



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

**Y Pwyllgor Cymunedau a Diwylliant
The Communities and Culture Committee**

**Dydd Mercher, 24 Tachwedd 2010
Wednesday, 24 November 2010**

Cynnwys
Contents

- 4 Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions
- 4 Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2011-12
Scrutiny of Welsh Government 2011-12 Draft Budget
- 24 Papurau i'w Nodi
Papers to Note
- 25 Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2011-12: Parhad
Scrutiny of Welsh Government 2011-12 Draft Budget: Continued
- 32 Cynnig Trefniadol
Procedural Motion

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, 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

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Eleanor Burnham	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
David Lloyd	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Lynne Neagle	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Tony Clark	Pennaeth Cyllid Tai, Llywodraeth Cynulliad Cymru Head of Housing Funding, Welsh Assembly Government
Jocelyn Davies	Aelod Cynulliad, Plaid Cymru (Y Dirprwy Weinidog dros Dai) Assembly Member, Plaid Cymru (Deputy Minister for Housing)
John Howells	Cyfarwyddwr Diwylliant Director of Culture
Alun Ffred Jones	Aelod Cynulliad, Plaid Cymru (Y Gweinidog dros Dreftadaeth) Assembly Member, Plaid Cymru (Minister for Heritage)
Jo Jones	Cyfarwyddwr, Twristiaeth a Marchnata Director, Tourism and Marketing
Owain Lloyd	Pennaeth Cyllid, Llywodraethu a Chynllunio Head of Finance, Governance and Planning
Eleanor Marks	Cyfarwyddwr, Yr Adran Cymunedau Director, Communities Division
Kath Palmer	Pennaeth Gweithrediadau Tai Head of Housing Operations
Brian Pickett	Pennaeth Cyllid, Tai ac Adfywio Head of Finance, Housing and Regeneration
David Powell	Cyfarwyddwr, yr Adran Cyfiawnder Cymdeithasol a Llywodraeth Leol Director, Department for Social Justice and Local Government
Carl Sargeant	Aelod Cynulliad, Llafur (y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth Leol) Assembly Member, Labour (the Minister for Social Justice and Local Government)
Chris Warner	Rheolwr Cydlynu Polisi, yr Adran Tai ac Adfywio Policy Co-ordination Manager, Department of Housing and Regeneration

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

Sarah Bartlett

Dirprwy Glerc
Deputy Clerk
Clerc
Clerk

Tom Jackson

*Dechreuodd y cyfarfod am 9 a.m.
The meeting began at 9 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Sandy Mewies:** Welcome to Members, officials and anyone in the public gallery. Headsets are available for interpretation and sound amplification. Interpretation is on channel 1 and amplification on channel 0. Please switch off all mobile phones and BlackBerrys. I have not been informed of a fire drill, so, in the event that an alarm sounds, please follow the ushers to the nearest safe exit. I ask Members to make any relevant declarations of interest under Standing Order No. 31.6. I see that there are none to declare. Apologies have been received from Alun Davies and Bethan Jenkins.

9.01 a.m.

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2011-12 Scrutiny of Welsh Government 2011-12 Draft Budget

[2] **Sandy Mewies:** I welcome Jocelyn Davies, the Deputy Minister for Housing, Brian Pickett, head of finance, housing and regeneration, Kath Palmer, head of housing operations, and Chris Warner, policy co-ordination manager for the Department of Housing and Regeneration.

[3] **The Deputy Minister for Housing and Regeneration (Jocelyn Davies):** I also have another official, Tony Clark, sitting on my left.

[4] **Sandy Mewies:** You are very welcome. Do you want to give a brief introduction, Deputy Minister?

[5] **Jocelyn Davies:** I have some brief opening remarks. I know that regeneration is not within the scrutiny remit of this committee, but I have presented the whole of the budget for completeness, and I am happy to take questions on the regeneration side. Before I move on to housing, with your permission, I have one or two comments on regeneration. I have just published the new regeneration framework, which confirms our area-based approach. That framework has been developed with our partners to help inform our future decisions. There is an emphasis on evaluation and we will be setting up a national regeneration panel to assist Ministers to inform its future development. This budget shows that our prioritisation is within the regeneration areas.

[6] I would like to highlight a change to the tables presented. Members may have noticed the baseline of £41 million capital for implementation of regeneration areas and £3 million capital for future regeneration areas. In the table that you have, we have combined them under 'implementation', as the £3 million was used for our newest areas, so the baseline comparison is actually £44 million. We have put the two together.

[7] On housing, you will know that the 'One Wales' agreement sets us a target of 6,500 additional affordable homes. The Welsh Government will be publishing the official statistics this morning, which, I hope, will confirm that we are on track, despite the recession.

Committee members will know that we expected a significant proportion of those 6,500 homes to be delivered via the planning system, and, obviously, the recession has hit house building. You know that we brought forward £40 million social housing grant from this year into the previous two years to support the construction industry and provide a stimulus for the economy, and I am pleased that that £40 million has been reinstated into our future budget. On the budget cuts, we need to make substantial savings. I would prefer not to make any cuts at all, but I am not in that position. I have decided that I will protect the major repairs allowance, which is £108 million and which helps local authorities and the transfer bodies to reach the Welsh housing quality standard. Therefore, that is about the conditions in which tenants live. Also, it helps with local jobs and training, improves living standards, and helps people out of fuel poverty. Therefore, for me, this is a very important budget line.

[8] We are also protecting the rapid response adaptation programme budget, which is £1.6 million. This is a small, but very important budget. However, if you protect certain budgets, other budgets will take a larger cut, and that particularly affects the social housing grant as we go forward, but we should bear in mind that, over the past few years, social housing grant has benefited from an extra £73 million through the strategic capital investment fund 1 and 2, in addition to the £4 million that we were able to secure towards the very important mortgage rescue scheme, and a £7 million consequential that we received that went to the extra care scheme.

[9] On the revenue side, the Supporting People programme takes up 90 per cent of the housing revenue budget. That programme comes to £140 million. We have received an additional £2 million to provide a level of protection there. Therefore, whereas it would have had a 2.9 per cent cut, in fact, the cut is 1.5 per cent. We can all be very pleased with that, because this programme helps the most vulnerable and the most at risk of homelessness and, very importantly, it saves money for other budgets. Those are my opening remarks, Chair. I am very happy to take questions.

[10] **Sandy Mewies:** Thank you, Deputy Minister. I think that you have answered in part, at the very least, the question that I was about to ask, which is: what actions have you taken to identify priorities within your department to inform decisions on budget allocations? Clearly, you have done that, but perhaps you have something to add.

[11] **Jocelyn Davies:** We have just had a major review of the Supporting People programme. I know from that review—I would like to put it on record—that the Supporting People programme helps around 50,000 people each year in Wales. These are people towards whom there is no statutory duty. It does save money for other programmes, for the NHS, social services, community safety, and so on. We know with regard to the rapid response adaptation programme that for every £1 that you spend on it, you save £7.50 in the health budget. It keeps people independent and perhaps means an earlier discharge from hospital, and, of course, there are issues to do with dignity. I do not know how we would quantify that, but there are definitely issues in that regard. Also, as I have said, the major repairs allowance is about the living conditions of tenants. Therefore, we have tried to prioritise vulnerable people and those budgets that save money elsewhere within the Assembly Government's budget.

[12] **David Lloyd:** Yr ydych wedi ateb y cwestiwn hwn yn rhannol hefyd. Serch hynny, sut ydych yn bwriadu pennu a mesur effeithiolrwydd a chanlyniadau eich blaenoriaethau strategol datganedig, ac felly effeithiolrwydd y dyraniadau a wnaed gennych yn y gyllideb sydd yn cyd-fynd â'r blaenoriaethau hynny? **David Lloyd:** You have also answered this question in part. However, how do you intend to identify and measure the effectiveness and outcomes of your stated strategic priorities, and therefore the effectiveness of the allocations that you have made in the budget that align with these priorities?

[13] **Jocelyn Davies:** The evaluation of the rapid response adaptation programme has been done, so that is well identified. Obviously, the outcomes there can be measured. On the Supporting People programme, the report of the review carried out by Sir Mansel Aylward was launched on Monday. We will be moving now to the implementation of the recommendations, but we do bear in mind the evaluation of the outcomes of that programme. We know that this programme saves money elsewhere, but we are not able to quantify it at present. However, once we implement the recommendations, we will be in a better position to say how much that is. I think that there has been an assessment that for every £1 that you spend on this, it saves you £1.68, but it could be that it is much more. As I have said, I am not quite sure how you would quantify the dignity aspect. I am sure that no member of this committee, or anyone in the Assembly, would question the value of the Supporting People programme, because it is about the poorest and most vulnerable among us.

9.10 a.m.

[14] **David Lloyd:** Mae fy nghestiwn nesaf yn mynd i fanylder ynghylch y tablau sydd gennych o'ch blaenau. Mae'r dadansoddiad cyllid a ddarperir yn eich papur yn dangos incwm o £40 miliwn—credaf mai £40,000 ydyw'r ffigwr cywir; rhaid bod pwynt degol wedi mynd ar goll yn rhywle—yn ystod 2010-11 yn y cam 'Sicrhau tai o ansawdd'. Yn y tabl prif grŵp gwariant yr ydych hefyd wedi'i ddarparu i'r pwyllgor, mae'r cam hwn yn dangos dyraniad o £146 miliwn—er mai £146,000 sy'n gywir, dybiaf i. Pa ffigwr sy'n gywir? A oes rheswm dros yr anghysondeb hwn? A allech chi hefyd gadarnhau ai miloedd neu miliynau yw'r ffigurau hynny?

David Lloyd: My next question goes into detail about the tables that you have in front of you. The funding analysis provided in your paper shows an income of £40 million—I think that £40,000 is the correct figure; a decimal point must have gone missing somewhere—during 2010-11 in the 'Achieve quality housing' action. In the main expenditure group table that you have also provided to the committee this action shows an allocation of £146 million—although I think that £146,000 is the correct figure. Which figure is correct? Is there a reason for this discrepancy? Could you also confirm whether those figures are thousands or millions?

[15] **Jocelyn Davies:** I think that they are thousands; I think that I would have noticed if we had lost £100 million. [*Laughter.*] Even with today's cuts, I think that we would have noticed that. I will bring Brian in on this, because I think that it is to do with the transfer of the construction unit over to Jane Davidson. Perhaps Brian can elaborate on that.

[16] **Mr Pickett:** It is to do with the transfer of the construction unit within the overall Department for Environment, Sustainability and Housing MEG. I will actually pass the buck to Tony, who knows more about the detail of that.

[17] **Jocelyn Davies:** Before Tony comes in, I would like to say that, essentially, the construction unit used to sit in my portfolio, but, given that the building regulations and so on are under Jane Davidson's portfolio, it was felt that it was better that that went over to her, but perhaps Tony can give us the detail on that.

[18] **Sandy Mewies:** Tony, would you like to come to sit at the table, so that you can have access to a microphone? I bet that you are glad that you came here today. [*Laughter.*]

[19] **Mr Clark:** The sum of £146,000—it is thousands, not millions—in the MEG table shows the current draft budget. The £40,000 in the analysis table shows a revised baseline, to reflect the fact that the construction unit is being moved to the climate change division, before we clear it in the 2011-12 budget. It is, basically, a working document, so both figures are correct. Do you need any more details on the figures?

