

National Assembly for Wales
Public Accounts Committee

Communities First

February 2010



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Lorraine Barrett	Labour	Cardiff South and Penarth
Jeff Cuthbert	Labour	Caerphilly
Alun Davies	Labour	Mid and West Wales
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Summary

The Communities First programme is the mechanism through which the Welsh Assembly Government (the 'Welsh Government') seeks to tackle deprivation and improve the living conditions and prospects for people in the most disadvantaged communities across Wales. £214 million has been spent on this programme since its launch in 2001. Reviews of the programme in 2003 and 2006 identified significant risks to delivery of the programme's ambitious objectives.

The Auditor General for Wales (the 'Auditor General') examined whether the Welsh Government is effectively managing the Communities First programme to deliver value for money. He laid the report of his examination before the National Assembly for Wales on 9 July 2009.

The Auditor General found that while the Assembly Government has made progress in terms of addressing weaknesses in its management of the partnerships and there have been local benefits from the programme, it is unlikely to deliver its broader objectives without a more robust approach to programme bending.¹

On 16 July 2009, we received a briefing from the Auditor General on his report and decided to launch an inquiry of our own, to build on the work he had already undertaken.

During the autumn of 2009 we took oral evidence from:

- Three Communities First partnerships from across Wales
- The Welsh Local Government Association (WLGA)
- The Welsh Council for Voluntary Action (WCVA)
- The Welsh Government

In this report we draw on the evidence presented to us by these organisations, and the findings of the Auditor General, to arrive at conclusions regarding the Welsh Government's management of the Communities First programme.

¹ Wales Audit Office, *Communities First*, 9 July 2009 p.6

The findings from our inquiry reinforce the Auditor General's conclusions and recommendations. Our conclusions are that, overall, the Communities First programme has not delivered good value for the significant amount of public money spent on it, and that this is largely because of weaknesses in the Welsh Government's construction and management of the programme. Whilst recognising that some local benefits have been delivered, based on the available evidence we are unconvinced about the additional impact of the programme. We are particularly concerned that the Welsh Government provides insufficient direction to service providers and is not adequately monitoring the programme.

The Committee's Recommendations

Recommendation 1. We recommend that the Welsh Government accepts the recommendations made by the Auditor General in his report and that it provides us with details of the actions it intends to take to meet these recommendations and the time within which it will complete these actions. Page 26

Recommendation 2. In addressing the Auditor General's recommendations, we recommend that the Welsh Government incorporates explicit consideration of Communities First into its policy gateway process with immediate effect. It should also develop a mechanism to reassess existing policies to ensure that, wherever possible, they take account of Communities First. In reviewing its policies, the Welsh Government should be mindful of the opportunity this presents to refocus its staff on the Communities First objectives and to encourage a more joined-up approach. We ask that the Welsh Government provides us with a progress report within the next 12 months. Page 27

Recommendation 3. We recommend that, in meeting the Auditor General's recommendation that the Welsh Government needs to better encourage local authorities and other public service providers to improve their service delivery focus on Communities First areas, the Welsh Government should consider the potential to encourage programme bending both through incentivisation and direction - a carrot and stick approach. Page 27

Recommendation 4. We recommend that, in meeting the Auditor General's recommendations, the Welsh Government clearly outlines how the monitoring of the Communities First programme will be improved and the measures that will be used to demonstrate achievement of the programme's objectives. Page 27

Recommendation 5. We recommend that the Welsh Government closely monitors the Outcomes Fund, and that it ensures that it is able to demonstrate hard outcomes for this investment of public money that demonstrate progress towards the Communities First objectives. We ask that the Welsh Government provides us with a progress report, and details of programme-level movement towards achieving objectives within the next 12 months. Page 27

1. Communities First has achieved little by way of programme bending, and some early problems have not yet been resolved

The Communities First programme

1. The Auditor General summarises the Communities First programme at the start of his report. He wrote:

“Communities First is the Assembly Government's flagship programme to tackle deprivation and improve the living conditions and prospects for people in the most disadvantaged communities across Wales. Communities First was launched in 2001, since when the Assembly Government has spent £214 million on the programme.

The programme has two core complementary strands that need to be delivered if the programme is to be effective in regenerating the most deprived communities in Wales:

- A local partnerships that are able to effectively represent communities and their needs; and
- B ‘programme bending’ – ensuring money and support from various public programmes and organisations are directed to Communities First areas.”²

2. The Auditor General found that most Communities First areas now have a functioning partnership and that many of these partnerships had achieved some local benefits. However, he also found that Communities First has not resulted in “[...] the widespread bending of public programmes and funding that is needed to deliver the programme’s objectives”³.

