



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

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

**Dydd Iau, 19 Mehefin 2014
Thursday, 19 June 2014**

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir
trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In
addition, a transcription of the simultaneous interpretation is included.

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

Leighton Andrews	Llafur Labour
Mick Antoniw	Llafur (yn dirprwyo ar ran Mike Hedges) Labour (substitute for Mike Hedges)
Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Jocelyn Davies	Plaid Cymru The Party of Wales
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Gwyn R. Price	Llafur Labour
Jenny Rathbone	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales

**Eraill yn bresennol
Others in attendance**

Kate Cassidy	Cyfarwyddwr Cymunedau a Threchi Tlodi, Llywodraeth Cymru Director Communities and Tackling Poverty, Welsh Government
Jeff Cuthbert	Aelod Cynulliad, Llafur (y Gweinidog Cymunedau a Threchu Tlodi) Assembly Member, Labour (the Minister for Communities and Tackling Poverty)
John Howells	Cyfarwyddwr yr Adran Tai ac Adfywio, Llywodraeth Cymru Director of Housing and Regeneration, Welsh Government
Eleanor Marks	Dirprwy Cyfarwyddwr yr Is-adran Cymunedau, Llywodraeth Cymru Deputy Director of the Communities Division, Welsh Government
Kath Palmer	Dirprwy Cyfarwyddwr yr Is-adran Cartrefi a Lleoedd Deputy Director of Homes and Places, Welsh Government
Carl Sargeant	Aelod Cynulliad, Llafur (y Gweinidog Tai ac Adfywio) Assembly Member, Labour (the Minister for Housing and Regeneration)

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

Jonathan Baxter	Y Gwasanaeth Ymchwil Research Service
Sarah Beasley	Clerc Clerk
Chloë Davies	Dirprwy Glerc Deputy Clerk

Hannah Johnson

Y Gwasanaeth Ymchwil
Research Service

*Dechreuodd y cyfarfod am 09:15.
The meeting began at 09:15.*

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Christine Chapman:** Bore da and welcome to the National Assembly for Wales's Communities, Equality and Local Government Committee. I remind Members and witnesses that, if they have any mobile phones, they are to switch them off, as they affect the transmission. We have had an apology from Mike Hedges, but we welcome Mick Antoniww as his substitute this morning. Welcome, Mick.

Sesiwn Graffu Gyffredinol: Y Gweinidog Tai ac Adfywio General Scrutiny Session: Minister for Housing and Regeneration

[2] **Christine Chapman:** This is an in-year scrutiny session with the Minister for Housing and Regeneration, following up on the work completed in October for the 2014-15 budget scrutiny. I welcome Carl Sargeant AM, Minister for Housing and Regeneration, John Howells, director of housing and regeneration, and Kath Palmer, deputy director of homes and places. Welcome to you all.

[3] Minister, Members have a range of questions, so if you are happy, we will go straight into those questions.

[4] **The Minister for Housing and Regeneration (Carl Sargeant):** Yes, of course.

[5] **Christine Chapman:** I just want to start off with a few questions about housing supply. Are you satisfied with the progress being made against the programme for government commitments that relate to housing supply? Can you outline the main achievements in this area?

[6] **Carl Sargeant:** Yes, Chair. Good morning, committee; it seems like I am a member of this committee now, as I am appearing every week. A really important question for me and my team is how we keep a check in terms of the programme for government. Are we on target? Will we deliver? I am very comfortable with the achievements that we are making. You will have recently seen the review of some of the targets around affordable homes. We have increased that target, and there are other elements, such as Housing into Homes et cetera, that are all mid-term. We are either ahead or well on target for delivery of our manifesto commitments and those of the programme for government.

[7] **Christine Chapman:** Can you tell me when you expect to have a housing supply adviser in post?

[8] **Carl Sargeant:** I have recently received a submission from my officials to look to go out to appointment very shortly.

[9] **Christine Chapman:** Can you tell me a little more about the purpose of that role?