[20] **Sandy Mewies:** No, that is absolutely fine.

[21] **David Lloyd:** You have floored us completely. [*Laughter.*]

[22] **Jocelyn Davies:** Chair, if it had been millions, not thousands, you might have wanted to scrutinise that a little more closely. However, it is thousands, and it is a transfer between my portfolio and that of Jane Davidson.

[23] **Sandy Mewies:** I think that the hope was that it was millions. [*Laughter.*]

[24] **Eleanor Burnham:** Efallai eich bod wedi ateb y cwestiwn hwn hefyd—hwyrach fy mod wedi bod yn cysgu—ond fe'i gofynnaf. Pa asesiad yr ydych wedi'i wneud o'r perygl yr effeithir yn anghymesur ar rai grwpiau o bobl, er enghraifft menywod, plant neu bobl sy'n byw mewn tlodi, gan y toriadau mewn gwariant cyhoeddus yn eich maes polisi? **Eleanor Burnham:** You may have already answered this question, too—I may have been sleeping—but I will ask it. What assessment have you made of the risk that some groups of people, for example women, children or people living in poverty, will be disproportionately affected by cuts in public spending within your policy area?

[25] **Jocelyn Davies:** I suppose that that question was partially answered earlier. The Supporting People programme helps women fleeing domestic violence, who often have children with them, and care leavers, whom I often meet when I visit projects. This is the draft budget, and we will be doing an equality impact assessment. Officials are already working on that, and we will have that completed before the end of the year. Again, I point to the Supporting People programme. Also, I mentioned the Welsh housing quality standard earlier, and that has a fuel poverty element to it. Often, when I visit people who have had their properties done up, they are very proud to let you in, but say that before they would have been too ashamed to let people in. So, there is a psychological element there, and, of course, if money can be saved within the household budget, by saving on heating, then that can mean a better quality of life for some people. We also have, on the regeneration side, the Arbed programme. I could perhaps send the committee a note on that programme, which is an excellent programme with regard to tackling fuel poverty and climate change, because some committee members may not be familiar with it.

[26] **Sandy Mewies:** Will you also be looking at the cap on benefits that is to be imposed, and groups such as carers who, by definition, are often in a position of living on lower incomes because of their circumstances? Will they be included in that group? After the assessment is done, is it likely to produce any significant changes in the budget?

[27] **Jocelyn Davies:** No, because we can clearly identify that certain budgets are obviously targeted at vulnerable groups, but we could be missing something. The assessment ensures that we do not miss groups such as carers, as you mentioned, that are covered by other budgets that I cannot immediately identify.

[28] **Mohammad Asghar:** My question is on housing and regeneration generally. How has the need to achieve the Welsh Government's sustainability commitments been taken into account when allocating resources?

[29] **Jocelyn Davies:** As I mentioned earlier, the Wales housing quality standard is about tackling fuel poverty. If you can save on heating bills, it has an impact on climate change. We have a pilot scheme of 200 properties within the social housing grant programme that we are insisting are built to a higher sustainability code level, namely 4 and 5, just to see whether the materials and skills are available, what the extra costs are, and how the occupiers of those

properties get on with it once they move in. You will find in the old town dock in Newport in your area, Mohammad, that those properties have been built to a much higher environmental standard than is required by the building regulations. For example, the tenants there could reasonably expect their energy costs to be something like £5 per week or less. So, we are doing a number of things—and I also mentioned the Arbed programme—to meet that sustainability objective.

[30] **Joyce Watson:** Good morning, Deputy Minister. I am going to ask questions on the social housing grant, which is provided to registered social landlords so that new affordable housing for rent or sale can be provided. The budget is being reduced significantly in 2011-12, with further cuts proposed for future years. Have you made an assessment of the impact of that cut on the provision of affordable housing in the short and long term?

[31] **Jocelyn Davies:** Yes. We have decided that the major repairs allowance of £108 million is to be protected, so the greater cuts have to fall elsewhere. That is just a fact of life. The social housing grant budget has received significantly increased funding over the past few years, but you will not be able to see that from this budget because it was extra money that we were able to secure through two strategic capital investment fund bids, which came to £62 million. We also had an extra £4 million for the mortgage rescue scheme, which is paid for out of the social housing grant, and we had a £7 million consequential. So, extra money has gone in. With less money in the programme, you cannot build as many units. We are looking at the development of the Welsh housing investment trust and an intermediate rent product, which I will come back to in a minute, because you asked last year about accommodation for young people who cannot get social rented housing. We are also looking at the release of Welsh Assembly Government land, because if you can release land at very little cost, that influences how much it costs to build the properties. We are also working with the sector to look at a number of ways in which we can use the money as best as we can.

[32] On the intermediate rent product, Joyce, I think that you mentioned that youngsters were finding it impossible to put together a deposit but they might not be in a situation where they would ever qualify for social rented housing. With the SCIF money that we were able to obtain, we launched a pilot scheme of an intermediate rent, which is about 80 per cent of the open market value. After a few years, tenants are given the option to purchase at low cost home ownership, and some of the rent that has been paid would count towards the deposit.

9.20 a.m.

[33] So, we are doing a pilot scheme now with housing associations using the extra money that has come from the strategic capital investment fund. Whether we can go forward with that, given the current climate, I am not sure, but I will certainly let you know how that goes. So, it is really about looking at different ways to make that money go as far as possible and of working with the sector on how it uses the recycled capital grant, embedded grant and so on, because we know that, over the years, registered social landlords in Wales have received investments from public funds amounting to about £2.2 billion. That is a huge investment that they have already had in the stock, and we are looking at imaginative ways in which to use that.

[34] **Mark Isherwood:** Obviously, the social housing grant is the key to everything, alongside the major repairs allowance and so on, in generating the supply of new affordable housing. As it stood before this budget, the grant was still, in real terms, massively reduced compared with where it stood in the 1990s, and this is a further cut of roughly a third. In the past, the social housing grant has often been seen by Governments as one of the key stimuli for economic regeneration, particularly after a recession. Why is the Welsh Government not looking at it in that way this time? With regard to the opportunities that we hope to see with the housing investment trust, if it comes to fruition, how could it help to fill that gap, given

the role that it would play in providing security to lenders to registered social landlords?

[35] **Jocelyn Davies:** As I said earlier, I do not think that anyone in the Welsh Assembly Government would be making these cuts if they were not absolutely forced on us. You mentioned that the social housing grant was greater in the 1990s. I am not really here to account for what happened previously. It has certainly been a priority for the One Wales Government. I have set out the extra money that has gone into housing and what we have been able to achieve. However, faced with the decision of which budget to cut, my decision was that the major repairs allowance had to be the priority, because of a number of factors that I have set out several times this morning. So, Mark, I do not have any choice really.

[36] Kath has been dealing with the Welsh housing investment trust, so she may want to come in on this, but we are developing it with the sector. We have asked Community Housing Cymru to host its development. You will not see it in this budget, but I have recently had the news from Jane Hutt that I am able to have £3 million to get it off the ground. That is not taken into account in these figures, but perhaps Kath could give us the latest developments as far as the WHIT is concerned.

[37] **Ms Palmer:** I sit on a board with Community Housing Cymru and the Principality Building Society, and we have three partners on the board. We are working very hard to move forward on the Welsh housing investment trust. We have done a proof of concept in that we have had an independent valuation and analysed a sample of properties, so we have done a desktop exercise to prove that the concept works. We are now at quite a critical stage. We have had some workshops with housing associations. However, there are two key issues. One is getting the housing associations to buy into this and getting them on board, which CHC is doing. The second is testing the appetite for taking this to the market. So, there are two fundamental challenges to bringing this forward. However, we are working very hard on this because, ultimately, this is about trying to get capital funding into housing and making better use of the social housing grant, particularly as the budget is reducing.

[38] **Jocelyn Davies:** One thing that I would draw to the committee's attention is that the development of the universal credit worries lenders. Until now, if you were in the social rented sector, housing benefit would be paid directly to the registered social landlord. There is nervousness among lenders that, if the benefit did not go directly to the landlord, people may get into arrears. I am concerned about that, and I intend to write to the UK Government to say that perhaps that could be taken into consideration in the development of the universal benefit, and perhaps those payments could continue to go to the registered social landlord, whether it be a local authority or a housing association.

[39] **Sandy Mewies:** Before I call Dai, have you made any assessment over this budgetary period of how much more additional affordable housing for rent or sale can be provided?

[40] **Jocelyn Davies:** No, I have not, based on the figures in front of us. However, I do know that £100 million of social housing grant gets you about 1,000 brand-new properties. So, I suppose that someone could do a rough calculation based on that. It depends on how you deliver them, what level of grant you give, and on the product. For example, in the case of low-cost home ownership, where you are not purchasing the whole property, you could get many more units—probably three times as many. So, it depends on the sort of product that you are securing.

[41] **David Lloyd:** Yr ydych wedi ateb fy nghwestiwn yn rhannol gyda'ch atebion cynhwysfawr mor belled. Fodd bynnag, pa ddarpariaeth yr ydych wedi'i gwneud ar gyfer gwariant cyfalaf ar dai cymdeithasol os na **David Lloyd:** You have partly answered my question with your comprehensive answers so far. However, what provision have you made for capital expenditure on social housing should the Welsh housing

fydd ymddiriedolaeth buddsoddi tai Cymru investment trust not prove to be successful?
yn llwyddiannus?

[42] **Jocelyn Davies:** As I mentioned earlier, we are looking at all sorts of options, such as using the recycled capital grant, because there has been investment over the years. The sector estimates that it probably holds £2.2 billion in the form of investment in stocks, so we are looking at that. It is just a case of finding new ways. Perhaps, as I mentioned, releasing public sector land can make a difference, because the land value is a huge part of the cost of building a property.

[43] **Mark Isherwood:** What impact will the reduction in homelessness spending have on the homelessness plan, and what assessment have you made of whether that will increase costs in the longer term if more people experience homelessness?

[44] **Jocelyn Davies:** You are right, Mark. There is no doubt that homelessness results in more costs for the public purse for all sorts of reasons, such as the costs related to the health service, social services, community safety, and so on, and that is especially so for local authorities. I know that some projects are coming to an end, but no projects will be cancelled because of the draft budget. We need to strengthen our monitoring and evaluation so that we make sure that all the money that we spend is spent well. Sometimes, you go to see a project or hear of a project, and it appears to be very good, but we must learn to measure the outcomes and see whether they are sustainable. So, we need to get more people working together to secure the very best.

[45] An extra £1 million was allocated to the homelessness grant in 2010-11. I know that that is to fund specific projects in relation to early intervention and prevention. So, even if you take the budget cut into consideration, the 2011-12 budget is still higher than that for 2009-10.

[46] **Mark Isherwood:** Moving on to the major repairs allowance, you have already said that it is remaining static at £108 million, although of course, with inflation, it is a reduction. How might that reduction affect the ability of social landlords to meet the Welsh housing quality standard?

[47] **Jocelyn Davies:** It has never gone up since it has been introduced, so it has been a static budget for quite some time. It is a specific grant that was introduced some time ago to assist local authorities in reaching the Welsh housing quality standard. If there are stock transfers, it helps to fund the dowry payment. However, the dowry payments for the Valleys 2 Coast Housing stock transfer have ceased, so the money that would have gone to it has been redistributed among those still in receipt of the grant. So, it just means that it will take longer.