3. Before looking at programme bending in some detail, it is important to state that we recognise that good work is being done locally by Communities First partnerships, and anecdotally we have received evidence of this. The focus of our inquiry has been on the Welsh Government, and not on the dedicated people striving to deliver outcomes for the Communities First programme, and their communities, on the ground.

² Wales Audit Office, *Communities First*, 9 July 2009 p.6

³ *Ibid* p.17

Many public spending programmes are already bent towards areas of deprivation, and clearer guidance and stronger direction from the Welsh Government are required to achieve more bend

4. The success of the Communities First programme relies on mainstream programmes and services being ‘bent’ or prioritised towards Communities First areas. In his report, the Auditor General described one of the challenges faced by partnerships in achieving this:

“[...] programme bend is key to the success of the programme, but it is inherently difficult for relatively small, disparate partnerships on their own to influence the spending patterns of large, well-established public sector organisations such as the NHS”⁴

5. Although there are examples of programme bending, significant changes are not the result of Communities First⁵. This is because many service providers already bend their services towards Communities First areas to meet their own objectives. This is unsurprising when consideration is given to the fact that most public bodies include tackling social exclusion and engaging with citizens as part of their objectives.

6. The Auditor General concluded that the Welsh Government needs to strengthen its approach to programme bending if the Communities First programme is to deliver its ambitious objectives⁶.

7. The Communities First partnerships that presented evidence to us provided an insight into their experiences of trying to achieve programme bend, and the evidence they presented served to reinforce the Auditor General’s finding that the Welsh Government needs to be more direct in encouraging public services to bend programmes.

8. In their written paper, the 3Gs Trust stated that “It is still difficult to influence the design and delivery of programmes and services as the real strategic decision making bodies are effectively closed to the community” and that if this is to change “there has to be more directives and incentives for service providers to programme bend”⁷.

9. This is a view that was supported by Caia Park Communities First Partnership, who believe that the Welsh Government should “reduce funding” to local authorities if they are unable to demonstrate that they have bent

⁴ Ibid p.24

⁵ Ibid p.9

⁶ Wales Audit Office, *Communities First*, 9 July 2009 pp. 56-69

⁷ National Assembly for Wales Public Accounts Committee, 3Gs Trust paper on Communities First, 15 October 2009 pp.2-4

programmes into Communities First areas. Caia Park reported some success in achieving positive outcomes for the community through programme bending, but stated that this “has often been through the goodwill of local authority officers and not through the recognition that this is expected of the authority by the Assembly”⁸.

10. This carrot and stick approach was further advocated by the WCVA, who stated that “[...] the WCVA’s view, would be that, if the Welsh Assembly Government has a view about what sort of programme this should be, it is not unreasonable for it to follow that up by putting in place sanctions to make that happen”⁹.

11. The WCVA is responsible for managing the Communities First Trust Fund, and receives funding from the Welsh Government to support the Communities First programme. From 2002 until 2008 the WCVA provided a seminar and conference and an information service. Since January 2009 the WCVA has been contracted to provide advice, support and training services.

12. From its experience of delivering these services, the WCVA told us that some of the problems that exist in terms of programme bending can be addressed through training, for example increasing the understanding partnerships have of local authority planning cycles. It also reported that there is “considerable variation” in the understanding of programme bending and that in some circumstances it is not properly understood;

“There is an awful lot of people saying, ‘Programme bending is good’ and people are asking, ‘What is this? What does it actually mean on the ground?’”¹⁰

13. The WLGA has a different take on programme bending and has questioned the legitimacy of this as an approach to achieving community regeneration¹¹. It also believes that Communities First has encouraged communities to be too inward focused¹². The WLGA believes that Communities First areas need to facilitate links outwith their area to access opportunities:

“ [...] there probably has been a limited amount of programme bending as a direct result of the CF programme. However, first, this is because some programme bending is already ‘built in to the system’. Second, it is important that programmes also focus on opportunity areas outside of CF

⁸ National Assembly for Wales Public Accounts Committee, Caia Park Communities First Ltd. paper on Communities First, 15 October 2009 p.3

⁹ RoP 5 November 2009 c.151

¹⁰ Ibid c.186

¹¹ National Assembly for Wales Public Accounts Committee, WLGA paper on Communities First, 5 November 2009 p.3

¹² Ibid

areas, and efforts are made to establish links between areas of opportunity and need.”¹³

