisations over the last few weeks and not one of them has said that it is happy with this statement. They are concerned that there are no targets at the moment and that this is what focuses minds. I urge you to give us more information about when you think it will be possible to set those targets. We are in difficult times, but I do not think that it would be difficult for a Minister to have at least some idea of a target, if not an aspiration. For example, we all know that eradicating child poverty will probably not be possible, but at least that target is a focus for people's minds. That is something that is lacking from you, Minister.

[105] **Mike Hedges:** I have two brief questions. Will you be making a statement on co-operative housing in the near future? Is it your intention to ask Members from the parties that are in Government in Westminster whether they will take up with their Westminster colleagues the lack of money for housing in Wales?

[106] **Huw Lewis:** I will deal with Joyce's question first. The private rented sector in general will loom larger and larger in importance in terms of the sheer number of people who will be looking for decent accommodation within that sector—sometimes, against their will. It will also be important in terms of Government policy. I have already begun discussions with the National Landlords Association about how we can use legislative change to raise the game of the sector. Good landlords are as interested in that as tenants, as well as the Government. We will also be looking at rent levels and trying our very best to ensure that the insidious effect that Government policy is having across England is not reflected in Wales.

[107] You are right to mention the changes in housing benefit and the way in which they might impact upon people. My fear is that, particularly as April 2012 passes and then we reach April 2013, where the staged changes begin to bite, many thousands of Welsh families will find themselves pushed into a situation of precariousness in terms of whether they will be able to afford to keep the roofs over their heads. On top of that, in England, and particularly the largest cities, these changes will drive the ghettoisation of the poor in areas of lower rent levels and poorer housing quality. We will do everything that we can, and I will do everything that I can, to ensure that we fight against those trends in Wales. The main ways in which we can do this are through the new attitude and new priority for our work with the private rented sector, looking at rents and rent policy across Wales and deciding whether we need to legislate, looking at quality in terms of the management of private rented accommodation, and support for landlords for good landlordism.

[108] We now have a cross-ministerial group on housing benefit to talk through the various ways in which the Government can work to offset some of the problems that are coming our way. However, problems are coming our way and we should be in no doubt that the policies of the UK Government will have an adverse effect on the quality of people's accommodation, the quality of their lives and the affordability of the roof over their heads. I am interested in developing a conversation about how we can step up our pre-crisis support when it comes to

the affordability of homes for people, whether they are in owner occupation or rented accommodation. There will be announcements and statements on that to follow.

[109] Bethan, you said that the organisations you spoke to are not happy about not having targets, and neither am I. However, I am in an uncertain situation for the foreseeable future, as a result of the changes that are steaming towards us down the M4. It would be dishonest to attempt to predict the future in a numerical sense. I would be happy to move to a situation in which we could have numerical targets in the near future that I could be judged against, but, at the moment, the situation is so complex, and the transitional period that we are in is so uncertain, that it would be unfair to the people of Wales to pretend that we could predict the future precisely.

[110] Mike, there will be a statement soon, leading up to the White Paper that will precede the housing Bill, on our intentions for the co-operative housing sector, and the other aspects of housing policy that I have touched upon. There will be a written strategy and policy statement in the new year, is that right, John?

[111] **Mr Howells:** There may be something before the new year.

[112] **Huw Lewis:** Hopefully, before the new year, then, Mike.

[113] **Ann Jones:** We are desperately out of time, so we will have two more questions on the housing sector quickly, then we will move on.

[114] **Janet Finch-Saunders:** What bids are being developed for funding from the centrally retained capital fund to support housing programmes in 2012-13?

[115] **Huw Lewis:** You sound as if you have a cold. I had a cold last week, so sorry if they are my germs. *[Laughter.]* There will be bids to the centrally retained capital fund to support some of our manifesto commitments in particular. Forgive me if I do not go into specifics. It is a bidding process and a question of negotiation within Government. I would not be able to give a comprehensive list in my answer, but certainly there will be an attempt on my part to prioritise housing as an issue in the centrally retained capital fund.