9.30 a.m.

[48] **Lynne Neagle:** You have highlighted the inevitability of the decisions that you have had to take on some of the reductions in budgets. I welcome your decision to protect the Supporting People budget, but that has also seen a reduction, notwithstanding those efforts. How will you monitor the impact of that reduction?

[49] **Jocelyn Davies:** I know that the sector is pleased that a level of protection has been afforded to it. We have to ensure that we spend all of that money. In the past few years there has been a slight underspend there, so there was a slight buffer. However, when you have a budget of £140 million, it is not surprising that every single bit is not spent—if you are not able to get a scheme under way when expected and it starts a bit later, you can inevitably expect that. You must remember that this is revenue as well, and is paying people's salaries. It is difficult to get revenue exactly right, so we will ensure that we spend all of it, and once we

move to the implementation of the Supporting People review, we will be in a better position as far as evaluation is concerned.

[50] When I made the written statement, Members would have received a copy of Sir Mansel Aylward's report into Supporting People. There are a number of recommendations there, Lynne, and we are going to call together people from the sector—local authorities, providers and others—to help us work out how we will implement the recommendations. So, we will deal with this report in the same way as we dealt with Sue Essex's report into affordable housing. Instead of consulting on the recommendations, or the Government trying to implement them, we will ask the sector to help us to work out how to do that. I think that that will lead to better outcomes. The idea is that we will be in a better position to know that all the money that goes into the Supporting People programme is focused on service users, and that we get the best value possible.

[51] **Eleanor Burnham:** Sut mae eich nod strategol o gael tai o ansawdd uchel yn y sector rhentu preifat yn cyd-fynd â'ch penderfyniad i leihau'r cyllid ar ardaloedd adnewyddu tai? **Eleanor Burnham:** How is your strategic aim for high-quality private rented sector housing compatible with your decision to reduce funding for housing renewal areas?

[52] **Jocelyn Davies:** If you protect one large budget, other budgets suffer. I know that excellent results for health impact and so on are coming from the renewal areas. However, if an area is declared a renewal area by a local authority, it generally lasts for about 10 years. So, we could run some for a bit longer, so that the spend could be spread over a longer period of time. I have a table here of the current renewal areas and I can see that about 10 are due to finish next year or the year after. You probably will not have this table, but I could certainly supply it to the committee. So, the impact will come from the fact that we will not be starting new renewal areas as old ones finish. It might take a bit longer. Local authorities will be disappointed at this, but the major repairs allowance goes to local authorities in general and they will be pleased about that. They know that they have tough choices to make, as do we.

[53] The renewal areas include private properties, but they are not general private rented sector properties. The biggest impact on the private rented sector will be the changes to housing benefit, which you do not see here. My worry there is that our homelessness prevention agenda could be left in tatters if we cannot use the private rented sector to house people on housing benefit.

[54] **Mohammad Asghar:** I think that you have already given half an answer to my next question, but I will still ask about regeneration. Why have you decided to focus capital investment on strategic regeneration areas, and what outcome do you hope to achieve through this approach?

[55] **Jocelyn Davies:** The previous Minister had decided to focus resources within specific regeneration areas, and we have just developed the new framework. That approach was overwhelmingly supported by those who responded and those who are experts in this area. Previously, the whole of Wales was regarded as a regeneration area, so you funded specific projects. It was a scattergun approach, and it was felt that it would be better to have geographic areas that you focus on for specific periods of time. As your efforts are focused, it levers in other money, often. It was felt that this was the best way to do it. You will see that we sometimes have legacy projects that do not happen. There is now a greater emphasis on those areas, a greater need to deliver there, and decisions can be made across local authorities, so more people come together. It really is a better approach.

[56] You mentioned outcomes, and we recently had an evaluation done of the JobMatch programme, which is a welfare-to-work programme that is active in the Heads of the Valleys.

I know that Members from that area know that programme very well. However, the performance on sustainability rates is strong, and that helps the hardest-to-help back to work. It started in Blaenau Gwent and is now active across the Heads of the Valleys. It engages with the economically inactive, and 8,600 clients have been engaged so far, with 5,130 helped into suitable employment that is sustainable over a long period. Chris, do you want to add something on that? Chris is a regeneration official.

[57] **Mr Warner:** Just to pick up on the evaluation point, we are just about to commission an evaluation of the Heads of the Valleys programme. Now that it has been running for five years, we can look at how the whole programme fits together. Previously, we have had performance information on individual projects like JobMatch, but we want to look at the whole picture for a major scheme over five years. On the outcomes going forward, we have set out in the framework for regeneration areas our three priorities for investment: increasing prosperity and wellbeing for the whole community; moving towards low-carbon communities; and improving life chances for children and young people. Underneath that will sit the local objectives in the individual areas that help us to achieve those outcomes.

[58] **Lynne Neagle:** Deputy Minister, I know that you have taken a strategic focus on regeneration, and that you are aware that, in places like Torfaen, we have wanted to see some of those boundaries extended. Do you think that your budget will enable you to consider that over the next few years?

[59] **Jocelyn Davies:** It will be difficult with less money to spend. Some local authorities are wholly contained within a regeneration area, but the area that Lynne represents is only partially in the strategic regeneration area. It is difficult for those local authorities to focus on those areas. I know that the regeneration money levers in other funds as well, so I suppose that, if only part of your area is classified as such, that makes things difficult. What I have said is that, if there are projects involved, they do not necessarily have to be wholly contained within the regeneration area. We are not creating a hard boundary here. If there was a project just outside a regeneration area, but you could demonstrate that the benefit would mainly fall to those within that area, we would consider it. Lynne, I think that it will be very difficult for us to extend the regeneration area,

9.40 a.m.

[60] However, some areas are declared regeneration areas for shorter periods of time. Barry and Aberystwyth are regeneration areas for three years, for instance. We would then be able to make decisions as to when to bring them to an end, and if we had to reduce spend there, we would reprofile and designate them for a longer period. The national regeneration panel will certainly help inform us with regard to future decisions.

[61] **Sandy Mewies:** The final question is from me. You note in your paper that you have managed the revenue budget cuts within the regeneration spending programme area by working with legacy project partners, which you have already touched on, to find ways of delivering programmes more cost-effectively. Can you give the committee examples of where savings were achieved? Are you considering any further shared service arrangements with public, private or third sector organisations as a way of delivering further efficiency savings?

[62] **Jocelyn Davies:** Some Members will be aware of the Cardiff Harbour Authority. The functions of the former harbour authority now rest with Cardiff Council, and the funding for that comes through the regeneration budget. We have had very productive discussions with the council about that budget. Those productive negotiations have not concluded, but we have come to an understanding with the council about reducing that budget. It understood fully that, with the regeneration budget being reduced, it also needed to co-operate. So, I hope that that will be concluded soon. So, through working with our partners, we have been able to

reduce that budget.

[63] You mentioned shared working. Community Housing Cymru, Care and Repair Cymru and the Centre for Regeneration Excellence Wales in Merthyr have formed a group structure, so there is collaboration there in shared services. We joined with the Welsh Local Government Association and Community Housing Cymru to part-fund rural housing enablers, and, of course, the Supporting People review recommends a unified funding stream for the Supporting People programme. We will be looking to ensure that any duplication that currently exists is eliminated. So, we are doing a number of things, some of which are on efficiency savings and some of which are things that we just will not be doing again in the future. We are always mindful that we need to get the best spend out of public money. We also use, where we can, the Can Do toolkit from the inform to involve project so that we get local jobs, training and procurement out of the money that we spend.

[64] **Sandy Mewies:** I thank you, Deputy Minister, and your officials for the paper provided, the answers to our questions, and for the additional notes that you will be sending us. We will send you a transcript that can be checked for accuracy. Thank you for coming today.

[65] **Jocelyn Davies:** Now that it has gone 9.30 a.m. and that the official statistics are now published, I would like to let the committee know that, although we have one year to go with the 6,500 additional affordable homes target, the official statistics today will show that we have achieved 6,700. I know that you will be pleased to hear that.

[66] **Sandy Mewies:** Well done. That is a good note on which to end this session. That is excellent.

[67] I now welcome our witnesses for the second part of our scrutiny of the draft budget. I welcome the Minister for Heritage, Alun Ffred Jones, Jo Jones, director of tourism and marketing, and John Howells, director of culture. Minister, would you or your officials like to introduce your paper?

[68] **Y Gweinidog dros Dreftadaeth (Alun Ffred Jones):** Mae'r papur yr wyf wedi'i gyflwyno i'r pwyllgor yn nodi'n fanwl sut y dyrennir y gyllideb treftadaeth, yn ogystal â'r egwyddorion sy'n sylfaen i'n penderfyniadau ar y gyllideb honno. Bydd y gyllideb refeniw'n gostwng 3.15 y cant dros y tair blynedd nesaf a'r gyllideb cyfalaf yn gostwng 34 y cant. Yn hynny o beth, bydd yr holl raglenni sy'n cael eu hariannu drwy'r gyllideb treftadaeth yn dod o dan bwysau mawr dros gyfnod yr adolygiad gwariant.

The Minister for Heritage (Alun Ffred Jones): The paper that I have presented to the committee details how the heritage budget will be allocated, as well as the principles that underpin our decisions on that budget. The revenue budget will decrease by 3.15 per cent over the next three years and the capital budget will decrease by 34 per cent. In that regard, all programmes that are funded from the heritage budget will come under great pressure over the period of the spending review.

[69] Fodd bynnag, lle y bu'n bosibl, yr ydym wedi ceisio diogelu gwasanaethau rheng flaen, gan roi llawer mwy o'r baich ar wasanaethau gweinyddu a chefnogi. Bu modd imi gynyddu rhywfaint ar y gyllideb Cymru ddwyieithog. Mae hyn yn adlewyrchu fy awydd i gefnogi ein strategaeth ar gyfer yr iaith Gymraeg. Mae'n rhaid i ni baratoi hefyd ar gyfer sefydlu comisiynydd y Gymraeg, ac yr wyf wedi blaenoriaethu ein buddsoddiad

However, where possible, we have tried to protect front-line services by putting much more of the burden on administrative and support services. I was able to give a small increase to the bilingual Wales budget. This reflects my desire to support our strategy on the Welsh language. We also have to prepare for the establishment of a Welsh language commissioner, and I have prioritised our investment in the People's Collection Wales,

yng Nghasgliad y Werin Cymru, sy'n gasgliad o bwys strategol. Ar wahân i hynny, yr ydym wedi rhannu'r arbedion ar draws holl is-benawdau'r gyllideb. [*Torri ar draws.*] Diolch yn fawr am y cefndir cerddorol ar y ffôn symudol.

which is a collection of strategic importance. Apart from that, we have spread the savings across all the budget's sub-headings. [*Interruption.*] Thank you very much for the background music on the mobile phone.

[70] **Mr Howells:** Sorry for that, Chair.

