

**National Assembly for Wales**  
Communities and Culture Committee

Scrutiny of the Welsh Government's draft  
budget, 2010-2011

November 2009



**Communities and Culture Committee:  
Scrutiny of the Welsh Government's draft budget, 2010-2011**

## **Background**

1. In accordance with Standing Order 27.3, the Committee considered the draft budget 2010-11 at its meeting on 14 October 2009, scrutinising:

- Jocelyn Davies AM, Deputy Minister for Housing.
- Dr. Brian Gibbons AM, Minister for Social Justice and Local Government
- Alun Ffred Jones AM, Minister for Heritage

2. The Ministers also provided written evidence, which can be found on the Committee's website at: <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-third1/bus-committees-third-ccc-home/bus-committees-third-ccc-agendas.htm>

3. A short report of the Committee's considerations and recommendations follows.

## **Issues raised with the Deputy Minister for Housing**

4. The Deputy Minister welcomed the opportunity to present her budget to Members, and immediately clarified that an apparent reduction of £91 million in the budget for tackling homelessness for 2010-11 was a typographical error. The Minister explained that "of that apparent loss of £91 million, only £13 million is an actual reduction in the three-year budget."<sup>1</sup>

5. In scrutinising the Minister, the Committee sought clarification and further details on the following issues:

- a) What implications there would be for the housing Spending Programme Area should responsibility for building regulations be passed to Welsh Ministers.
- b) How the cut in the budget for supporting stock transfer and Community Housing Mutuels would affect the stock transfers that are expected during 2010.
- c) What the budgetary implications of the Welsh Government's proposed housing Legislative Competence Order were likely to be, and how this was reflected in the draft budget.
- d) How the Essex Review had shaped the draft housing Budget this year.

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<sup>1</sup> Record of Proceedings, Communities and Culture Committee, 14 October.

- e) What support the draft budget provided towards developing a Welsh housing bond.
- f) How the development of the new National Housing Strategy had influenced spending decisions within the draft budget.
- g) How the small increase in Supporting People funding would allow the new Supporting People Strategy to meet its objectives.
- h) Whether the Deputy Minister made any further bids for SCIF funding.
- i) How the housing budget would meet the needs of the new ten year Homelessness Plan.
- j) Why no specific provision had been made for the Mortgage Rescue Scheme in the draft budget.
- k) How funds were expected to be spent in 2010-11 that were allocated for Not for Profit Nursing Homes.
- l) Whether there was sufficient Social Housing Grant available in the budget to meet the *One Wales* affordable housing commitment
- m) What impact the slight cut in the 'black minority ethnic housing budget BEL' would have on Welsh Ministers' ability to meet their statutory duty to promote equality under the *Government of Wales Act 2006* and other legislation.
- n) Where commitments to sustainability were reflected within the housing Spending Programme Area.

### **Further Information to be provided by the Deputy Minister for Housing**

6. The Minister undertook to provide the Committee with a general note of information on the Welsh Housing Bond.

### **Issues of particular concern to Members, arising from their scrutiny of the Deputy Minister for Housing:**

- **Development of the Housing Bond**

7. Members welcomed progress in the Welsh Government's development of the Housing Bond, noting that "this could be used towards stock transfer, but also to

supplement social housing grants in leveraging in private sector finance to the housing associations.”<sup>2</sup> Members also sought clarification on the Minister’s comments that “Housing associations have expressed the concern that, when refinancing, it is becoming more expensive,”<sup>3</sup> which the Minister agreed to provide in writing.

8. The Minister also noted that the Housing Bond would be “a pretty safe, low-interest income stream because there is never enough social housing to meet the demand for it; there will always be people waiting for it to become available, so you never have enough social housing. You are therefore guaranteed an income stream from it; it seems to be low risk, for example, like investing in a pension fund over a long time.”<sup>4</sup>

#### ▪ **Supporting People**

9. Supporting People is the Welsh Government’s policy and funding framework for delivering housing related support to vulnerable people.

10. When questioned as to whether the principles of ‘Supporting People’ were a strategic priority for different local authorities, the Minister acknowledged that some local authorities were “found to be wanting”<sup>5</sup> but commented that “I have asked for those who are involved in this—the commissioners and the providers—to come together to talk, to see if there is a way forward.”<sup>6</sup>

11. Members considered that it would be useful to get a timeline for this process.

12. Members also expressed concern at the disparity between the sizes of different local authority applications for the Supporting People Grant. Joyce Watson AM commented that “I think that it ranges from the lowest at £16 per person to the highest at £113 per person.”<sup>7</sup>

13. However, the Minister clarified that “even though that money comes through the Assembly’s budget, it is actually linked historically to how it was pursued from the UK Government pot prior to 2003... There are talks about redistribution, but you would then be taking money away from those local authorities that vigorously pursued that pot prior to 2003 to give more money to others. This is not related to the needs in those areas, of course; just how the pot was pursued originally. So, it is

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<sup>2</sup> Record of Proceedings, Communities and Culture Committee, 14 October.