[116] **Bethan Jenkins:** Minister, we know that homelessness has increased as a result of the recession, especially homelessness in relation to high levels of debt in Wales. The figures show that the draft budget, in real terms, has been reduced by 4.7 per cent for 2012-13. How can you be sure that your policies will go far enough to tackle homelessness in Wales, given the proposed budget cuts? You have already mentioned other areas where housing grants and so on could help with problems, but is that the whole answer, or will money need to be shifted to deal with the rise of homelessness in Wales?

[117] **Huw Lewis:** It is shameful and shocking that, after 10 years of falling numbers of homeless households, there is now an increase. The economic downturn has an effect, but also rising bills, and the impact of the UK Government's policies and people's ability to afford the roof over their heads. We are seeing an upward trend in the numbers of the homeless in Wales for the first time in a decade. I am committed to ensuring that the effects of that toxic cocktail of pressures are offset and will be fought against in Wales as much as possible. Revenue funding for homelessness services has not been cut, it has been protected for this year at around £7.3 million. Around 100 projects flow from that commitment, which increased by about 1,000 per cent in Wales over the last few years, ranging from the four pilot projects for rough sleepers to a new night shelter in Anglesey. That budget will also be under pressure, and I anticipate that the numbers of people pushed into homelessness or near homelessness will increase. We must change our ways of working in this area. I am particularly interested in pre-crisis support for people who are having problems maintaining

their accommodation. We need a new level of commitment in terms of community-based advice and support, and I will be talking to all partners that are relevant to that conversation about how we can move to a different level of commitment.

[118] A great deal of this will also be about the supply of affordable housing, and, despite all the pressures, I hope that the solutions that I touched upon in terms of new flows of capital and land and a commitment to empty properties being brought back into use will have a positive effect on those numbers. I am particularly concerned about homeless households that include children, and I want to maintain our commitment to keeping families with children out of bed-and-breakfast accommodation, in particular. That number is now down to single figures, and I want to see it as zero and remain so despite everything that is going on.

[119] **Ann Jones:** We will see whether we can ask you the questions on heritage, otherwise we will have to ask you to respond in writing. Are you able to overrun by 10 minutes or so?

[120] **Huw Lewis:** I suppose that 10 minutes would be okay.

[121] **Ann Jones:** We will aim to finish by 11.10 a.m., if that is the case. We will move on to questions on heritage and other issues that come under your portfolio. The first question in this section is from Keith Davies.

[122] **Keith Davies:** Mae gennych gyfrifoldeb bellach dros dreftadaeth, tai ac adnewyddu, sydd wedi dod at ei gilydd o dan eich arweinyddiaeth. Sut yr ydych wedi penderfynu ar y rhaglenni gwariant ar dreftadaeth, a sut yr ydych wedi penderfynu ar y blaenoriaethau yn y maes hwnnw? **Keith Davies:** You are now responsible for heritage, housing and regeneration, which have been brought together under your leadership. How have you decided on the spending programmes for heritage, and how have you identified the priorities in that area?

[123] **Huw Lewis:** As you say, Keith, the bringing together of this portfolio is a very interesting political act in itself by the First Minister. The strongest signal that I have been given in taking up this portfolio is to ensure that it works together as one. In terms of prioritisation of where resources flow, I am interested from now on in ensuring that we do not have investment in freestanding projects for their own sake. What I mean by that is that simple investment in a heritage project, for instance, which has no multiplier effect in terms of the spin-offs for a community, and for the regeneration of a community in particular, would not be a high priority. Ideally, I would be looking to develop projects that bring together all three elements of my portfolio to act as one to multiply the effect; I am particularly interested in how this can happen in regeneration areas, incorporating heritage as a driver for improving the built environment, including housing, but also the jobs, skills and economic agenda for the community, and so on.

[124] So, watch this space—I think there will be a goodly number of very interesting ways in which we can bring together that portfolio.

[125] I have forgotten the second part of your question.

[126] **Keith Davies:** Yr ydych wedi ateb y rhan am flaenoriaethau, achos yr ydych wedi penderfynu dod â phethau at ei gilydd er mwyn adnewyddu ac nad ydych am wario ar un ardal yn unig. **Keith Davies:** You have answered the part about priorities, because you have decided to bring things together for the sake of regeneration and that you do not want to spend on one area only.