[71] **Alun Ffred Jones:** Mae hyn yn adlewyrchu fy marn bod gan ein holl raglenni treftadaeth gyfraniad pwysig i'w gwneud, yn arbennig yn ystod cyfnod o galedi economaidd. Mae gan dwristiaeth y potensial i'n helpu i'n harwain o'r dirwasgiad. Yr wyf wedi sicrhau bod cyllideb twristiaeth yn ddigonol i dynnu i lawr arian Ewropeaidd yn ystod y pedair blynedd nesaf, a bydd y gyllideb hefyd yn ddigonol i dynnu i lawr £5 miliwn arall dros y pedair blynedd nesaf ar gyfer marchnata, os caiff y prosiect hwn ei gymeradwyo—ac yr wyf yn hyderus y caiff. Mae gan y rhaglenni treftadaeth eraill hefyd gyfraniad pwysig i'w wneud i'r economi. Yn fy marn i, mae hi yr un mor bwysig pwysleisio cyfraniad y celfyddydau a threftadaeth i gyfoethogi bywydau pobl, yn arbennig ar adeg economaidd ddigon llwm. Yr wyf yn barod i ateb cwestiynau'r pwyllgor.

Alun Ffred Jones: This reflects my view that each of our heritage programmes has an important contribution to make, especially during a time of economic hardship. Tourism has the potential to help us to lead us out of recession. I have ensured that the tourism budget is sufficient to draw down European funding over the next four years, and the budget will also be sufficient to draw down another £5 million over the next four years for marketing, if that project is approved—and I am confident that it will be. The other heritage programmes also have important contributions to make to the economy. In my opinion, it is just as important to emphasise the contribution that the arts and heritage can make to enrich people's lives, especially during such gloomy economic times. I am ready to answer the committee's questions.

[72] **Sandy Mewies:** Thank you, Minister. The first question is mine, although you have gone some way towards answering it already. What actions have you taken to identify the overall revenue priorities within your department, and what are the likely changes to services supported by your department due to the challenges and the scale of the reductions in funding over the next three years?

[73] **Alun Ffred Jones:** I have gone through a long process in preparing my budget, and that included meeting all of the AGSBs. The changes are outlined in the paper that I have provided to committee. I will go into greater detail as you wish.

[74] **Sandy Mewies:** Is there anything further that you want to add? I felt that you had explained quite well how you were prioritising.

[75] **Alun Ffred Jones:** I merely want to say that all AGSBs were invited to bid, which included providing detailed evidence for the requirements for capital funding. These bids were taken into account in the allocation process, but my over-riding priority in this area was support for developments being taken forward by National Museum Wales at St Fagans.

[76] **Mr Howells:** It is worth mentioning that the AGSBs have only just been told about their budget allocations for the next three years, so they are only now beginning to work through what the changes in service provision that will arise from reductions in budgets will mean. It will be some time before we see what the end result will be in relation to services delivered.

[77] **Eleanor Burnham:** Will you please remind everyone what an AGSB is? I know what it is, but other people who are listening might not have a clue.

[78] **Mr Howells:** I apologise. It stands for Assembly Government sponsored bodies. They are arms-length bodies that deliver services.

[79] **Alun Ffred Jones:** They are bodies such as National Museum Wales and Sport Wales.

[80] **Eleanor Burnham:** I ask this in every committee, because there are many people who are interested but they might not have a clue what we are on about.

[81] **Sandy Mewies:** It did occur to me also, Eleanor, that we should have a list of abbreviations so that we could say, 'Of course I know what a MEG is'.

[82] **Eleanor Burnham:** I know what it is; it is just that I know that a lot of people who listen in get in touch with us and ask us what we are on about.

[83] **Sandy Mewies:** Yes, they do. Thank you for that.

9.50 a.m.

[84] **David Lloyd:** I raddau helaeth, yr ydych wedi ateb y cwestiwn hwn, ond fe'i gofynnaf er mwyn ichi gael llwyfan i ehangu ar yr hyn yr ydych yn ei wneud. O ran cyllid cyfalaf, yr ydych yn dweud yn y papur yr ydym wedi ei ddarllen yn fanwl eich bod wedi 'asesu blaenoriaethau'n fanwl'. A allwch chi roi mwy o fanylion am sut y gwnaethoch yr asesiad manwl hwnnw o'r blaenoriaethau a sut y daethoch i'r casgliad mai fel hynny yr ydych yn mynd i ddyrannu eich cyllid cyfalaf?

David Lloyd: You have to a large degree answered this question, but I will ask it anyway so that you can have a platform to expand on what you are doing. On capital expenditure, you state in your paper, which we have all read in detail, that you have conducted 'a rigorous assessment of priorities'. Can you give further details on how you conducted that rigorous assessment of priorities and how you reached the conclusion that you would allocate that capital expenditure in that way?

[85] **Alun Ffred Jones:** Megis mewn ardaloedd eraill, mae'r gyllideb gyfalaf yn cael toriad trwm iawn, ac mae'n amhosibl cynnal a chadw pob peth ar y lefel bresennol. Dyna pam, o edrych yn fanwl a strategol ar y maes, ein bod wedi blaenoriaethu datblygiad diddorol a chyffrous iawn yn Sain Ffagan gan yr amgueddfa genedlaethol. Yr ydym yn credu bod hwn yn gyfle gwyh i dynnu arian o'r tu allan i mewn, a bydd yn gweddwid un o'n sefydliadau pwysicaf ym maes treftadaeth. Yn anffodus, mae hynny'n cael effaith ar rannau eraill, ac un ohonynt yw grantiau adnewyddu llyfrgelloedd CyMAL, sydd yn cael eu torri 50 y cant. Ni fyddwn yn dymuno gwneud hynny achos ei bod wedi bod yn rhaglen ardderchog a llwyddiannus.

Alun Ffred Jones: As in other areas, the capital budget has taken a severe cut, and it will be impossible to maintain everything at current levels. That is why, having looked in strategic detail at this area, we had prioritised a very interesting and exciting development at St Fagans by the national museum. We believe that this is an excellent opportunity to attract external funding, and it will transform one of our most important heritage institutions. Unfortunately, that has an impact on other parts, one of which is the CyMAL library renovation grants, which will be cut by 50 per cent. It is not something that I want to do, because it has been an excellent and highly successful programme.

[86] **Joyce Watson:** Good morning, Minister, and thank you for your paper. I agree that these are tough times, so I will ask questions on funding efficiency. You say in the draft

budget narrative document that a number of new work streams and joint working arrangements are being pursued, involving the Welsh Local Government Association and the Assembly Government sponsored bodies. Can you provide detail about the new working streams and joint working arrangements, and have you any idea of when we can expect to see them being implemented?

[87] **Alun Ffred Jones:** There have always been close working arrangements between us, the various outside bodies and the WLGA—I attended a WLGA conference last month that looked at the possibility of alternative ways of delivering public library services and archives. The discussions between the WLGA and CyMAL are ongoing. That is one example of this type of work stream. Perhaps Jo can elaborate on discussions in the field of tourism.

[88] **Mr Jones:** On the tourism side, this is nothing new. It is ongoing. Visit Wales funds four regional tourism partnerships. They are companies that are limited by guarantee; they are not AGSBs. Those boards are 50 per cent appointed local authority members and 50 per cent elected private sector representatives. So, they are a great example of a public-private sector partnership. I know that the local authorities represented on those boards are doing as much as they can to work across boundaries and are moving forward in that way.

[89] **Mohammad Asghar:** My question is also on funding efficiency. How do you intend to identify and measure the effectiveness and outcomes of your stated strategic priorities and, therefore, the effectiveness of the allocations and savings that you have made in the budget to associate with those priorities?

[90] **Alun Ffred Jones:** There have always been thorough evaluations of our programmes, and this will continue. They are available for you to look at. For example, the Arts Council of Wales makes an annual assessment of audiences for arts events, Cadw analyses its visitor statistics on a continuing basis and a Visit Wales evaluation is part of the budget of every programme and, as a rule, those statistics are published. It is also perhaps worth mentioning in this context the arts council's recent investment review. This has provided an opportunity for a root-and-branch evaluation of every company that it funds. Jo, do you want to elaborate on the way in which Visit Wales tries to ensure that the pounds are spent wisely?

[91] **Mr Jones:** Absolutely. As everyone knows, marketing is not an exact science, and therefore you have to experiment. We build an evaluation into every marketing campaign we devise, so we go back to the people who responded to our campaigns to ask them whether they went on holiday, how they responded and how much they spent and where. The last full year for which we did this was 2009, and we showed that, as a direct result of our marketing campaigns only, not those of the industry, the local authorities or anyone else, an additional £91 million was spent in Wales. Of course, the corollary to that is that, if any part of our campaign does not show that effectiveness, we learn from it and we do not do a similar thing again.

[92] **Sandy Mewies:** We are going to move on to the arts sector of the portfolio with questions from Lynne.

[93] **Lynne Neagle:** Given that less than 0.25 per cent of the Assembly budget is being allocated to the arts—I recognise that it has been a very difficult settlement for the Assembly Government—what consideration have you given to the impact of the wider value of the arts on individual communities, some of which are already struggling with the impact of the cuts already made? Have you made any assessment of the impact of the funding?

[94] **Alun Ffred Jones:** No, I think that it is too early. Arts council funding will fall by 4.6 per cent in cash terms from the current baseline. However, the administration of the arts council will take a 12 per cent hit, while front-line services over the three years will be

affected by around 4 per cent, which compares very favourably with what is happening in England. It is too early to say what the exact impact of that will be on individual programmes with individual companies. The arts council has said to me that it will be able to implement the results of its review. It was content—but I will not say that it was pleased—with the allocation that it received, and it thinks that this allows it to proceed with its programme. However, the proof of that will be seen over the coming months. As I understand it, the arts council is going to make announcements before Christmas, and that will be available for public perusal.

[95] **Joyce Watson:** Following a similar theme of assessment, I know that these are tough times and that there is a 4 per cent decrease, but have you had discussions with the arts council about the geographic spread of the impact on certain areas? We are talking about tourism and arts; there is a co-dependency, which you recognise, because you have addressed cultural tourism, which I commend. However, have you had discussions about the geographic spread of the impact that the reductions will have, as it has been argued that the effects will be disproportionate in some areas?

[96] **Alun Ffred Jones:** Yes, I have had discussions with the arts council about the potential impact of any changes on communities and the geographical spend throughout Wales. It is fully aware of the need to be seen to be fair and to act in an equitable manner. Again, the proof will be seen as we see the spending review being implemented.

[97] **Mohammad Asghar:** Given that less than 0.25 per cent of the Assembly Government budget is allocated to supporting the arts, has WAG given full consideration to the wider value of the arts and the disproportionate impact that any further cuts would have on communities as well as the Welsh economy?

10.00 a.m.

[98] **Alun Ffred Jones:** I appreciate that these are difficult times, and even given the relative protection given to the arts community, it is facing real cuts. However, the review conducted by the arts council puts it in a stronger position than if that review had not taken place. As I said, if you compare the situation with that in England, the overall impact in Wales is a cut of about 4 per cent over three years compared with a 20 per cent cut in the arts council's spending in England. So, in that sense, I suppose that the arts council counts itself lucky; in fact, the chair of the arts council has stated that publicly, and I was very pleased to hear his response. However, there will inevitably be difficulties as we proceed over the coming years.

[99] **Sandy Mewies:** The arts sector spending programme area includes institutions such as the Wales Millennium Centre and the National Botanic Garden of Wales. Which institutions will experience reductions in revenue and capital funding? Do you know whether those institutions be affected directly?