[10] **Carl Sargeant:** The housing supply adviser was, in part, a recommendation from the housing supply taskforce, which said that it needed either a group of people or an individual to act as the go-between between the sector and me. I decided on an individual appointment.

As I said, we will be going out to appointment very soon on that. It will be a relationship between the private sector, the housing associations and the local authorities, all on the theme of how we increase supply. Hopefully, they will be in post shortly.

[11] **Christine Chapman:** So, we will hear about that person in due course. Gwyn Price has a question now.

[12] **Gwyn R. Price:** On targets, can you tell me why you set a target for affordable housing completions at a level below that suggested by your own housing supply taskforce, and whether the target for delivering 500 co-operative homes will be met during the fourth Assembly?

[13] **Carl Sargeant:** First of all, on the housing supply number, we increased it from 7,500 to 10,000. We rounded the number off. The taskforce gave a view that we could increase that slightly higher. As you will have seen from the paper that I submitted to you, we have created a compact with housing associations. It was about the dialogue about who will be delivering houses. We do not physically deliver these houses ourselves—it has to be through a partnership agency. It was about what they felt was achievable and what we thought was achievable too. The numbers that the housing supply taskforce produced were based on historic build et cetera. There was certainly a lot of ambition there. I announced 10,000, but we might do more than 10,000, but I feel comfortable that we can definitely deliver 10,000 in an agreement of partnership with the agencies that supply the homes. In the round, it would be true to say that the co-operative model of housing is really difficult to deliver—not because it is not proven; it is actually the people accepting the model and delivering it locally that is quite challenging. We have put some finances into some pilot schemes across Wales to try to get that off the ground, but it is difficult. So, what we have done is to include that in the whole. That is why we have got the 7,500 increased up to 10,000, as a holistic approach to the delivery of homes across Wales.

[14] **Gwyn R. Price:** So, do you think that it will deliver the 500?

[15] **Carl Sargeant:** I do not honestly know. I think that it is going to be very challenging to do that, but as I said, the overall position is about an increased supply with the 7,500, going up to 10,000, which will include that figure.

[16] **Jenny Rathbone:** Can you just explain what the barriers are to more co-operative housing? Given that housing is so expensive compared to average wages, it seems that a co-operative solution might be a way forward for people on average earnings. I just wondered whether you could explain why it is that we are not able to get more co-operatives together to help people to build their own houses with the right technical assistance.

[17] **Carl Sargeant:** It is really strange the way that the market is operating. We have seen co-operatives being very successful in different parts of the country and certainly in different parts of the world. Actually, trying to get the uptake in Wales is very difficult. An example is that one local authority that started talking to a community to engage on co-operatives took the group of members on a visit to a co-operative scheme elsewhere and they just did not feel after they came back that they could be fully committed to that. The sell, if you like, was not strong enough. So, what we are trying to do now in Wales is to create a pilot environment, so we are putting some cash into this up front to get these off the ground in order to demonstrate that they actually can work. It is just about the uptake. We are working with the Wales Co-operative Centre to do some work around the communication of this and to work out the processes where people feel comfortable and confident enough to take it forward. However, I do not have the answer for you. I just do not know why we cannot push this one over the line, and we are really trying hard. I have a dedicated member of staff working on this full time.

[18] **Christine Chapman:** I know that Leighton wants to come in, but I know that Mark and Jocelyn also want to come in. Is it on this point or a new point?

[19] **Jocelyn Davies:** It is on co-operatives.

[20] **Christine Chapman:** Mark, is your question on this point?

[21] **Mark Isherwood:** It is not on co-operatives. It is on the definition of affordable housing.

[22] **Christine Chapman:** Do you want to ask your question? Then I will bring in Jocelyn and then Leighton.

[23] **Mark Isherwood:** I was going to ask you to clarify what definition of affordable housing you are using within the task groups. It is often interchangeably used: on one hand just for social units to rent and on the other hand for any housing people can afford on local price:income ratios. What definition are you working to within your department?