[127] **Huw Lewis:** That is right, but it does not stop there—I am also looking at ways in which I can work constructively with other Government departments. I am having very

interesting ongoing conversations with the Minister for Business, Enterprise, Technology and Science about issues surrounding land and the tourism driver that some communities have. There is enormous potential in terms of a better tourist offer, which is connected to the built environment and heritage of communities.

10.45 a.m.

[128] **Mike Hedges:** I will preface my remarks by saying that I recognise that the cuts in your budget are based on actions taken by the UK Government and the way that that is fed through to here.

[129] **Peter Black:** You were going to make the same cuts.

[130] **Ann Jones:** We are running out of time, so can we stick to the questions?

[131] **Mike Hedges:** There is a danger that we are trying to hold the Minister responsible for national Government cuts. Are you confident that the reductions in both revenue and capital—

[132] **Rhodri Glyn Thomas:** This is a national Government.

[133] **Ann Jones:** The Minister has agreed to stay for another 10 minutes, but that is just to answer questions.

[134] **Mike Hedges:** Are you confident that the reductions in both revenue and capital funding in the heritage portfolio will enable you to continue to provide

[135] ‘a better foundation for life through vibrant places, culture, sport and media’?

[136] **Huw Lewis:** Mike is quite right; we cannot wish these budgetary pressures away. They will not disappear because we might like it to be so. The underlying prioritisation in heritage is, once again, a commitment to front-line outcomes. Various partner bodies of ours, for instance, have done some painful work in ensuring that their internal structures are made more efficient. We have not gone down the road of compulsory redundancies in any of those organisations, and I would not want to see that happen, but a large part of the burden has fallen upon organisations that deliver for us out there, such as the Arts Council of Wales, Cadw and so on, with a mind to keeping the front-line delivery as intact as possible. Have I answered your question?

[137] **Ann Jones:** Yes, I think so. Are you okay with that, Mike?

[138] **Mike Hedges:** Yes.

[139] **Joyce Watson:** Briefly, we know that revenue funding for the arts will reduce from £35.4 million this year to £34.8 million. What impact do you think that that will have on the Welsh Government’s stated policy aim of widening access to culture and arts, especially in geographic areas where access is currently seen as limited?

[140] **Huw Lewis:** You are right to point this out as an area of concern for all of us. In the prioritisation that we have had to face up to, as I mentioned in terms of ensuring that front-line delivery is protected, I have asked the Arts Council of Wales to go through a process of prioritisation of its own and access remains No. 1 on the list. We still have a journey to travel, particularly in terms of how the least well-off in our communities and, within that group, the young, have access to a good-quality offer from the Welsh arts community. I have had co-operative and stimulating conversations with the arts council and others about their

commitment on those issues and I am confident that they will keep this at the front of their minds.

[141] **Rhodri Glyn Thomas:** Symudaf at amgueddfeydd, archifau a llyfrgelloedd. Yr ydych wedi sôn, fel y dywedasoich yn eich ateb blaenorol am y celfyddydau, eich bod yn mynd i amddiffyn gwasanaethau rheng flaen. Mae pob Gweinidog yn dweud hynny. Yr wyf yn cytuno â'ch blaenoriaeth ynglŷn â Sain Ffagan. Mae'r datblygiadau cyffrous yno yn eithriadol o bwysig. Fodd bynnag, pan ydych yn ystyried hynny a'r gostyngiadau yng nghyllidebau amgueddfeydd a llyfrgelloedd yn gyffredinol, nid oes modd i chi amddiffyn y gwasanaethau rheng flaen i gyd. Byddwch yn gorfod gweld rhai o'r gwasanaethau hynny yn dioddef.

Rhodri Glyn Thomas: I will move on to the subject of museums, archives and libraries. You have mentioned, as you said in your previous answer regarding the arts, that you will protect front-line services. Every Minister says that. I agree with your priority regarding St Fagans. The exciting developments that are taking place there are extremely important. However, when you bear that in mind as well as the reductions in budgets for museums and libraries in general, there is no way for you to protect all the front-line services. You will have to see some of those services suffering.