[100] **Alun Ffred Jones:** The millennium centre's budget has been flatlined at £3.7 million for three years, with a capital allocation of £300,000 for each year. There are particular circumstances in relation to the Wales Millennium Centre because it is losing the endowment of £1 million, which has been part of its revenue budget since the beginning. Therefore, it faces difficult times like everyone else. That is why we have flatlined its revenue support.

[101] On the National Botanic Garden of Wales, discussions are still being held with the garden, and a decision has yet to be made on the final allocation.

[102] **Eleanor Burnham:** Part of my question has been answered.

[103] Bore da, Weinidog. Yr oeddwn hefyd yn mynd i ofyn am y gwariant refeniw. A ydych yn hyderus eich bod wedi neilltuo digon i ganolfan y mileniwm? Mae'r ganolfan yn sefydliad unigryw yng Nghymru, ac er nad ydyw efallai yn elwa pobl yn fy ardal i yng ngogledd Cymru gystal ag y dylai, mae'n sefydliad pwysig.

Good morning, Minister. I was also going to ask about the revenue spend. Are you confident that you have allocated enough to the millennium centre? It is a unique establishment in Wales, and although it perhaps does not benefit my patch of north Wales as well as it should, it is still an important establishment.

[104] A ydych wedi bod yn edrych fwy ar bartneriaethau? Mae addysg yn faes pwysig o ran edrych ar rai meysydd y gellir eu cwtdgi. Mae rhai o'r cwmnïau a ddaeth gerbron y pwyllgor yn gynharach yn y tymor yn gwneud gwaith hanfodol bwysig mewn ysgolion. A ydych wedi gwneud digon i sicrhau bod partneriaethau cryf?

Have you looked more at partnerships? Education is an important area for looking at areas where cuts could be made. Some of the companies that came before the committee earlier this term undertake essential and important work in schools. Have you done enough to ensure that there are strong partnerships?

[105] Mae'r ardd fotaneg wedi cael hanes simsan ers y cychwyn. Beth yn union ydych yn ei wneud i'w galluogi i gryfhau a pharhau yn llewyrchus yn y dyfodol?

The botanic garden has had a chequered history from the beginning. What exactly are you doing to enable it to strengthen and prosper in the future?

[106] **Alun Ffred Jones:** Yr ydych yn cyfeirio at addysg, ond nid wyf yn gyfrifol am y gyllideb addysg. Mae'r gwariant ar weithgarwch mewn ysgolion yn fater i awdurdodau lleol a'r adran addysg. Fodd bynnag, yr wyf yn gwybod at beth yr ydych yn cyfeirio, ac yr wyf wedi dweud y bu hyn yn rhan o broses yr aeth cyngor y celfyddydau drwyddi. Nid wyf am wneud sylw ar y penderfyniad unigol hwnnw. Mae darpariaeth yn y maes theatr ar gyfer pobl ifanc a gweithgarwch celfyddydau yn gyffredinol yn faterion a drafodwyd yn ddiweddar gan y cyngor a bydd yn gwneud datganiad yn ystod y misoedd nesaf ar ei bolisiau yn y meysydd hyn. Mae'n debyg y bydd hynny'n fater y byddwch am edrych arno yn fanwl.

Alun Ffred Jones: You refer to education, but I am not responsible for the education budget. The spend on activities in schools is a matter for local authorities and the education department. However, I am aware of what you are referring to, and I have said that this was part of a process that the arts council went through. I will not comment on that individual decision. Theatre provision for young people and arts activity in general are matters that were discussed recently by the council, and it will make a statement during the coming months on its policies in these areas. That will probably be a matter that you will wish to look at in detail.

[107] O ran yr ardd fotaneg, mae'r trafodaethau yn parhau. Yr ydym i gyd yn ymwybodol ei fod yn sefydliad pwysig ac y bu o dan bwysau ariannol ers blynnyddoedd. Fodd bynnag, mae pob ymdrech yn cael ei wneud i roi pob cefnogaeth i'r rheolwyr newydd sydd wrth y llyw yn yr ardd, ac mae cryn dipyn o drafod a gweithgarwch yn digwydd i geisio sicrhau dyfodol llewyrchus iddo.

With regard to the botanic garden, the discussions are ongoing. We are all aware that it is an important institution and that it has been under financial pressure for years. However, every effort is being made to give every support to the new management team that has taken over in the garden, and substantial discussions and activity are being undertaken to secure a prosperous future for the garden.

[108] **Eleanor Burnham:** A allwch fanylu

Eleanor Burnham: Can you give more

yn glŷn â sut y byddwch yn craffu ac yn mesur a yw eich buddsoddiad yn y celfyddydau yn cael yr effaith fwyaf bosibl ac yn rhoi'r gwerth am arian yr ydym i gyd yn edrych amdano?

detail on how you will scrutinise and measure whether your investment in the arts is having the maximum effect possible and is giving the value for money that we are all looking for?

[109] **Alun Ffred Jones:** Mae gennym broses lle yr ydym yn adolygu gwaith bob un o'r cyrff yn chwarterol ac yn mesur eu perfformiad yn erbyn eu cynlluniau busnes. Fel gyda chyngor y celfyddydau, byddaf yn cynnal dau gyfarfod ffurfiol bob blwyddyn â'r cyrff hyn lle caiff yr holl faterion hyn eu trafod. Y gwir amdani yw ein bod yn cyfarfod yn llawer iawn amlach na hynny, mewn gwahanol amgylchiadau, er mwyn i ni gael cyd-ddeall yr hyn sy'n digwydd o fewn y gwahanol gyrff. Mae'r cyngor yn un o'r rheini.

Alun Ffred Jones: We have a quarterly process where we review the work of every organisation and measure their performance against their business plans. As with the arts council, I conduct two formal meetings annually with these organisations at which all of these issues are discussed. The truth of the matter is that we meet much more frequently than that, under various circumstances, so that we can mutually understand what is happening in the various organisations. The council is one of those.

[110] **Mark Isherwood:** What assessment have you made of the impact of your proposals on the museums, archives and libraries spending, particularly the activities of National Museum Wales and the National Library of Wales, and grant funding to library services and museums across Wales?

[111] **Alun Ffred Jones:** Discussions have been ongoing with Amgueddfa Cymru National Museum Wales and the National Library of Wales to ensure the minimum impact on front-line services and to maintain free entry to our national institutions. Unfortunately, I have to find efficiencies from everywhere in my main expenditure group, and this area is not an exception. No-one is pretending that this will be easy or painless, but we try to maintain sufficient support for core business to be continued.

[112] **Mark Isherwood:** What about library services and the way in which you assess the likely impact? I am pleased to hear you say that you have had discussions on maintaining front-line services, but what do you assess the likely impact to be?

[113] **Alun Ffred Jones:** That will be a matter for the individual institutions to declare in the coming months if changes are afoot. On the general support for museums throughout Wales, we are cutting the direct grants that are available, but they are not disappearing. Again, we hope that we will be able to maintain a level of support that will see us through this difficult period.

[114] **Sandy Mewies:** Dai will now move us on.

[115] **David Lloyd:** Symudaf ymlaen at bwnc chwaraeon. Yr ydym oll yn deall, yn naturiol, y toriadau llym sydd wedi digwydd i gyllidebau pawb o ganlyniad i'r toriadau a ddaeth ar hyd yr M4 o Lundain. Serch hynny, hoffwn edrych yn benodol ar y gostyngiad o ran cyllid Chwaraeon Cymru. A fedrwch amlinellu sut y disgwylir i'r cynlluniau penodol hyn gael unrhyw effaith ar gyflawni amcanion y strategaeth 'Creu Cymru Egnïol', a'r nod yn 'Cymru'n Un', sef annog rhagor o

David Lloyd: I will move on to the subject of sports. We all understand, naturally, the severe cuts that have been made to everyone's budgets as a result of the cuts that came along the M4 from London. However, I wish to look specifically at the reduction in the budget for Sport Wales. Could you outline how these specific plans are expected to impact in any way upon achieving the objectives of the 'Creating an Active Wales' strategy, and the 'One Wales' objective of

bobl o bob oed i gymryd rhan mewn chwaraeon?

encouraging greater participation by people of all ages in sports?

[116] **Alun Ffred Jones:** Er gwaethaf y toriadau, yr ydym yn parhau'n obeithiol bydd y prif raglenni yn parhau wrth i Chwaraeon Cymru gydweithio â'r awdurdodau lleol, ac y bydd y cydweithrediad rhwng Chwaraeon Cymru a'r cyrff sy'n cynrychioli'r gwahanol chwaraeon ar eu cynlluniau i ddatblygu mwy o hyfforddwr yn parhau. Bydd Chwaraeon Cymru yn gorfod chwilio am arbedion, ac y mae'n ymwybodol o hynny. Dyna bwysigrwydd y cynllun a roddwyd ar waith eleni i greu mwy o hyfforddwr a phobl i gefnogi, er mwyn ceisio annog gweithgarwch ar lefel leol. Yr ydym yn parhau i obeithio y bydd y gwaith pwysig yn yr ysgolion, gyda'r cynllun 5x60, yn parhau. Yr ydym hefyd yn gobeithio, dros y blynyddoedd nesaf, y bydd y cyfraniad o du'r Loteri Genedlaethol yn cynyddu ychydig. Bydd hynny'n gymorth i wrthweithio rhai o effeithiau'r toriadau sydd wedi'u gorfodi arnom.

Alun Ffred Jones: Despite the cuts, we remain hopeful that the main programmes will continue as Sport Wales collaborates with the local authorities, and that the collaboration between Sport Wales and the representative bodies of the various sports on their plans to develop more coaches and trainers will continue. Sport Wales will have to seek savings, and it is aware of that. That is the reason for the importance of the scheme that was initiated this year to train more coaches and people in supporting roles, in order to encourage participation on a local level. We still hope that the important work undertaken in schools, with the 5x60 programme, will continue. We also hope that, over the ensuing years, the contribution from the National Lottery will increase slightly. That will then assist in counteracting some of the impact of the cuts that have been imposed on us.

[117] **Mohammad Asghar:** Thank you very much, Minister, for all your precise answers. There is budgetary constraint in central Government, which we are all facing. My question relates, in particular, to the Welsh language. Can you expand on the funding implications of the new Welsh language strategy, and explain how you have calculated the necessary 2 per cent increase in the bilingual Wales fund to implement this strategy?

10.10 a.m.

[118] **Alun Ffred Jones:** It is important that I provide additional funding to support the Welsh language strategy and I look forward to engaging with stakeholders to develop the actions outlined. This is an important policy area that constitutes one of the Government's key objectives, to ensure that the Welsh language thrives. The language remains in a fragile state and we must continue to support actions that promote and facilitate its use. That is the reason for those decisions.

[119] **Joyce Watson:** I welcome what you have just said. However, you also state in your paper that the Welsh Language Board's running costs will be maintained at their current level to accommodate the proposed establishment of the Welsh language commissioner. Can you provide detail as to how you have calculated the cost of establishing that office, especially in light of the view expressed by the Finance Committee in August that there was a lack of detail available in that regard?

[120] **Alun Ffred Jones:** Overall, the policy remains that the cost of establishing the role of commissioner will be funded from funds that are currently made available to the Welsh Language Board. It is recognised that there will be transitional costs and the budget has been flatlined to enable us to respond to those.