[24] **Carl Sargeant:** Kath, do we have a technical definition on this?

[25] **Ms Palmer:** Yes, we are using the statistical definition based on technical advice note 2.

[26] **Carl Sargeant:** Sorry, did you hear the answer?

[27] **Mark Isherwood:** It was very quiet.

[28] **Christine Chapman:** Could you say it again?

[29] **Carl Sargeant:** It is based on statistics and technical advice note 2. So, if it receives Government intervention support, it is affordable housing. Would you like me to send you a note, Chair?

[30] **Christine Chapman:** If you would, Minister, that would be good.

[31] **Mark Isherwood:** Elsewhere you indicate that this could include, and does include, housing generated by registered social landlords that has not received Government support.

[32] **Carl Sargeant:** I think that what is important, Chair, is that the definition of affordable is meaningful where people are able to access the market. That is what we are seeking to do, whereas in England the definition is very different and is based on local market rents. So, an affordable home in Westminster is based on a percentage that is lower than the market, which is not affordable to most people. That is very different to what we are doing in Wales. Maybe I will send a note to the committee explaining the differences between the two.

[33] **Christine Chapman:** If you would, yes.

[34] **Jocelyn Davies:** Perhaps this is an obvious question about co-operative housing, but if it is hard to achieve and there does not seem to be an appetite for it, I just wonder why you would put the effort into doing it.

[35] **Carl Sargeant:** I think that the principle of co-operative housing is not a bad one, and I think that community ownership and support are things that we see across the UK that work. I think that it is just another element of the housing supply chain and housing solutions, and we are giving the offer to people to support this mechanism. As I said, I certainly

recognise that it is very challenging to deliver on the numbers. I am not going to ditch this. I think that it is a good idea and the concept is right, but it is really tough to get it over the line. That is why I have included it in the overarching increased number of affordable units.

[36] **Ms Palmer:** I just want to say that this does take time—part of it is about the time that it actually takes, especially when taking a bottom-up approach to involve local people. Also, the type of co-operative housing tends to be relatively small-scale. We have at least nine pioneer projects, and we have others that are really interested in it, but it is relatively small-scale in terms of the number of properties that are involved in the sites.

[37] **Carl Sargeant:** We have one significant development that is interested in a co-operative model, which, if it were to happen, would increase the number of unit completions significantly.

[38] **Leighton Andrews:** Do you still have a target for WHQS?

[39] **Carl Sargeant:** Yes. We have completions now for all authorities with successful business plans to deliver.

[40] **Leighton Andrews:** What is the furthest completion date?

[41] **Carl Sargeant:** It is 2021, we think.

[42] **Ms Palmer:** It is 2020.

[43] **Carl Sargeant:** It is 2020. I am being very open to the committee. I think that there is one authority where this could potentially slip a little.

[44] **Leighton Andrews:** Which one is that?

[45] **Carl Sargeant:** It is a Valleys authority. I might have to check the exact one and let you know.

[46] **Christine Chapman:** Could you let us know?

[47] **Carl Sargeant:** Yes.

[48] **Leighton Andrews:** Is there any correlation between non-completion of WHQS and retention of stock by local authorities?

[49] **Carl Sargeant:** It would be fair to say that the ones that are late in delivering WHQS are two stock-retention authorities—out of three.

[50] **Ms Palmer:** Just to add, the two that have retained stock had actually achieved it by 2012. It is a bit of a mixed picture, really.

[51] **Carl Sargeant:** That is the current state of play. That is where we are with the ones that we are awaiting. Again, in the letter in which I will respond to the committee, we can give you a full breakdown of where authorities are in terms of WHQS, Chair, if that is helpful.

[52] **Christine Chapman:** Yes, it would be helpful. I now turn to Peter.

[53] **Peter Black:** Just coming back to the co-operative housing, you have mentioned a number of small schemes. Are any of those small schemes also self builds? Do you have any

particular toolkits in place to assist people who want to build their own properties as a co-operative, or whatever, to actually deliver their own affordable homes?