[142] **Huw Lewis:** With the budget as it has been predicted into the future, you can see that that prioritisation, though painful, has protected services as much as we can. In addition, I am proud of the fact that we have not shifted towards a compulsory redundancy situation in any of these organisations, and I hope to keep it that way. I thank you for your support for the St Fagans development. It would have been tragic to have walked away from the potential match funding that the heritage lottery fund can contribute. As I have touched upon previously, we must lean upon all our partner organisations—everyone from the National Library of Wales to the museums and galleries—to take a wholly new attitude towards income generation. The museums are now probably out there in front with £1.5 million a year, which I hope that they can build upon. For the first time, for instance, Cadw has opened an online shop as a way of generating income. There have also been strides ahead in the National Library of Wales with its on-site shop, but a great deal more is possible, especially online, with regard to generating income and accepting donations.

[143] There are various things that we can do, but, throughout all of this, especially with libraries, you will see a wholly different philosophy and approach taken by the Welsh Government, compared to what is happening across the border in England. We have not seen the level of library closures, for instance, that they have seen in England. You will certainly never hear me talking about revoking the Public Libraries and Museums Act 1964, which some UK Government Ministers have floated as an idea. In fact, if the 1964 Act, which requires local government to provide a library service in the first place, is revoked at a UK level, I can guarantee that the Welsh Government will bring forward a libraries Act to ensure that that commitment is reinstated in Wales. We will have a different prioritisation when it comes to the importance of these assets for our communities.

[144] **Rhodri Glyn Thomas:** Yr wyf yn gwerthfawrogi hynny, yn ogystal â'r ymrwymiad ar lyfrgelloedd sydd yn eithriadol o bwysig. Mae gennym draddodiad anrhydeddus o wasanaethau llyfrgelloedd yng Nghymru, ac yr wyf yn falch iawn eich bod yn ymrwymedig i hynny, Weinidog. Yr ydych yn sôn yn eich tystiolaeth am yr angen am bartneriaeth a chydweithrediad er mwyn sicrhau bod y gwasanaethau hyn yn cael eu

Rhodri Glyn Thomas: I appreciate that, as well as the commitment that you have made on libraries, which is extremely important. We have a prestigious tradition of library services in Wales, and I am very pleased that you are committing to that, Minister. In your evidence, you mentioned the need for collaboration and partnership to ensure that these services are introduced. What exactly do you mean by that?

cyflwyno. Beth yn union yr ydych yn ei olygu gyda hynny?

[145] **Huw Lewis:** I am sorry, but collaboration to ensure what?

[146] **Rhodri Glyn Thomas:** I was asking about collaboration to ensure that libraries and museums services are available to the people of Wales.

[147] **Huw Lewis:** There are two levels here. There is the national level, for instance, the national library, national museums and galleries and so on, and the budgetary picture that is laid out before you shows how we continue to protect those services as best as we can. Also, there is encouragement of co-working between that national level and the local level. The national library, for instance, is now stepping in as a national co-ordinator for local libraries with regard to family history services. There are enormous potential savings with regard to co-working with national organisations, and regionalised working among local authorities themselves. We rely largely on the commitment of local authorities when it comes to local library, museum and archive services. These are issues primarily for local government. I am tremendously encouraged by the fact that, as far as I understand, not one Welsh local authority has decided that museums, archives and libraries are some kind of soft target in these tough times. You are seeing a different philosophy when it comes to Welsh political life in this regard.

[148] **Ann Jones:** I have two small supplementary questions from Janet Finch-Saunders and Peter Black. They have promised that they will be brief.

[149] **Janet Finch-Saunders:** On your aims to ensure that libraries are able to meet national standards, that is, Museums, Archives and Libraries Wales's standards, many people in my constituency are outraged and feel that these aims are unrealistic and unnecessary. They actually just want to retain their current libraries, which are perfectly good, as far as they are concerned. What provision are you making in the draft budget to ensure that those libraries that are performing well now are retained?