<sup>3</sup> Ibid.

<sup>4</sup> Record of Proceedings, Communities and Culture Committee, 14 October.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

slightly different. We have two different but interrelated difficulties with regard to Supporting People.”<sup>8</sup>

▪ **The new ten year Homelessness Plan**

14. Members welcomed the emphasis the Government placed on early intervention, mediation and preventing homelessness rather than purely focussing on dealing with homelessness as it happens. Members also welcomed the Minister’s comments that “The work that has been done in previous years on having homelessness officers has reduced bed-and-breakfast bills enormously.”<sup>9</sup>

▪ **Black minority ethnic housing budget BEL**

15. Bearing in mind the rising costs of inflation, Members expressed some concern at the £6000 decrease in the ‘Black minority ethnic housing budget’ Budgetary Expenditure Line. However, the Deputy Minister stated that she would “like to give the committee assurances that this will not impact significantly on that work.”<sup>10</sup>

**Issues raised with the Minister for Social Justice and Local Government**

16. The Minister welcomed the opportunity to present his budget to Members.

17. In scrutinising the Minister, the Committee sought clarification and further details on the following issues:

- a) What factors influenced the Minister’s decision to allocate additional funding to some areas of work and a reduction in funding to others.
- b) The reasons behind the planned efficiency savings made within the Social Justice SPAs
- c) Whether the social justice budget had been affected by the Spending Review Evaluation Exercise.
- d) What practical steps had been taken to ensure that cuts do not have a disproportionate and unfair impact on particular groups of people
- e) Whether any applications for funding under the Strategic Capital Investment Framework had been made, and if so, what are plans were in place for these monies

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<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Record of Proceedings, Communities and Culture Committee, 14 October.

- f) Whether any One Wales commitments relating to social justice would not be met as a result of reductions in allocations for 2010-11.
- g) What the impact of reduced funding on the Communities First initiative would be
- h) What the impact of reduced funding for the voluntary sector in Wales would be
- i) What impact the lack of an increase- in real terms- for the Child Poverty SPA allocation would have on the Welsh Government's ambitions to reduce child poverty in Wales.
- j) How the £5.9 million increase in funding allocated to the Substance Misuse Action Fund would be used to deliver Welsh Government priorities.
- k) Why tackling violence against women was apparently being prioritised over other issues within the domestic abuse agenda.
- l) What the impact was anticipated to result from reductions in the Fire and Rescue Service Actions.
- m) How the Minister intend to manage the impact of flat line budgets for the Advancing Equalities Fund (formerly the Promoting Equalities Fund) and the Gypsy Traveller New Sites and Refurbishment Grant.
- n) Why the remit of the Inclusion Grant had been expanded to include Migrants, Gypsies and Travellers in addition to refugees and asylum seekers, when funding would be reduced by 23% to £1 million in 2010-11

### **Issues of particular concern to Members, arising from their scrutiny of the Social Justice and Local Government:**

- **Transparency of planned expenditure**

18. Following the restructuring of the budget structure and the change from Budget Expenditure Lines (BELs) to "Actions", Members were concerned whether the evidence presented made clear how individual initiatives would be affected by the overall decrease in the budget available to the Minister.

19. For example, the Minister commented that at the beginning of budgetary discussions, all Minister "had to accept the 1.6 per cent efficiency saving."<sup>11</sup> However, when scrutinising efficiencies in specific funding lines, Alun Cairns AM

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<sup>11</sup> Record of Proceedings, Communities and Culture Committee, 14 October.

commented that “efficiency’ is a bit of a generous word; you have just cut the advertising budget. We are not getting the same outcome for less money.”<sup>12</sup> The Minister acknowledged that efficiencies sometimes involved managed cuts in funding, observing that- in relation to the ‘Give a Little, Gain a Lot’ media campaign, “we are cutting training, but we did so in the knowledge that the Wales Council for Voluntary Action and community voluntary councils are providing training, so we are not going from a situation in which there is no training provision.”<sup>13</sup>

- **Fire Services**

20. Members commented that they were reassured by the Minister’s explanation that despite a significant reduction in some of the funding for fire service actions, this was due to the slow progress being made on the Fire Link digital radio communication system, rather than being anticipated to have impact on front line services. The Minister commented that for “front-line fire services—fire brigades and so on—there is no change.”<sup>14</sup>

### **Issues raised with the Minister for Heritage**

21. The Minister welcomed the opportunity to present his draft budget to Members.

22. In scrutinising the Minister, the Committee sought clarification and further details on the following issues:

- a) The main reasons for the relative differences in changes of funding between the Spending Programme Areas.
- b) Specifics on the intended use of an investment of £670,000 towards restructuring costs in the ‘Assembly Government Sponsored Bodies’ (AGSBs)
- c) Examples of the kinds of projects expected to be operated as a result of £640,000 being targeted at modernising working arrangements within the heritage sector and at promoting more partnership working.
- d) An explanation of the discrepancy between the Minister’s supporting document to the draft budget- which stated that the overall revenue budget included additional allocations of £3 million- and the breakdown of planned allocations, also provided by the Minister, which came to a sum of £2.225 million.