14. A further difficulty with programme bending was raised; the challenge that exists when almost every ward in a local authority area is a Communities First area. The Auditor General found that some local authorities had reported concerns about the feasibility of bending programmes in areas with high numbers of Community First partnerships, concerns that in their view had yet to be addressed by the Communities First programme¹⁴. The 3Gs Trust informed us that “There are challenges to programme bending in deprived boroughs where the practically the whole borough is a Communities First area”¹⁵ and that:

“We are located in Merthyr, and basically, all of Merthyr is a Communities First area. So, programme bending would, according to its definition, almost mean prioritising one Communities First area over another.”¹⁶

15. The WLGA explained that, from the perspective of local authorities, incorporating Communities First into strategic planning can be easier if there is a large number of Communities First partnerships in a local authority’s area and that it is more difficult for local authorities with relatively few Communities First partnerships in their area as other factors may have more of an impact on strategic planning¹⁷.

16. This may be in part attributable to the perception within local government that there is an inherent problem with programme bending as many services are already focused on Communities First area i.e. they services are already in ‘that shape’ and there is, therefore, no need to ‘bend’ services further. The fact that many Communities First areas make up a significant amount of some local authority areas is not a reason to avoid programme bend, and it is not only local authority services that need to be bent . Each area will have its own particular service needs that differ from others that need to be addressed, and encouraging programme bend is a tool for levering in the necessary services to address those needs, regardless of the number of Communities First areas that exist in a particular local authority area. However, the Auditor General’s report and the further evidence that has emerged during the course of our inquiry demonstrates that concerns, and confusion, exist at both partnership and local authority level about how to resolve the issue of scale i.e. the proportion of a local authority’s area that is within the Communities First programme. It is our view that the Welsh Government needs to take a far stronger role in clarifying these types of issues.

¹³ Ibid p.7

¹⁴ Wales Audit Office, *Communities First*, 9 July 2009 p.59

¹⁵ National Assembly for Wales Public Accounts Committee, 3Gs Trust paper on Communities First, 15 October 2009 p.4

¹⁶ RoP 15 October 2009 c.189

¹⁷ RoP 5 November 2009 c.60-78

17. To return to the more general issue of programme bending, the Accounting Officer provided us with the Welsh Government's view that whilst it recognised there had been problems with programme bending during the early years of the programme, the Outcomes Fund should resolve this:

"It is probably fair to say that, during the early years of the programme, there was insufficient contact between the communities and the service providers—in other words the service providers were not bending their programmes more towards Communities First areas. We have specifically created an outcomes fund to incentivise that, and we believe that it is bearing fruit now and taking us forward."¹⁸

Some of the early problems that made programme bending ineffective remain today

18. Whilst the Accounting Officer recognised a lack of programme bending in the early years of the programme, he did not explain why that was the case. The Auditor General's report points towards deficiencies in the construction and management of the programme by the Welsh Government, including a lack of workforce and financial planning at the outset of the programme and a lack of consistency and clarity in its approach to the role of partnerships¹⁹. The subsequent evidence we received supports this position.

19. St. Illtyd's Communities First partnership explained its early experience of the programme to us:

"It was very difficult at the outset of the Communities First programme. I do not even know whether there was direction within the Assembly Government. It seemed to me that the goalposts were moving from week to week initially, and that was very problematic"²⁰

20. In its paper to us, the WCVA supported this view and elaborated upon it further, stating:

"Our early experience of the programme suggested that whilst its overall aim was bold, creative and entirely laudable in its intention to tackle poverty and disadvantage it was unmanageably large, and suffered from a number of weaknesses [...]"²¹

21. Both of these statements serve to reiterate the Auditor General's findings. The WLGA also reported issues in the early days of the programme, explaining

¹⁸ RoP 3 December 2009 c.11

¹⁹ Wales Audit Office, Communities First, 9 July 2009 p.36-55

²⁰ RoP 15 October 2009 c.231

²¹ National Assembly for Wales Public Accounts Committee, WCVA paper on Communities First, 5 November 2009 p.1

that in its view “ [...] it came in and hit the ground running and the procedures had to catch up with the process.”²²

22. It is disappointing that the Welsh Government did not adequately plan the Communities First programme. Flaws in its initial construction have allowed fissures to develop throughout the programme as it has progressed, making achievement of its ambitious goals more difficult.