[150] **Huw Lewis:** As I say, the final and front-line decision is one for local authorities. However, through CyMAL, we remain ready to assist and advise as best as we can. Even in these tough times, I do not intend to let go of the targets that we set ourselves in terms of library development. Especially in tough times, it is not good enough for services to be allowed to stand still. Apart from anything else, a service that is standing still, marking time or that has effectively been mothballed during difficult budgetary times becomes a target for local authorities that may be looking to make difficult decisions. The engagement of the community, particularly the young, in a good library service is its best protection.

[151] **Peter Black:** Some Welsh authorities are seeing libraries as soft targets. Bridgend, for example, is closing some libraries and reducing opening hours, whereas authorities like Swansea are investing in libraries and keeping them open. *[Interruption.]* That is a fact.

[152] **Ann Jones:** Can you please be brief, Peter?

[153] **Peter Black:** If people had not interrupted me, I would have finished by now. *[Laughter.]* So, are you talking to those authorities that are targeting libraries with regard to cuts about alternatives?

[154] **Huw Lewis:** There are, of course, libraries that are earmarked for closure. I will not join in the party-political broadcast for the City and County of Swansea.

[155] **Ann Jones:** Please do not.

[156] **Huw Lewis:** However, if good things are happening in Swansea, then that is fine. The point that I was trying to make is that it is evident that what is happening with regard to library services in Wales is different, in degree and nature, to what is happening over the border. We do not have a commitment to handing library services over to some magical big society that will take over the job of Government. We will retain our commitment, through CyMAL and through close working with local authority partners, to a decent, comprehensive library service in every community. That is a national commitment at a political and ministerial level that simply does not exist in England.

[157] **Ann Jones:** We now move on to Gwyn on sport, media and publishing.

[158] **Gwyn R. Price:** Are you confident that the reduction in funding for Sport Wales will enable it to deliver a ‘Vision for Sport in Wales’? Will the funding be sufficient to address the fact that certain groups do not participate in physical activity programmes as often as others?

[159] **Huw Lewis:** I regularly meet with Sport Wales and I am impressed by its confidence. However, the difficult decisions that it has had to make with regard to prioritising front-line delivery have been made, so we will be able to undertake our commitments.

[160] **Ann Jones:** Given that we are on the subject of sport, we ought to say congratulations to the Welsh football team for last week and wish the Welsh rugby team all the best for Saturday, and we hope to see them the following Saturday as well. It would be remiss of us not to mention that today.

[161] **Huw Lewis:** Absolutely.

[162] **Keith Davies:** Clywch, clywch. **Keith Davies:** Hear, hear.

[163] **Mike Hedges:** [*Inaudible.*]

[164] **Ann Jones:** We are not going around the table—I could start as well, because my football team is also playing on Saturday.

[165] **Mike Hedges:** [*Inaudible.*]

[166] **Ann Jones:** Okay, I knew this would happen when I started. We will now move on to media and publishing and Bethan has the next question.

[167] **Bethan Jenkins:** Yng nghyd-destun y ffaith bod y gyllideb cyfryngau a chyhoeddi yn cael ei thorri o £51,000 ar gyfer 2012-13, ble welwch eich blaenoriaethau strategol ar gyfer y portffolio hwn? Er enghraifft, a fyddwch yn cynyddu'r swm o arian sy'n mynd at Golwg360, gan fod y nifer o bobl sy'n darllen y wefan honno wedi cynyddu dros y blynyddoedd ers ei chreu? Ble mae eich blaenoriaethau chi a beth fydd eu sgôp? A fyddwch chi'n siarad gyda chwmnïau a mudiadau penodol sy'n gweithio yn y maes?

Bethan Jenkins: In the context of the fact that the media and publishing budget is being cut by £51,000 for 2012-13, where do you see your strategic priorities for this portfolio? For example, will you be increasing the funding that is given to Golwg360, given that the number of people who read that website has increased over the years since it was created? Where do your priorities lie and what is their scope? Will you be speaking to companies and organisations that work in this field?