[121] **Joyce Watson:** Do you have a specific time frame for the establishment of the role of Welsh language commissioner? If that is the case, how is it reflected in the draft budget?

[122] **Alun Ffred Jones:** We expect costs to fall from 2012 onwards, but that depends on the progress of the Proposed Welsh Language (Wales) Measure.

[123] **Sandy Mewies:** We now move on to the historic environment.

[124] **Eleanor Burnham:** Mae dogfen naratif y gyllideb ddrafft yn ogystal â'ch papur chi i'r pwyllgor yn datgan y bydd cyllideb Cadw'n cael ei diogelu rhywfaint. A allwch roi mwy o fanylion ar hyn, a pha effaith yr ydych yn disgwyl y bydd y gostyngiadau yng nghyllid y maes rhaglenni gwariant hwn yn eu cael ar yr amgylchedd hanesyddol yng Nghymru ac ar y gwaith mae Cadw yn ei wneud? Sut ydych yn rhagweld y bydd cydweithio â phartneriaid fel awdurdodau lleol yn rhan o'r rhaglen yn y dyfodol?

Eleanor Burnham: Both the draft budget's narrative document and your paper to the committee state that some protection will be given to Cadw's funding. Can you elaborate on this, and what impact do you envisage that the reductions in the budget of this spending programme area will have on the historic environment in Wales and on Cadw's work? How do you anticipate that collaboration with partners such as local authorities will be part of the programme in the future?

[125] **Alun Ffred Jones:** Mae gwaith Cadw o hyrwyddo, gwarchod a hwyluso mynediad i dreftadaeth adeiledig Cymru yn flaenoriaeth i mi. Am y rheswm hwnnw, yr ydym wedi ceisio rhoi rhywfaint o amddiffyniad yn y gyllideb. Yr ydym hefyd yn ceisio sicrhau bod gallu Cadw i godi incwm yn cael blaenoriaeth, er mwyn rhoi mwy o hyblygrwydd i ni i ddatblygu'r gwaith. Wrth gwrs, bydd rhaid i Cadw wneud arbedion fel pawb arall. Mae'r gyllideb honno hefyd cynnwys Comisiwn Brenhinol Henebion Cymru yn y swm cyflawn.

Alun Ffred Jones: Cadw's work of promoting, conserving and facilitating access to the built heritage of Wales is a priority for me. For that reason, we have endeavored to offer some protection in the budget. We are also trying to ensure that Cadw's ability to generate income is given priority, in order to provide greater flexibility for us to develop the work. Of course, Cadw will have to make savings, just like everyone else. That budget also includes the Royal Commission on the Ancient and Historic Monuments of Wales in the full amount.

[126] **Lynne Neagle:** Last year, you told the committee that you had asked Cadw to review its free-entry scheme. Has this been reflected in the funding allocations for the historic environment? Can you confirm whether Cadw will be able to continue with that scheme?

[127] **Alun Ffred Jones:** I continue to support free entry, but the review is ongoing and I remain anxious to ensure that access is extended as widely as possible to all groups and minorities. The position has not changed, but the review is ongoing.

[128] **Sandy Mewies:** We are moving right across your portfolio, Minister, to a question on tourism from Mark Isherwood.

[129] **Mark Isherwood:** In your paper, you emphasise the importance of tourism to the Welsh economy, and state that it is important to continue to fund each of the main tourism programmes to the extent that funding would allow. Noting that the budget indicates a 9.6 per cent revenue or cash reduction over the four-year period up to 2013-14, can you give us some examples of where this has not been possible, and what the impact might be?

[130] **Alun Ffred Jones:** The emphasis in the tourism budget has been on providing the match funding for the four major European projects that Visit Wales is currently working on. At present, there are no proposals to stop funding any tourism programmes, although there may be some scaling down of marketing initiatives if that proves necessary. Perhaps Jo would like to elaborate on the implications for the ongoing European schemes.

[131] **Mr Jones:** We are grateful that the Minister has made revenue funding available for Visit Wales to draw down some £30 million over the next four years against four European Union projects. That will make a significant difference and will counterbalance any reduction in our revenue funding. As the Minister said, we have no intention of cutting any programmes. It is probably the case that we may scale back some of our overseas marketing activity to concentrate on the UK market, which has always been the major provider of business to Wales, especially since VisitBritain—with which we have worked very closely overseas—has had its budget cut drastically. So, it may well have to concentrate on those markets that are not of the most importance to us.

[132] **Mark Isherwood:** Can you provide more specific details about the tourism investment support scheme, how much funding it entails, and the benefits that you expect it to bring to the Welsh economy? How will you measure and monitor those benefits?

[133] **Alun Ffred Jones:** The tourism investment support scheme aims to encourage the targeted development of the tourism industry. The scheme will invest in tourism businesses to create and safeguard jobs in the construction and ongoing operations of growing businesses. The budget will fall in line with the cut to the overall heritage main expenditure group's capital allocation, from the present £3.5 million to £2.3 million in 2013-14, although the budget has received a further £1 million from central reserves in this financial year. Like all tourism projects, this scheme will be fully evaluated and the results published.

[134] **Mr Jones:** Job creation was the element to which we could point quite clearly in the past when the former tourist board and colleagues in the Department for the Economy and Transport had the scheme. We usually ensured that, for every £12,500 of Government funding spent, a full-time equivalent job would be created or safeguarded. In going forward with a reduced budget, we will continue to invite applications but probably for upgrading rather than increasing capacity during difficult marketing conditions. However, the job-creation element will be very strongly monitored.

[135] **Sandy Mewies:** On that subject, I was interested in the comment that you made about VisitBritain. We sometimes forget about the impacts that other budgets may have. Could we have a note on that?

[136] **Mr Jones:** Yes, certainly.

[137] **Eleanor Burnham:** Wales has many connections abroad. What are you doing in marketing terms to attract people from elsewhere, notwithstanding the fact that your marketing and tourism strategy is designed to do the best with the little money that you have? Is there not sufficient academic or other evidence to suggest that we should be looking elsewhere? The Irish have huge contacts with the North American continent in particular. There is an emerging market in China and all sorts of places. Could we not do more to attract more people, because we have some wonderful facilities of which we are all aware? Think of Pontcysyllte alone, which is a new UNESCO heritage site. What are we doing to get the benefits?

[138] **Alun Ffred Jones:** Congratulations on getting Pontcysyllte into the question. Jo will elaborate on this. Nine out of 10 visitors to Wales come from the UK and Ireland, and that is where our marketing is targeted. Marketing abroad is a very expensive business, and so the thrust of Visit Wales's work over the past few years has been to attract journalists, who get taken around Wales and shown its glories, and they then go home and, hopefully, write wonderful articles—indeed, they very often do. That has been successful for golf tourism, as the figures prove. It is a much more effective way of getting your message across, because people tend to believe journalists but they do not always believe advertisements. So, it is a

difficult choice for us to make. Comparisons with Ireland are perhaps not always the best, because of the Irish diaspora in America, where 40 million or 50 million Americans claim to be of Irish descent, including Barack Obama. That is not the case with Wales. Jo, I do not know whether you want to comment.

10.20 a.m.

[139] **Mr Jones:** On the comparison with Ireland, as the Minister said, there has not been the diaspora from Wales that there has been in the case of the Scots, the English or the Irish. The Irish comparison is a significant one, as some 40 million people claimed to have Irish blood in the last American census, while just 1.8 million claimed to have Welsh blood. I have always said that the Welsh in America make very good Americans, because we will marry anyone, but the other ethnic groups tend to stick together.

[140] On a more serious point, turning to the media angle, we have a target of bringing in some 300 media representatives from our target markets in the UK and overseas, working closely with VisitBritain. The target, which we have achieved in the past, is to generate £40 million-worth of equivalent advertising costs as a result of those visits. That has a huge marketing impact. As the Minister said, people tend to believe what journalists write about a country far more than what a Government says about its own country. So, we are certainly not ignoring overseas markets, and the First Minister has set up a board to look at overseas work, on which the Minister and Deputy First Minister sit, so that Visit Wales and all Welsh Assembly Government departments can work together more closely, for example, on the important markets of India and China.

[141] **Sandy Mewies:** I think that that question has been well and truly answered, thank you. That means that I will have to ask everyone to be very succinct.

[142] **David Lloyd:** Yr ydych wedi crybwyll eisoes y bydd mwy o arian loteri ar gael, gobeithio, ar ôl y Gemau Olympaidd. A yw'r disgwyliad hwnnw'n cael ei adlewyrchu yn y ffordd yr ydych wedi dyrannu'r cyllid ar gyfer y flwyddyn ariannol 2012-13 a thu hwnt?

David Lloyd: You have already suggested that lottery funding will increase, it is hoped, after the Olympic Games. Is that expectation reflected in the way in which you have allocated money for the financial year 2012-13 and beyond?

[143] **Alun Ffred Jones:** Nid wyf yn sicr beth fydd dyfodol arian y loteri ar ôl y Gemau Olympaidd, ond y disgwyliad yw y bydd cynnydd ac y bydd rhai meysydd, megis y celfyddydau a chwaraeon, yn elwa. Gobeithio y bydd hynny'n gwrthweithio peth o'r toriadau sydd yn y gyllideb.

Alun Ffred Jones: I am not sure what the future of lottery funding will be after the Olympic Games, but the expectation is that there will be an increase and that some areas, such as the arts and sports, will benefit. I hope that that will counteract some of the cuts in the budget.

[144] **David Lloyd:** Yr ydych yn sôn yn eich papur am y ffaith bod gwaith eich portffolio yn torri ar draws adrannau'r Llywodraeth, o ran iechyd y cyhoedd, addysg ac ati. Sut y mae hynny'n cael ei adlewyrchu yng nghyllideb ddrafft Llywodraeth Cymru?

David Lloyd: In your paper, you say that the work of your portfolio cuts across Government departments, such as on public health, education and so on. How is that reflected in the Welsh Government's draft budget?

[145] **Alun Ffred Jones:** Mae'n cael ei adlewyrchu mewn mwy nag un ffordd. Mae'r gwaith sy'n cael ei wneud i gynyddu lefelau cyfranogiad mewn chwaraeon a

Alun Ffred Jones: It is reflected in more than one way. The work that is being undertaken to increase participation levels in sports and open-air activities ties in with the

gweithgaredd awyr agored ynghlwm wrth bolisiau iechyd y Llywodraeth. Yn yr un modd, drwy'r bwrdd celfyddydau strategol, yr ydym yn ceisio clymu gweithgarwch yn y maes celfyddydol gydag addysg a phartneriaid eraill. Mae'r un peth yn digwydd yn y maes treftadaeth adeiledig, lle, unwaith eto, mae gennym fwrdd sy'n cynrychioli ystod eang o bobl y tu allan i'r Llywodraeth sydd â diddordeb yn y maes. Wrth wneud hynny, yr ydym yn ceisio annog gweithgarwch o fewn cymunedau fel bod pobl yn cymryd diddordeb yn eu treftadaeth a pherchenogaeth ohoni.

Government's health policies. Similarly, through the strategic arts board, we are hoping to tie in activity in the arts with education and other partners. The same thing is happening with regard to the built heritage, where, again, we have a board that represents a wide range of interested parties that are outwith the Government. In so doing, we are trying to encourage activities within communities so that people can take an interest in, and take ownership of, their heritage.