23. The WCVA told us that whilst Communities First often features in national-level policy documents, “[...] the appetite for the benefits it can bring is not always matched by an understanding of the operational issues”²³. The Head of Communities First also confirmed that the Welsh Government has difficulty “[...] in getting service providers to pick up work that we think is their responsibility [...]”²⁴.

24. The WLGA’s evidence to us revealed further uncertainty over the aims of the programme. In referring to the Communities First programme in his evidence, the WLGA Director of Regeneration and Sustainable Development revealed some uncertainty over the objectives, and deliverables, of the programme, stating it “[...] depends on what we expect the programme to deliver [...]”²⁵ and “[...] it depends on your philosophy on it [the Communities First programme]”²⁶. Both of these statements indicate a level of uncertainty about the fundamental principles of the Communities First programme. That any level of uncertainty exists at this strategic level, nine years into a flagship government programme is of significant concern and demonstrates that some of the weakness that prevailed at the start of the programme remain. The evidence we have received points towards a chronic, and long-lasting, failure on the part of the Welsh Government to adequately communicate the Communities First programme’s objectives.

Whilst some staffing issues have been resolved, others remain

25. Issues were raised about the capacity and training of staff to deliver the Communities First programme. The WCVA expressed concerns over a failure to address workforce issues and how these had hampered the delivery of the programme:

“I think that this was most marked at the beginning of the programme because there was a need to recruit 132 co-ordinators and, in some cases, administrators and development workers, all within a very short space of

²² RoP 15 November 2009 c.24

²³ National Assembly for Wales Public Accounts Committee, WCVA paper on Communities First, 5 November 2009 p.2

²⁴ RoP 3 December 2009 c.142

²⁵ RoP 15 November 2009 c.25

²⁶ Ibid c.86

time. That revealed all sorts of what are technically called ‘skills shortages’. People with the right sort of skills experience and background did not exist, or at least not that number of people, in order to take on those jobs. I think that that was true at all levels, both at the local operational level and within the Assembly.”²⁷

26. Whilst the above example refers to the early years of the Communities First programme, and further emphasises deficiencies in its planning, the WCVA also provided evidence that a lack of training has meant that this issue has not been fully resolved:

“It [lack of training] has contributed to problems throughout the programme, such as staff who might not have had very good community development skills, and people who did not have a lot of experience of how to manage the complicated relationship between their employment as a local authority employee and their work for a community partnership. So, there have been issues as a result of it.”²⁸

27. This suggests that some problems that existed at the start of the programme have not been resolved.

²⁷ *ibid* c.122

²⁸ *ibid* c.124

2. There needs to be more top-down direction to facilitate bottom-up regeneration and local service boards can play a key role.

28. The Auditor General reported that the Welsh Government “ [...] faced particular challenges in balancing the ‘bottom-up’ community led ethos, with the need to maintain ‘top-down’ direction to ensure a coherent national programme.”²⁹

29. Our inquiry has found that this remains a challenge and that the uncertainty exists over whether the programme is a community-led ‘bottom-up’ programme.

30. It is our view that more top down strategic direction and guidance is needed, and at two levels. Firstly, within the Welsh Government and, secondly, the Welsh Government has to better communicate what it expects of local authorities and other public service providers. This needs to be coupled with the provision of additional support for communities to effectively communicate their priorities; to nurture and support bottom-up regeneration.

Communities First needs to have a greater priority within the Welsh Government

31. In his report, the Auditor General found that the Welsh Government’s own departments have not consistently given a priority to Communities First and that a whole-of-government approach has been lacking³⁰

32. Communities First partnerships reported to us that “More can be done within each Assembly [Government] department to promote and encourage programme bending and to have a more joined up approach”³¹ and “We will need leadership from the Assembly to give a greater priority in [...] the Assembly’s own departments”³²

33. The WCVA identified a need for more training of staff, including those of the Welsh Government, as a lack of training has “contributed to problems throughout the programme”³³.

²⁹ Wales Audit Office, *Communities First*, 9 July 2009 p.6

³⁰ Ibid pp.56-57

³¹ National Assembly for Wales Public Accounts Committee, 3Gs Trust paper on Communities First, 15 October 2009 p.2

³² RoP 15 October 2009 c.210

³³ RoP 5 November 2009 c.124

34. The Welsh Government, in developing policy, have a challenge mechanism called the policy gateway. The Auditor General reported that whilst this mechanism makes reference to social justice, it does not explicitly incorporate Communities First. The Accounting Officer addressed this in his evidence, stating:

“ [...] we are reviewing that policy gateway, and specific mention of Communities First will be included in the new policy gateway.”³⁴