[54] **Carl Sargeant:** The answer to that question is ‘no’. I am pretty sure that, out of the nine schemes, there are no self-build models there.

[55] **Peter Black:** However, in terms of encouraging and insisting on self builds, is self-building a viable model that could be done on a co-operative basis that you might be able to look at?

[56] **Carl Sargeant:** I have not been briefed on that at all. The fact is that the Wales Co-operative Centre is doing a lot of work on trying to just create the model. There might be a time when self-building could be considered in that process. It is certainly not a stumbling block for us; it is actually just the principle of co-operatives that we just cannot get over.

[57] **Peter Black:** I am just trying to make a constructive suggestion as a way forward, Minister.

[58] **Carl Sargeant:** Being constructive is always good.

[59] **Ms Palmer:** We are certainly asking people to come forward with new ideas on pilot projects. We have a mix of new build and the refurbishment of current properties in the pioneer projects, but we do not actually have self builds per se in there at the moment.

[60] **Peter Black:** So, you could consider looking at a self-build pilot as one way of delivering on co-operative housing.

[61] **Carl Sargeant:** I do not think that we would not be supportive of that principle. In fact, co-operative housing aside, we are looking at new models of construction, or alternative models of traditional construction, which could also include self builds. So, we are looking at opportunities for all in developing more homes for people in Wales.

[62] **Mark Isherwood:** The European umbrella body for housing associations and equivalent bodies across the EU published a piece of research showing that co-operatives, particularly in Scandinavian countries such as Sweden have become the preserve of wealthier people because the tenants themselves select the tenants and it becomes a self-selection model. What measures are you proposing, if any, to address that issue?

[63] On WHQS—just to point out—I think that the Wales Audit Officer published a report in 2012, I think, which painted the picture at that point in time of the achievements against transfer or non-transfer.

[64] **Carl Sargeant:** Certainly, on the issue around the social make-up of co-operatives, it is far too early for us to tell in terms of delivery. I am aware of the issues that Mark Isherwood has raised. It would not be my aspiration to create a posh co-operative ghetto. I would certainly encourage all communities to be involved in co-operative housing, wherever they are.

09:30

[65] **Christine Chapman:** Thank you. We will now move on to questions from Janet.

[66] **Janet Finch-Saunders:** Good morning, Minister. On the abolition of the housing revenue account subsidy, clearly that is thanks to your Bill and the Wales Bill at Westminster making it easier for local authorities to build more homes. Can the Minister provide more

details about how the housing finance grant is being evaluated and whether any changes to the scheme have been implemented as a result of the initial evaluation?

[67] **Carl Sargeant:** I did not hear the question on the HRAS.

[68] **Janet Finch-Saunders:** Can you provide more details about the housing finance grant? How is that being evaluated?

[69] **Carl Sargeant:** It is a very successful programme, in terms of applications, but we have only had a few completions to date, so it is a little bit early in terms of evidence of outcomes on that. However, we are asking for returns on a quarterly basis from organisations involved in this scheme, which will look at things like community benefits, apprenticeship schemes et cetera and how they will be reported to the centre. When we have more data that we are able to share, I will be happy to do so, but it is a bit early in the scheme's life to give you any detail on that now.

[70] **Janet Finch-Saunders:** Would you like to see housing associations accessing more private finance and becoming less reliant on capital grants?

[71] **Carl Sargeant:** Yes; absolutely. I think that the housing associations are very innovative in Wales. We have a great relationship with them, but, of course, if they want to spend their own money, as opposed to ours, I would welcome that. However, they are already doing that; they are already building properties without grants. I would encourage them to do more, and we are undertaking a review of the social housing grant and how that operates to see whether we can get more value for money, working with housing associations, and how that would operate. That goes for housing and extra-care facilities, which are very expensive. If we can do that without grants, it is even better.