[146] **Sandy Mewies:** Looking at equality and sustainability, how have those considerations been taken into account in the formulation of the draft budget, and in relation to the allocations that you have made in the spending programme?

[147] **Alun Ffred Jones:** Every effort has been made to ensure that no significant impacts on equality arise from our budgetary decisions and allocations. There are some areas in which potential impacts could be seen, including access to national museum sites, access to Cadw sites and free swimming, and as a result of there being fewer resources to run free or heavily subsidised events aimed at encouraging equalities groups to access cultural services. Policy officials will continue to undertake equality impact assessments, and that process will include engagement with relevant stakeholders where equality impacts have been identified. Any options to mitigate differential impacts identified will be considered more thoroughly within the process.

[148] **Sandy Mewies:** Thank you for that. Minister, I thank you and your officials for the paper that you provided and for the comprehensive answers that you have given us. A transcript will be sent to you to check for accuracy. Thank you very much indeed for that comprehensive view of a comprehensive portfolio.

10.25 a.m.

Papurau i'w Nodi Papers to Note

[149] **Sandy Mewies:** There are several papers to note. Are Members willing to note these and the minutes of the meeting held on Wednesday, 10 November? I see that you are. Are we ready to proceed?

[150] **Mr Jackson:** We are just waiting for the Minister to come from another committee.

[151] **David Lloyd:** I could go to the other committee meeting and turf the Minister out.

[152] **Sandy Mewies:** You do that. Can I come and watch? [*Laughter.*] We could go into private session and move back to that item when the Minister arrives.

[153] **Eleanor Burnham:** We all have to go—[*Inaudible.*]

[154] **Sandy Mewies:** This is why I am so strict with timing. I remind Members that we have to keep out questions focused.

[155] **Eleanor Burnham:** We understand completely.

[156] **Sandy Mewies:** Shall we go into private session for items 3 to 4, to allow the committee to consider the themes and issues emerging from our scrutiny of the draft budget so far and the themes and issues emerging from the inquiry into the accessibility of arts and cultural activities in Wales? We will have to resume as soon as the Minister arrives.

[157] I see that the Minister has now arrived. We will return to item 2 on the agenda.

10.27 a.m.

Craffu ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2011-12: Parhad Scrutiny of Welsh Government 2011-12 Draft Budget: Continued

[158] **Sandy Mewies:** I welcome—if you still recognise him with his moustache—the Minister for Social Justice and Local Government, Carl Sargeant. With him are David Powell, director for social justice and local government, Eleanor Marks, director of the communities division, and Owain Lloyd, head of finance, governance and planning. Thank you for the paper that you presented. It was read with interest by Members. Carl, do you want to introduce it or do you want to go straight to questions?

[159] **The Minister for Social Justice and Local Government (Carl Sargeant):** I will introduce it briefly, if I may. Thank you for the opportunity to come to committee. I apologise for the slight delay. We have just come straight from another committee to here, so it was a bit of a rush, but it is just a case of keeping up the momentum now, I suppose.

[160] In our budget lines, we have tried to tackle the issues that we think are priorities for the Welsh Assembly Government. I am sure that you will wish to question me on that. However, I am happy to take questions. This is a very difficult settlement that we find ourselves with. It is the first negative budget that the Assembly has ever had to deal with, and it has been quite a challenge. It will be a challenge for the public services across Wales, but there is an opportunity to do business differently, and I might be able to explain that in more detail when answering your questions this morning.

[161] **Sandy Mewies:** I think that you have given us the general outline of how choices have been made, but can you tell us what actions you have taken to identify the priorities within your department to inform the decisions made on budget allocations?

10.30 a.m.

[162] **Carl Sargeant:** Our budget has been based on the Government's priorities of health, education, skills and universal benefits. That is the broad overarching principle. Underneath that, we have been working across Cabinet to align our specific duties within our portfolios to create opportunities within those. I can give you an example of that with regard to our commitment to supporting and protecting education. There are huge links between education and poverty and, by investing in education in the foundation phase and in educational attainment, we believe that we can give people the life chances and opportunities to lift themselves out of poverty and to break the poverty cycle. Effective education has a huge effect on my portfolio, so we have tried to build those relationships across portfolios. That is one example of where national Government priorities also fit in with my priorities.

[163] **David Lloyd:** Gan ddilyn yr un **David Lloyd:** Along the same lines, but trywydd, ond efallai mewn ychydig mwy o perhaps in a little more detail, how do you fanylder, sut yr ydych yn bwriadu pennu a intend to identify and measure the

mesur effeithiolrwydd a chanlyniadau eich blaenoriaethau strategol datganedig, ac felly effeithiolrwydd y dyraniadau yr ydych wedi'u gwneud yn y gyllideb sy'n cyd-fynd â'r blaenoriaethau hyn? effectiveness and outcomes of your stated strategic priorities, and therefore the effectiveness of the allocations that you have made in the budget that align with these priorities?

[164] **Carl Sargeant:** That is an important question, at a time when things are financially very difficult. Getting better outcomes for what we invest in is important, and how we can evidence that is part of our whole planning process—from initial policy development to the outcome of policy on the ground. That is a reporting procedure that we go through across the portfolio. In our planning and policy-making process, we try to understand the effects of what we are trying to achieve, and then we measure those against the people who deliver the service—whether they are in local authorities, the voluntary sector or whether they are broader service deliverers. They report back to us so that we can assess whether they have achieved or have made differences to their communities.

[165] **Mohammad Asghar:** What assessment have you made of the risk that some groups of people, for example women, children or people living in poverty, will be disproportionately affected by cuts in public spending within your policy area?

[166] **Carl Sargeant:** You are quite right, Oscar, our assessment of the effects of the current CSR review, aligned to our decisions on our budget lines, has been quite stark. We understand that the issues around benefits will disproportionately adversely affect women, children, disabled people and black minority ethnic groups in Wales. In our budget line assumptions, we have used the inclusive policy-making process, which is broader than gender budgeting and takes in all aspects of equality. That process has captured the fact that women, for instance, will be disproportionately affected. Gender budgeting just picks up women, but our IPM process picks up more than that—for instance, it would pick up a black disabled woman. IPM therefore offers a more holistic approach to the person, as opposed to just one individual equality stream. So, that is taken into account in our IPM process.

[167] We have also identified elements within our protective budgets, which are education, social care and supporting vulnerable people. They are all elements of our budgets that we have tried to sustain within a difficult financial situation in which we find ourselves.

[168] **Joyce Watson:** Good morning, Minister. What proportion of cuts are taken within your department's administration budget?

[169] **Carl Sargeant:** Good morning to you as well, Joyce. The running costs are not funded by the Department for Social Justice and Local Government; across all Cabinet portfolios, they are met through the Permanent Secretary's budget. I understand that, as well as us considering our budgets and policy elements, the Permanent Secretary is also trying to understand her working budget. So, that is a question for her, but I understand that she is looking for a 20 per cent reduction in budgetary support over three years. However, they are separate budgets. It does not come from the social justice budget, but from the Permanent Secretary's budget.

[170] **Joyce Watson:** What steps are you taking to ensure that expenditure on Communities First meets the programme's strategic objectives and intended outcomes?

[171] **Carl Sargeant:** Communities First is in the budget line until 2012, when the programme is set to complete its 10 years. I am already looking at what will come after Communities First, and I have made a public commitment that there will be something else. I would not want anyone to think that, when it finishes in 2012, that is the end, because I believe that there should be something else. If I am still here—who knows?—I am projecting

another programme of another scale and type. So, the budget line is in there until 2012 when the Communities First programme, as is, will be complete. We envisage that we will move on to another exciting programme for the people of Wales.

[172] **Mark Isherwood:** Bearing in mind that you just said that this programme will come to an end in 2012, are there, in considering the budget that you have allocated, ongoing contractual or legal obligations between the Government and Communities First, or between Communities First and those that it is commissioning services from?

[173] **Carl Sargeant:** There are about 800 staff within the Communities First programme, so there are contractual issues that would have to be considered within the budget line, and they have been. I am comfortable with that.

[174] **Mark Isherwood:** However, that just runs to 2012, at which time you will consider a new way of delivering for the future.

[175] **Carl Sargeant:** Of course.

[176] **Eleanor Burnham:** With the budget for social enterprise being reduced, how have you ensured that current funding is being used effectively and efficiently in this area? It is an important area, and I know of many good social enterprises.

[177] **Carl Sargeant:** The budget line is a little complex, because it contains more than social enterprise. The post office diversification fund is part of that, which, again, comes to an end in March 2012. The scheme was welcomed positively and many of you will have seen the benefits that it has delivered in your constituencies, but you will be aware that post offices are not devolved. The Welsh Assembly Government has been trying to support this element, because we believe that it is an important principle. However, that fund comes to an end in 2012, so it skews the figures in that budget line.

[178] We have continued to invest in social enterprise and we also receive good match funding on social enterprise projects from Europe. I am committed to it. I have a social enterprise ministerial advisory group, which I am finding useful on future programmes and how we develop them. There is a huge opportunity for social enterprise and, again, I am quite excited about that for Wales.

[179] **Lynne Neagle:** Minister, your paper refers to the consolidation of the budgets for a range of advice services, including a transfer of £2 million from the council tax benefit scheme. Why did you take the decision to prioritise advice services in that way? How will that help meet the strategic objectives outlined in the financial inclusion strategy?

[180] **Carl Sargeant:** Our advice and support mechanisms were in separate budget lines. I have brought them together, because it makes sense to do that now. Financial inclusion strategy support and council tax elements were completely separate. There will be a bigger increase in the need for benefit advice across Wales and the UK as a result of benefit changes. What I am trying to do, as I have done with local authorities, is to say 'Look at the way that we run business; just because we have done it like this for 10 years or more did not make it right then and maybe it's not right now'. So, I have looked at our budget lines and tried to realign them to make in-house savings in how we deliver those services. That is the reason why I brought the budget lines together.

10.40 p.m.

[181] On the allocation and support mechanisms within that, again, I think that we touched on this at the Health, Wellbeing and Local Government Committee yesterday, we are trying

to understand what the need will be, and to mitigate some of the circumstances that will develop from the UK Government's input on the outturn in Wales. We are trying to think proactively about the services that we can deliver, but we cannot fill the gap, so I am trying to make better use of the money that we have.

[182] **Mark Isherwood:** What assessment has been carried out of the impact of the cuts on third sector funding? Where do you anticipate that the savings that you describe as necessary will be found? You noted in your introduction that there is an opportunity to do business differently, and said that the third sector can play a role in that.

[183] **Carl Sargeant:** With my officials, I regularly meet with Graham Benfield and Win Griffiths from the Wales Council for Voluntary Action. As I said earlier, there is no immunity to the challenge that we face, despite some of the services that we deliver. I have tried to make assessments of my budget line by line, taking very seriously the equality impact assessments around each element of the budget, and testing the changes to see whether they adversely affect a group or organisation. We do not get rid of a problem just by removing it from a budget line—that just moves the problem somewhere else. Across budgets, we have a much more grown-up understanding of how we get through that process.

[184] As for the voluntary sector specifically, we have done a lot of work around that, but we have had a long run-in to this programme. That element of the budget line is slightly skewed, because it was agreed months ago that the volunteering grant would be reduced. There were three organisations delivering voluntary support services in that sector, and we tried to bring them together and change the funding stream. That has been agreed by the WCVA and the organisations, in order to improve the synergy in how that works. That detail skews the budget line a little.