35. However, the policy gateway is a mechanism for assessing new policies. This action will not address the lack of consideration for Communities First in the design of existing policies. On this point the Accounting Officer stated:

“The policy gateway, as we say, will pick up the new ones. I think that we need to have a discussion, perhaps off the back of this committee’s report in due course, about where existing policies can be bent more towards Communities First areas”³⁵

36. We believe that incorporating Communities First into the policy gateway mechanism is a sensible approach. A mechanism by which the extent to which consideration of Communities First has been woven into existing policies needs to be developed so that the Welsh Government can be sure that all of its extant policies have adequately considered Communities First. In reviewing its policies, the Welsh Government should be mindful of the opportunity this presents to refocus its staff on the Communities First objectives and to encourage a more joined-up approach.

To effectively support a bottom-up approach to regeneration, the Welsh Government needs to provide more top-down direction and guidance to local authorities and other providers of public services

37. In terms of local authorities, the Auditor General found that the Welsh Government has encouraged local authorities to engage with Communities First and bend their programmes, but is yet to address some significant barriers³⁶. The Auditor General’s study found that the most recent guidance on Communities First issued to local authorities has not sufficiently clarified what is expected, particularly in term of several key roles³⁷.

³⁴ RoP 8 December 2009 c.165

³⁵ Ibid c.167

³⁶ Wales Audit Office, *Communities First*, 9 July 2009 p.58

³⁷ Ibid

38. The evidence we received from Communities First partnerships and the WCVA revealed an appetite for the Welsh Government to take a stronger, more directive, role in outlining what it expects from local authorities. One partnership stated that “More needs to be done to encourage all departments in local authorities and health trusts to programme bend”³⁸

39. When one partnership was asked whether it thought its local authority understands the need to provide Communities First partnerships with help and support to deliver on their objectives, they replied:

“I guess the reason why I do not understand the question is because ‘the local authority’ is so huge. I guess that the answer would be ‘yes’ for some and ‘no’ for others [...]”³⁹

40. The WLGA offered some explanation of this disparity of approach between local authority departments:

“CF may not have made it on to the radar of directors of other services. This is a significant issue’ because ‘CF has not featured strongly in guidance issued by other service areas of WAG [which] has made it difficult for those involved in regeneration to convince other service areas to change their plans in any radical ways.”⁴⁰

41. In looking at programme bending earlier in this report, reference was made to the WCVA’s view that a degree of direction should be given to local authorities. The WCVA stated that:

“[...] there has been a debate right the way through the programme about what the role of the Assembly Government should be in directing and encouraging local authorities, in particular, as to how they should develop their relationship with communities on the ground. Lots of people have looked to the Welsh Assembly Government to be more directive, to say quite clearly to local authorities ‘Your role here is to take a lead and work with communities’. Is that the right thing to do? Yes, I think that that would be our preference, that there should be a degree of direction given”⁴¹

42. The WCVA also made reference to the floor targets that are used in England as a possible measure, as highlighted by the Auditor General in his

³⁸ National Assembly for Wales Public Accounts Committee, 3Gs Trust paper on Communities First, 15 October 2009 p.2

³⁹ RoP 15 October 2009 c.247

⁴⁰ National Assembly for Wales Public Accounts Committee, WLGA paper on Communities First, 5 November 2009 p.4

⁴¹ RoP 5 November 2009 c.149

report⁴². This is something that we believe the Welsh Government should investigate further, in line with recommendations made by the Auditor General⁴³.

43. In terms of the challenges facing communities to drive the Communities First programme from the bottom-up, the Auditor General found that Communities First partnerships often lack the authority to influence public services effectively. The main barrier to programme bending, identified by local authorities and partnerships in the Auditor General's report, is the lack of clear direction to public service providers on programme bending⁴⁴.

44. We heard from partnerships that "It is still difficult to influence the design and delivery of programmes and services as the real strategic decision making bodies are effectively closed to the community."⁴⁵

45. Whilst the Welsh Government recognised that it "[...] has a role in enthusing local authority chief executives and heads of service areas [...]"⁴⁶ to programme bend, we do not believe this goes far enough. If Communities First areas are to be successful in influencing public services to programme bend, then this must be done in the context of the Welsh Government issuing much clearer guidance on how this is to be achieved, and clearer direction in terms of what it expects, all public service providers to deliver.

Local Service Boards can assist in strengthening Communities First

46. The role of Local Service Boards (LSBs) was considered by the Auditor General. He found that there was considerable overlap between the core objectives of both the LSBs and Communities First partnerships. The Auditor General also found that "the links between LSBs and the Communities First programme remain unclear"⁴⁷.