[168] **Huw Lewis:** I regularly meet companies and organisations such as the Welsh Books Council. As you said, there has been a revenue cut of £51,000 in the funding for the Welsh Books Council. I met the books council soon after taking on this portfolio and it is confident

that it can adapt its activities to meet the challenge of that revenue cut. The bulk of that money was aimed at supporting Welsh publishing and so there will be effects on the media and publishing spend in that programme profile. I remain committed to Golwg360, as do all the partners concerned. It seems as if this is turning into a good news story. Where it goes from here will be the subject of discussion across Government and between parties. To my mind, it is already proving itself as something that we should support and prioritise.

11.00 a.m.

[169] **Bethan Jenkins:** Diolch am yr ateb hwnnw. I symud y drafodaeth yn ei blaen ychydig, yn y rhaglen lywodraethu, mae'r Llywodraeth yn dweud ei bod am gryfhau gwasanaethau'r BBC ac ITV a'r ddarpariaeth newyddion yng Nghymru. Sut mae hynny yn cael ei adlewyrchu yn y gyllideb ddrafft? A oes arian neu gyllideb er mwyn amddiffyn y cyfryngau yng Nghymru?

Bethan Jenkins: Thank you for that answer. To move the discussion along, in the programme for government, the Government states that it wants to strengthen BBC and ITV services and the news provision in Wales. How is that reflected in the draft budget? Is there money or a budget for safeguarding the media in Wales?

[170] **Huw Lewis:** This is a matter for the UK Government. We continue to be in constant communication with the BBC, ITV and S4C—there will be further consultation with S4C once its leadership issues are resolved—and with the trade unions and Ministers in the UK Government to ensure that, above all, we get recognition that Wales is not a county or region, but that Wales has to have a national broadcasting commitment from public service broadcasters in both languages. That is there in the minds of us all in Wales. I feel that those outside Wales need to be constantly reminded of that fact. We are in a period of transition; there is a lot of anxiety in terms of how things are going to pan out, which I share, but the Welsh Government will remain squarely in the face of the UK Government when it comes to lobbying for the prioritisation of national services in Wales, as part of the overall UK provision.

[171] **Bethan Jenkins:** Gallwn siarad am y cyfryngau drwy'r dydd, ond symudwn ymlaen at y Bil treftadaeth. Yn eich rhaglen lywodraethu, yr ydych yn cynnwys nifer o brosiectau twristiaeth, treftadaeth a'r Bil treftadaeth. Pa arian ydych chi wedi ei roi yn y gyllideb ddrafft er mwyn hwyluso datblygiad y rhaglenni hyn yn y dyfodol agos?

Bethan Jenkins: I could talk about the media all day, but let us move on to the heritage Bill. In your programme for government, you have included several tourism and heritage projects, as well as the heritage Bill. What funding have you included in the draft budget to facilitate the development of these programmes in the near future?

[172] **Huw Lewis:** It is a bit early for making budgetary provision for the heritage Bill. The First Minister has indicated that the heritage Bill will be introduced towards the end of this Assembly term in 2014-15. The long run-up to that gives me an opportunity to open a national conversation about what that heritage Bill ought to be about. It will be concerned with issues such as heritage protection, but we will also need to consider how some of the bureaucracy that has grown up over many years around these issues could be simplified and cleared away; how we can introduce ideas of community regeneration into our heritage thinking; how it connects to the jobs and skills agenda; and where duties lie, and so on. Essentially, we can begin with a blank sheet of paper and re-write heritage legislation to suit Wales. As Minister, I do not approach this item with any kind of predetermined wish list. I think that it is a little bit early for that. We can have an exciting conversation across parties and Welsh civic society about what the heritage Bill would entail. In terms of budgetary commitments, there is no need to consider any at this point as it is a little early to do so.

[173] **Joyce Watson:** In what ways have the equality of opportunity and sustainability considerations had an impact on the formulation of your draft budget, and on particular allocations that you have made in the heritage spending programme areas?

[174] **Huw Lewis:** I think that we touched on this earlier; equality impact assessments were undertaken when the large budgetary changes took effect. All of our partner organisations are continually tasked with reviewing issues of access. I have lately had some interesting discussions, particularly with Cadw, about the equality issues of disability access and whether they are to do with physical access, whether the barriers are more subtle and concern social attitudes, or whether they are to do with the sort of public transport issues we are facing with St Fagans, for instance. The conversations are ongoing. The answer that I am trying to put together is that it is being mainstreamed.