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<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Record of Proceedings, Communities and Culture Committee, 14 October.

- e) An explanation of where efficiencies and savings in the Heritage DEL had been identified and how they would be realised
- f) Which, if any, capital spending plans in the Heritage portfolio had been shelved or postponed due to the changes made to the Welsh Government's capital spending priorities
- g) Past and future bids relating to the Strategic Capital Investment Framework
- h) Whether, given the financial constraints, the Minister was confident in the delivery of all of the *One Wales* Heritage commitments
- i) Which specific programme areas would be used to address the Minister's stated aim of maximising the contribution which the Heritage MEG can make to counteracting the effect of the economic recession.
- j) Examples of short term projects on which funding would be targeted.
- k) How an efficiency strategy would be applied to the Heritage portfolio
- l) The Dormant Accounts Scheme
- m) What the Welsh Government would be doing to alleviate the impact of the £70 million decrease in Lottery funding to Wales
- n) What concerns the Minister had in relation to the impact that short-term funding falls might have on longer-term objectives.
- o) What assessment had been made of the impact of the economic downturn on revenue streams and future funding needs of organisations and events already reliant on Welsh Government funding.
- p) Whether the Minister considered that the new presentation of the 'culture fund' budget was an improvement on the previous year's, and whether it provided sufficient detail for effective scrutiny
- q) Whether the availability of recreational facilities had been reassessed in a wider context, following the Chief Medical Officer taking a lead on physical activity.
- r) Whether the budget had taken into account any possible financial requirements coming out of planned Measures relating to the Welsh language LCO

- s) Whether a clear picture had emerged of the impact on the CADW budget of free access to CADW sites for children and pensioners
- t) How opportunities for EU funding were being maximised, and whether changing funding criteria were impacting on Wales' ability to access such funds

### **Further Information to be provided by the Minister for Heritage**

23. The Minister agreed to share with the Committee a detailed distribution and breakdown of budgetary allocations within the Culture Fund for the next financial year.

### **Issues of particular concern to Members, arising from their scrutiny of the Minister for Heritage:**

- **Dormant accounts scheme for Wales**

24. Members welcomed the Minister's comment that a paper on the proposed dormant accounts scheme for Wales would be submitted to the Cabinet on 19 October. However, Members noted that while the "original estimate of how much money we would get was around £15 million"<sup>15</sup> this had now fallen to £8-10million. The Minister acknowledged this fall in estimates.

- **Transparency of planned expenditure**

25. Following the restructuring of the budget structure and the change from Budget Expenditure Lines (BELs) to "Actions", Members were concerned whether the evidence presented made clear how individual initiatives would be affected by the overall decrease in the budget available to the Minister.

26. Members noted that of the £670 000 increased revenue funding towards restructuring costs in the AGSBs, it was difficult to determine whether this would necessarily contribute to improved efficiencies or better front line services in future, with the Minister observing that this "additional money has been targeted specifically to allow them (AGSBs) to prepare plans for the future."<sup>16</sup>

27. Members also noted that while over £2 million of efficiency savings had been identified, there was limited detail on what shape these savings would take. The Minister acknowledged that some efficiency savings were being expected to be

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<sup>15</sup> Record of Proceedings, Communities and Culture Committee, 14 October.

<sup>16</sup> Ibid.

found by Assembly Government Sponsored Bodies and “we expect to see detailed plans of how they will deal with the money that is allocated to them, including efficiency savings.”<sup>17</sup>

28. However, Members welcomed the Minister’s efforts to set out how the culture fund was broken down during the current year financial year, following comments in the previous year’s budget scrutiny that the culture fund had represented a significant ‘catch-all’ amount of money, with limited opportunity to scrutinise its planned expenditure. Nevertheless, Members were concerned that in addition to being able to scrutinise the current financial year’s expenditure of the Culture Fund , they also needed “to see where the changes in spending are for the next financial year and the proposals thereafter.”<sup>18</sup> Members therefore welcomed the Minister’s commitment to share with the Committee a detailed distribution and breakdown of budgetary allocations within the Culture Fund for the next financial year.

## **Recommendations**

Members recommend that:

1. The Welsh Government provide a note detailing timescales for the process of promoting the principles of ‘Supporting People’ as being a strategic priority for different local authorities.
2. The Welsh Government provide a breakdown on anticipated budgetary allocations within the Culture Fund for the financial year 2011-2012, when presenting its draft budget next year.

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<sup>17</sup> Ibid.

<sup>18</sup> Ibid.