47. We heard that, in Cardiff, the LSB had made a "terrific difference" to those employed on Communities First and the WCVA told us that

⁴² Wales Audit Office, *Communities First*, 9 July 2009 p.13

⁴³ Ibid p.14

⁴⁴ Ibid p.13

⁴⁵ National Assembly for Wales Public Accounts Committee, 3Gs Trust paper on Communities First, 15 October 2009 p.2

⁴⁶ RoP 3 December 2009 c.203

⁴⁷ Ibid p.69

“ I think that that is a bit of a missed trick at the moment in light of local service boards prioritising this area and about how they will ensure that Communities First partnerships are integrated into strategic planning”⁴⁸

48. We questioned the Welsh Government on the opportunity that may exist through more closely aligning the work of LSBs with Communities First. In response, the Accounting Officer said:

“Local service boards are still relatively new, although we are very much encouraged by the work that they are doing. They are moving away from dealing with specific projects towards more general issues in an area. In some cases—I mentioned Cardiff—I think that those links have already been made. In some cases, they are still to be made. So, I think that there is a case for strengthening those links and I will gladly take that up.”⁴⁹

49. In line with the Auditor General’s recommendation in this area, we believe that LSBs can assist in strengthening the Communities First programme, and that this is starting to happen in some areas. If this is to develop, then further work will be required, including the issuing of guidance to LSBs and Communities First partnerships.

⁴⁸ RoP 5 november c.171

⁴⁹ RoP 3 December 2009 c.209

3. The Communities First programme cannot demonstrate value for money and it is too soon to tell whether the Outcomes Fund will deliver improvements

The lack of performance and outcome monitoring is a cause of concern as the Welsh Government cannot demonstrate value for money from the Communities First programme

50. One of the most concerning aspects of the Auditor General's report was his conclusion that, although it is improving its ability to monitor partnerships' progress, the Welsh Government cannot demonstrate the overall impact of the programme in meeting its objectives.⁵⁰ As a consequence, even though some local benefits have been identified, the extent to which the Communities First programme has delivered improvements above and beyond what would have been delivered in the absence of the programme is unclear. This raises serious doubts over the efficiency and effectiveness of the Communities First programme, leaving us with little evidence about the extent to which the £214 million spent on the programme has, in of itself, delivered improvement to the livelihood and wellbeing of people in Communities First areas.

51. We received evidence from Communities First partnerships that indicated that partnerships monitored themselves and that, in the case of one partnership, it found it difficult to pinpoint exactly what it did⁵¹. The Accounting Officer told us that he is content with the design of the programme and that performance management arrangements have been strengthened.

52. Since 2007, the Welsh Government has sought to improve the monitoring of performance by agreeing outcomes with Communities First partnerships and then assessing partnerships' progress towards delivering these outcomes. Partnerships are required to report annually against outcomes, rather than targets. The Auditor General found that this approach was inappropriate⁵². Further, he found that many of the agreed outcomes were not, in fact, outcomes at all. Some were "[...] nothing more than the processes of administering the Communities First programme locally [...]"⁵³. It is concerning that this has occurred with the Welsh Government's oversight - it agrees each partnership's outcomes.

⁵⁰ Wales Audit Office, *Communities First*, 9 July 2009 p.8-9

⁵¹ RoP 15 October 2009 c.218

⁵² Wales Audit Office, *Communities First*, 9 July 2009 p.10

⁵³ *Ibid* p.11

53. This concern is underlined by an apparent difference of opinion between the Permanent Secretary and the Head of the Communities First over the approach that is taken to monitoring. The Permanent Secretary told us that “[...] a mixture of measures [...]” are required, including outcome, process and input measures⁵⁴. The Head of Communities First then told us that the approach is largely outcomes- focused⁵⁵. He did not leave us with a clear idea of what was meant by this as he appeared to contradict himself by, for example, stating that the Welsh Government is resistant to using “technical language” such as SMART targets⁵⁶ with partnerships, and later stating that the Welsh Government asks partnerships to report on SMART targets.⁵⁷

54. The cost of the programme has been £214 million. As part of our inquiry, we considered the proportion of this that has been spent on staff. The Auditor General reported that £140 million of the £214 million spent on the programme, around 65 per cent, went on staff and project costs within partnerships⁵⁸. In their evidence to us, Communities First partnerships defended this, and the Welsh Government states that this level of expenditure was necessary to build sufficient capacity for delivering the programme. The Accounting Officer said:

“What was evident from the early days of the programme was that many of these areas lacked the capacity to get community development underway. As you know, the first phase of this programme has been about developing that capacity. A lot of that was about establishing partnerships and trust within those communities, and creating a sense of purpose, because in many cases that was not there previously. It is right that the majority of the money has gone to the staff who move that capacity-building forward. I think that that was necessary. I do not think those communities would have developed without that fairly intensive resource. As time goes on, I think that you are right—we want to move the programme more towards the outcomes, and more towards the projects that will help those areas. We are in the process of doing that, but initially, capacity building was the priority, and that is where the resources went. I am content with the balance of funding at that stage.”⁵⁹

⁵⁴ RoP 3 December 2009 c.54

⁵⁵ Ibid c.71-72

⁵⁶ Ibid c.72

⁵⁷ Ibid c.75

⁵⁸ Wales Audit Office, *Communities First*, 9 July 2009 p.18

⁵⁹ RoP 3 December 2009 c.15

55. The Head of Communities First said that:

“Our focus always needs to be on ensuring that the staff are actively delivering the clear outcomes and the benefits that the communities have defined for themselves and agreed with us, so that we do not fund staff posts for their own sake but to deliver clear outcomes”⁶⁰

56. We agree with this principle, and acknowledge that there was a need to commit a level of funding for building capacity at the start of the programme. However, the Head of Communities First appeared to indicate a gap between his desire to monitor the impact that staff were having and the reality of doing this, as he said that:

“It is difficult to draw a direct line between an individual member of staff and individual projects, because the majority of staff are spending their time on a very wide range of work within the community, supporting the overall plans.”⁶¹

57. We believe that, in line with our findings above, strengthening performance measures should assist in monitoring the impact the large proportion of Communities First spend on staff is having. As with other aspects of the programme, there is insufficient information to properly assess the value for money of this spend.

It is too soon to tell whether the Outcomes Fund will yield positive results

58. One of the key improvements to the programme, from the Welsh Government’s perspective, is the introduction of the Outcomes Fund. The Auditor General explained that the Welsh Government intends this fund to “[...] ensure partnerships have more equitable access to additional funding for high quality projects that are specific to local needs”⁶².

59. The Outcomes Fund amounts to £25 million over three years and is designed to assist with encouraging programme bending by offering match funding for projects. This has been welcomed by the Communities First partnerships that we spoke to. Mr Jones, of the Penparcau and West Aberystwyth Communities First partnership told us that “[...] having the opportunity to influence that [programme bending] with money. That gives us a

⁶⁰ Ibid c.23

⁶¹ Ibid c.31

⁶² Wales Audit Office, *Communities First*, 9 July 2009 p.10

chance to change things [...]”⁶³. The WLGA was equally positive, describing the fund as “[...] a really useful lever”⁶⁴.

60. The WCVA sounded a note of caution, that resonates with the need for more guidance:

“[...] there are a number of co-ordinators who are still very unsure about the outcomes fund: how do you make use of it; what is it for; how do you put a bid together; who leads on it?”⁶⁵

61. Whilst we recognise that incentives, such as those available under the Outcomes Fund, can yield benefits, this must be coupled with more robust direction - a carrot and stick approach. We are not convinced that incentivising local authorities and other providers of local services to support the communities most in need within their areas is an entirely prudent use of taxpayers’ money as many service providers should already be concentrating resources on these areas to meet the Communities First programme’s objectives. This must also be considered alongside the fact that local authorities have already received money to support the Communities First programme - a share of £30 million to support the programme alongside the voluntary sector⁶⁶.

62. It is too soon to tell whether the Outcomes Fund will achieve its intended impact. However, to date the Communities First programme has been unable to demonstrate its value for money. We are concerned, therefore, that without strengthening performance management and monitoring arrangements, the Welsh Government will not be able to demonstrate the value from any further investment.

⁶³ RoP 15 October 2009 c.197

⁶⁴ RoP 5 November 2009 c.108

⁶⁵ Ibid c.183

⁶⁶ Wales Audit Office, *Communities First*, 9 July 2009 p.18

4. Conclusions and recommendations

63. Our primary role, as the Public Accounts Committee, is to act as a safeguard of the public purse, to ensure that when the Welsh Government commits itself to a policy it delivers it in the most effective and efficient way. In the case of Communities First it is with regret that we are forced to conclude that the Welsh Government has failed to demonstrate the value for money of this programme, and unless it takes swift and decisive action to address weaknesses that we and the Auditor General have identified, the programme will remain insufficiently robust to deliver its ambitious objectives in the future.