[175] **Ann Jones:** We are running desperately short of time. We have two more questions—I wonder whether we can fit them in if we ask them quickly and we do not have any supplementary questions. The Wales Council for Voluntary Action recently highlighted to the Finance Committee the vital and extensive role that the third sector plays in heritage. Does your draft budget reflect this, and do you believe that funding allocations are sufficient to enable the voluntary sector to carry on in this role?

[176] **Huw Lewis:** I am sure that many would say that the allocations are insufficient.

[177] **Mr Howells:** There are all sorts of ways in which voluntary organisations contribute to heritage organisations, and they will continue to do so. The Arts Council of Wales is crucially dependent on voluntary contributions, while the museum is making more thoughtful use of volunteers, as will Cadw.

[178] **Keith Davies:** Yn fy marn i, nid yw Cymru wedi elwa'n fawr ar y Gemau Olympaidd. Mae rhyw deimlad y bydd gan y Loteri Genedlaethol fwy o arian ar ôl 2012 a fydd mwy ar gael wedyn ar gyfer chwaraeon, y celfyddydau ac yn y blaen. Dywedodd y cyn-Weinidog y gallai hyn helpu'r gwariant ar dreftadaeth yng Nghymru. A ydych wedi cael unrhyw negeseuon bod hyn yn mynd i ddigwydd? A allwn edrych ymlaen at gael arian ychwanegol?

Keith Davies: In my opinion, Wales has not benefitted a great deal from the Olympic Games. There is a feeling that the National Lottery will have more money after 2012 that will then be available for sport, the arts and so on. The former Minister said that this could boost spending on heritage in Wales. Have you received any indication that this is going to happen? Can we look forward to receiving additional funding?

[179] **Huw Lewis:** That is an important question for us in Wales. We have received signals from the Heritage Lottery Fund, the Big Lottery Fund and others that there will be a premium for parts of the UK outside London, and that some or all of the money that was diverted for the Olympics will be consciously redistributed, if you like, after 2013. I have already asked my officials to get ready for this. We need to think about how some of our larger heritage projects in particular are lined up and ready to go by 2013 so that Wales does not lag behind when it comes to that post-Olympic bonus. There are even some estimates of the kind of money that we might expect. The figure I have is that we could expect around £35 million over and above what we are seeing now. It is always difficult to predict exact amounts, however, because it depends how many people buy lottery tickets—that is one of the determining factors.

[180] **Mr Howells:** Mae'r ffigur o £35 miliwn yn cyfeirio at yr arian yr ydym yn disgwyl ei gael ar ôl gwerthu safle'r Gemau Olympaidd ar ôl 2020. Cyn hynny, y disgwyl

Mr Howells: The figure of £35 million refers to the money that we expect to receive once the site of the Olympic Games has been sold after 2020. Before then, the expectation is

yw y bydd £10 miliwn i £15 miliwn that an additional £10 million to £15 million
ychwanegol ar gael yn flynyddol at will be available annually for sport and the
chwaraeon a'r celfyddydau ar ôl 2013. arts after 2013.

[181] **Huw Lewis:** My recollection of the figures was not so good.

[182] **Ann Jones:** Well, we did get there by 11.10 a.m. Thank you for coming, Minister, and for answering our questions so fully. A copy of the transcript will be sent to you to check for accuracy—I know that there will be figures, so we will make sure that those are right. I am sure that you will be back before us when you bring forward your heritage Bill or your housing Bill. I am sure that we will have longer than an hour to talk about those. I also thank your officials for their attendance.

11.10 a.m.

Papurau i'w Nodi Papers to Note

[183] **Ann Jones:** There is a paper to note, committee. We can take five minutes after the meeting to discuss it privately. I see that Members are happy to note it. I now declare the meeting closed.

*Daeth y cyfarfod i ben am 11.10 a.m.
The meeting ended at 11.10 a.m.*