[185] On the infrastructure support for WCVA and county voluntary councils, that is basically flatlining. There is no change in that line at all. We understand the services that they deliver, and the budget line remains the same. That is unlike other organisations—such as the WLGA, the Wales Audit Office and the Valuation Tribunal—which have all had significant reductions in their budgets. There is a lot of process involved in their work, as opposed to the kind of service delivery that the voluntary sector is involved in. That is evidence that we have looked at this very closely. We must not forget, either, that it is not just my portfolio that supports the voluntary sector—it cuts across all portfolios, including health and education. We all give money to the voluntary sector for different things. You have seen the line in my budget, but funding for the voluntary sector is broader than that across the Government.

[186] **Sandy Mewies:** Could I ask about the future of the community facilities and activities programme? It may be mentioned somewhere in these papers—I must admit, I am struggling to remember.

[187] **Carl Sargeant:** We had the same question next door in the Health, Wellbeing and Local Government Committee. I am committed to CFAP for the future. We have the numbers here. It has been a challenge for me, as it has for other Ministers, and for everyone else, to make decisions about the difference between need and want. That is something that we have been trying to wrestle with. CFAP is a very popular programme, and all Members across the Assembly will have seen great benefits from the scheme. I am keen for that to continue, but it cannot continue at the levels that we have seen up to now. I have reduced the budget line significantly. Perhaps we can give you those numbers now. It was not an easy decision to make, but we are continuing with the scheme at a much reduced level. People will still be able to make bids to CFAP. Would it be useful if Owain gave the figures?

[188] **Sandy Mewies:** I think that I read them, but they have disappeared from my mind.

[189] **Owain Lloyd:** The baseline for this financial year is £19.1 million, which is for both the CFAP and the community asset transfer fund. It will fall to £16.2 million next year, £14 million the following year, and finally down to around £10.4 million in the final year. As the Minister said, in cash terms, the main expenditure group has been reduced by 34 per cent over this period. Therefore, it is a significant challenge.

[190] **Sandy Mewies:** That is fine. I am glad to hear at least that there is still commitment to it.

[191] **Eleanor Burnham:** Could you just very briefly remind people who are listening or watching what CFAP actually does?

[192] **Carl Sargeant:** The community facilities and activities programme involves a great deal of capital spend around the building of community centres, the refurbishment of church halls and so forth.

[193] **Eleanor Burnham:** As we all have done in our respective areas, I am sure, I have recently been to different meetings about the voluntary and third sector—I visited the citizens advice bureaux in Cardiff and in Denbighshire last week. What kind of advice are you giving to the third sector in view of the proliferation of very worthy organisations—there is a multitude of them now—about co-existence and partnership working?

[194] **Carl Sargeant:** There are many examples of local authorities already working together with the voluntary sector. I think that stronger links that can be built, but there are good opportunities for the voluntary sector to do that. Graham Benfield is leading on that on the efficiency and innovation board. He sits on the board to discuss how the sector can develop better relationships. Two good examples in operation, which have changed significantly over the past 12 months, are the RNIB and the RNID, which are both unique but are working much more closely together now on service delivery. I was pleased to attend the event that the Chair hosted at the weekend. They have got it. They understand that they cannot carry on doing business as they did—it is ‘operation different’, and good for them.

[195] **Joyce Watson:** The Right to be Safe sets out an integrated, cross-government programme of action to tackle all forms of violence against women. What discussions have taken place across Government, with the Deputy Minister for housing, for example, to ensure that sufficient priority is given within the draft budget to implement that strategy?

[196] **Carl Sargeant:** Thank you for your very important question. I pay tribute to Joyce for her work in relation to domestic abuse and violence against women. When I came into post in December, I made this theme a priority, because I think that it is completely unacceptable. I said to my team that we must work extremely hard to do everything that we can to combat this in society. I hope that we have made an impact. I understand that this is a huge challenge for the future, but we continue to strive to work towards removing this scourge on society. The budget has grown significantly since 2006-07, when it stood at just £2 million. We have invested heavily in it. Last year, we put in an additional £1 million on top of that. This year, I have protected that budget from any reductions, which is pretty unique across the whole of Government. That underlines the Government’s commitment to tackling this issue.

[197] On working with other colleagues across the Cabinet, I know that the Deputy Minister for Housing and Regeneration has recently drafted the 10-year homelessness plan, which will obviously have an effect on outcomes and understanding the issues around domestic abuse. One really important issue is children in refuges. We have done some work around that with BBC Children in Need and Welsh Women’s Aid to map out funding streams and what is happening there. I expect that the final paper on the detail of that will come to me

around about March, which will have an influence on the decisions that I take through my budget line in the coming year.

10.50 a.m.

[198] **Eleanor Burnham:** In your view, what will be the impact of the reduction of £1.17 million in support for fire and rescue services? What impact is that likely to have on other projects and on general resilience?

[199] **Carl Sargeant:** The revenue reduction will not have an impact on front-line services or the mainstream operation of the fire service. The Welsh fire services are funded through local authorities' precept. The provision for front-line services comes from local authorities, and we have not changed that. On the resilience of the fire service, we have made quite a significant cut, but let us compare where we were with where we are now. We have invested heavily in the fire service over past years, as we should have done. I hear it said often that we are in a very different place compared with England when it comes to equipment and training and support for the service. We are in a very different place, and we have invested a great deal. The two major contributors to the reduction in the budget line are Firelink and the New Dimension programme in relation to fire service delivery. There are contractual issues regarding both those programmes. However, the heavy end of the investment has been undertaken; there are just some contractual issues with regard to Firelink, but it is now up and running. It is just about maintaining that and ensuring that it continues. We have been able to reduce the budget with a limited effect on the service provision—it does not affect the front line, but back office staff support in relation to Firelink and the New Dimension programme. As I said, the heavy end of the delivery has been undertaken; it is now just a question of making it work. I hope that that makes sense—I was struggling with it at one point. *[Laughter.]*

[200] **Mohammad Asghar:** Minister, I think that you have already answered my question in part. However, what discussions have you had with your Cabinet colleagues to ensure that financial resources are targeted effectively to achieve your strategic equality, diversity and inclusion objectives?

[201] **Carl Sargeant:** Putting my equalities hat on, this has been an important process for me as well. I hold the responsibility of ensuring that we meet our equality duties across Cabinet portfolios, and I write to my colleagues regularly on that basis to ensure that they are considering this process in their departments. We have policies in place to help them to do that job effectively. I recently gave evidence to the Committee on Equality of Opportunity on gender budgeting. We use what is called an inclusive policy-making process, which encompasses more than just the gender equality strand, and we test all our policies against that. Inclusive policy making encompasses all the equality strands, not just gender, but disability, race, age, religion, belief, sexual orientation, and pregnancy and maternity—it encompasses the whole lot. We use that because if we were to use one equality strand on its own, for example, gender, we would miss out the impact of other strands. For example, in the case of a black disabled woman, if we were to look at just the disability strand or the gender strand, we would not be looking at the person as a whole. By testing our decisions using the inclusive policy-making process, we capture more than just the gender strand, say, in our decision-making process. My colleagues use that system across the portfolios. On the outcomes of our decisions, Jane Hutt, the Minister for Budget and Business, and I have written to colleagues to say that they must test the decisions that they make on their budgets using equality impact assessments. Unlike the UK Government, which has created some huge challenges in this respect, I would hope that we have got this right. You can never be 100 per cent sure, but by using the two processes we have a belt-and-braces approach to equality, and I think that we have it right.

[202] **Mohammad Asghar:** That is very good to know. However, do you get feedback from Ministers on how they have achieved their objectives on this?

[203] **Carl Sargeant:** They have to evidence the fact that they have taken these matters into consideration, and it is for them to answer if they do not. It is not for me to do that. If they do not comply with this, they will be legally challenged. They have to evidence the process that they have taken in their decision making. I am sure that if you ask any of the Ministers whether they have considered this, they would all say that they have.

[204] **Sandy Mewies:** The final question is from me. What assessment have you made of the effects that the cut in the Gypsy and Traveller capital budget allocation will have in both the long and short term? Is this, in part, a consequence of the change in policy of the UK Government?

[205] **Carl Sargeant:** No. It has been an interesting process. This line has been cash heavy for many years and the money has never all been spent. So, we have looked at the profile of the spend and made adjustments accordingly. We have just reduced it to a more realistic figure.

[206] **Sandy Mewies:** Is it for sites?

[207] **Carl Sargeant:** Yes. There are broader issues around the development of Gypsy/Traveller sites, to do with planning and local issues, which are often challenging for authorities. As a result, a lot of the money has not been drawn down, so we have re-profiled the line. Although the line has been reduced significantly, we have tested that it will not have an adverse effect on people. I do not envisage it happening, but if there were to be a call for good-quality capital projects in this regard, I think that we could meet that within the budget lines that are already set. So, we have not disproportionality attacked this line, we have re-profiled it, because there was a lot of underspend. We have dealt with it strategically.

[208] **Mark Isherwood:** Our briefing states that this relates to existing sites. My recollection is that it was originally £1.5 million for existing sites and an additional £1 million for new sites. Will this reduction relate to both? On your broader local authority agenda of collaboration between authorities and so on, and given the findings of the 2006 report on the accommodation needs of Gypsies and Travellers, are you looking to deliver this differently by getting local authorities to work together on the needs of Traveller populations within their shared areas?

[209] **Carl Sargeant:** It is a reduction in the whole budget line, so it does affect all of it. However, we have never spent any money on new sites. We have always upgraded sites. I do not see that the budget line is a problem, because we can manage this within the budget line. This is a broader issue for me with regard to equalities and the reasons why we are not supporting Gypsy/Traveller families, why we are not building new sites, and whether that it is a planning issue or a local protection issue in light of people's support for this—'You can have a new site, as long as it is not near me'. We need to have discussions about that to resolve this, because disadvantaged young people and families are still being affected disproportionately, as many reports have indicated. So, the budget line is not the problem. The problem is how we get new sites and how we develop support and facilities for Gypsy/Traveller families. We can afford to do that; I know that the question is about the budget line, but that is not the issue.

[210] **Mark Isherwood:** The point is that the Welsh Government has instructed each local authority to identify need and potentially bid for sites. However, is it not the case, given your broader agenda, that we need groups of local authorities to work together on this, rather than each one coming up with a separate proposal?

11.00 a.m.

[211] **Carl Sargeant:** I think that that is a separate discussion. Regional planning for Gypsy/Traveller sites is a reasonable way to look at these proposals. You will be aware of my programme of regional, national and local service delivery, which will include some of the questions that I will be asking about who is best placed to deliver a service and where.

[212] **Sandy Mewies:** Thank you very much indeed, Minister and officials, for your paper and for answering the questions today. It has been very useful. We will send you a transcript, which you can check for accuracy. Those are the only changes that would be accepted. Thank you very much for coming today.

11.00 a.m.

Cynnig Trefniadol Procedural Motion

[213] **Sandy Mewies:** In order to allow the committee to consider the themes and issues that have emerged from the scrutiny of the Welsh Government's draft budget and from the inquiry into the accessibility of arts and cultural activities in Wales, I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.01 a.m.
The public part of the meeting ended at 11.01 a.m.*