64. For the Communities First programme to be successful, a combination of top down and bottom up strategies need to be employed by the Welsh Government. However, there is an inherent tension in this approach that needs to be managed carefully. The Welsh Government needs to provide more top-down direction and guidance to its own departments, local authorities and the wider public sector in Wales to prioritise Communities First. It also needs to build capacity within the partnerships so that their bottom up objectives are clearly defined, realistic and measurable to the extent that the additional contribution partnerships are making to their communities is clearly understood and demonstrated.

65. We believe that the Auditor General's report, alongside this report, provides the Welsh Government with a last chance to address the fundamental risks that exist to delivering the objectives of the Communities First programme. It is clear that, despite previous warnings in 2003 and 2006, the Welsh Government has failed to demonstrate the impact of this programme.

66. We expect the Welsh Government to address the weaknesses of its approach to delivering this programme as a priority. When we return to Communities First in the future, we expect the problems raised in 2003, 2006 and now 2009 to be resolved. Anything less will be unacceptable to us and, we believe, the communities that this programme was designed to assist.

67. Our consideration of the Auditor General's report, coupled with our inquiry work, has led us to make the following recommendations:

Recommendation 1 - We recommend that the Welsh Government accepts the recommendations made by the Auditor General in his report and that it provides us with details of the actions it intends to take to meet these recommendations and the time within which it will complete these actions.

Recommendation 2- In addressing the Auditor General’s recommendations, we recommend that the Welsh Government incorporates explicit consideration of Communities First into its policy gateway process with immediate effect. It should also develop a mechanism to reassess existing policies to ensure that, wherever possible, they take account of Communities First. In reviewing its policies, the Welsh Government should be mindful of the opportunity this presents to refocus its staff on the Communities First objectives and to encourage a more joined-up approach. We ask that the Welsh Government provides us with a progress report within the next 12 months.

Recommendation 3 - We recommend that, in meeting the Auditor General’s recommendation that the Welsh Government needs to better encourage local authorities and other public service providers to improve their service delivery focus on Communities First areas, the Welsh Government should consider the potential to encourage programme bending both through incentivisation and direction - a carrot and stick approach.

Recommendation 4 - We recommend that, in meeting the Auditor General’s recommendations, the Welsh Government clearly outlines how the monitoring of the Communities First programme will be improved and the measures that will be used to demonstrate achievement of the programme’s objectives.

Recommendation 5 - We recommend that the Welsh Government closely monitors the Outcomes Fund, and that it ensures that it is able to demonstrate hard outcomes for this investment of public money that demonstrate progress towards the Communities First objectives. We ask that the Welsh Government provides us with a progress report, and details of programme-level movement towards achieving objectives within the next 12 months.

Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at [Public Accounts Committee Papers and Transcripts](#)

3 December 2009

Dame Gillian Morgan	Permanent Secretary to the Welsh Government
Emyr Roberts	Director General, Public Service and Local Government Delivery
Paul Dear	Head of Communities First Unit

5 November 2009

Tim Peppin	Director of Regeneration and Sustainable Development, Welsh Local Government Association
Mary Powell-Chandler	Programme Manager, Cardiff Communities First
Alice Greenlees	Senior Policy Officer, Wales Council for Voluntary Action
Helen Wilson	Operations Manager, Communities First Trust Fund, Wales Council for Voluntary Action

15 October 2009

Carol Adams	Lead Officer/Communities First Co-Ordinator, 3 G's Development Trust
Brian Collins	Chair, 3 G's Development Trust
Bryn Jones	The Partnership of Communities First Penparcau and Aberystwyth
Anna Chard	Co-ordinator, St Illtyds Community First Partnership, Blaenau Gwent

16 July 2009

Jeremy Colman	Auditor General for Wales
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List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at [Public Accounts Committee Inquiries](#)

<i>Name / Organisation</i>	<i>Document</i>	<i>Reference</i>
Wales Audit Office	Communities First, 9 July 2009	PAC(3) CF1
3Gs Trust	Paper on Communities First – Written Evidence	PAC(3) CF2
Queensway and Caia Park Communities First Ltd	Paper on Communities First – Written Evidence	PAC(3) CF3
Welsh Local Government Association	Paper on Communities First – Written Evidence	PAC(3) CF4
Wales Council for Voluntary Action	Paper on Communities First – Written Evidence	PAC(3) CF5