[72] **Janet Finch-Saunders:** That is really the way forward, is it not?

[73] Do you have an update on the housing revenue account subsidy discussions with local authorities to build new homes?

[74] **Carl Sargeant:** Yes; we have just completed discussions with the 11 authorities that are exiting HRAS, and they now agree with the formula of distribution as well as the borrowing cap and how that will be attributed. We are just waiting for final sign-off on that, but we have a verbal agreement around that. To date, there are four authorities that I know of that are already at different stages in terms of looking at building new properties as council properties—Flintshire, Anglesey, Carmarthen and Cardiff. I think that there are a few more, actually, but I know that they are definitely at different stages of moving forward to new-build council properties.

[75] **Peter Black:** May I ask about tenancy support, Minister? In your programme for government report, you say that the Welsh Government core funds two tenant support organisations—the Tenant Participation Advisory Service and Welsh Tenants—and arrangements for more effective delivery of support are being considered. *Inside Housing*, in March of this year, reported that you are considering slashing the combined £480,000 annual grant fund to TPAS and Welsh Tenants in favour of a procurement model in which both organisations bid for contracts to deliver tenant support services. It quotes the report by consultancy Campbell Tickell, which states that the position of the Welsh Government is that the current of investment in TPAS Cymru and Welsh Tenants is unsustainable and that Ministers have already frozen a £150,000 tenant empowerment grant programme. If that is right, what is the Government considering doing in terms of tenant support going forward?

[76] **Carl Sargeant:** The article in the press is accurate. The fact of the matter is that

receiving £1.8 billion less in the Welsh economy has an effect on decisions, as you will understand. I am keen that tenants have a view and are able to shape the way that the housing sector operates in Wales, but we just have to get a sleeker cost-effective way of doing that. I have asked my team to speak to the two agencies to see whether they can merge some functions together to operate in a more effective way. It is not an ideal situation, but it is a situation driven by the financial pressures that we find ourselves under.

[77] **Peter Black:** You are pressing ahead with that merger, even though the report suggests that a group structure is not a viable option.

[78] **Carl Sargeant:** It is not for me to decide whether they wish to merge or not. It is something that they may wish to consider.

[79] **Peter Black:** However, you are driving that forward in terms of the finance, and you are saying that you would finance them on that basis, even though the report says that that is not a viable option.

[80] **Carl Sargeant:** It might not be two organisations; it might be one organisation delivering the scheme. I am saying that the option is for them to have discussions in order to give a better service for the tenants who wish to engage with the sector. As I said, it is a really important piece of work that we need to support, but I just do not have the finances to commit to two separate organisations that sometimes do very similar work. That is why I am engaging with them to see whether we can come to a better arrangement of driving this agenda forward, but I cannot sustain two financial lines moving forward.

[81] **Peter Black:** I understand the financial situation. Can you give us an indication of the timescale by which this piece of work will be completed and what the interim arrangements are in terms of finance until you actually get that agreement?

[82] **Carl Sargeant:** I cannot give you a timeline on that, but it needs to be done as quickly as possible, because of the budget. The problem with a longer timeline is that nothing physically happens until the last day. I am saying that, for effective business, we should be checking what we do and when we do that now. That is why engagement with those two organisations is ongoing.

[83] **Peter Black:** So, is the current funding staying in place until that has been resolved or are you actually cutting the funding upfront?

[84] **Carl Sargeant:** The funding will remain in place until we have resolved the issue, but the issue needs to be resolved as soon as possible.

[85] **Christine Chapman:** Mark, is your question on that point?

[86] **Mark Isherwood:** [*Inaudible.*]—on funding affordable housing; it was a point about the housing finance grant. What consideration or discussions have you had with registered social landlords about the longer-term applicability of housing finance grants—not just the £4 million to service the initial tranche, but the impact on their balance sheets and the limitation of this particular model, because of the gearing effect, were it to be repeated, as a core project? Finally, what consideration, if any, are you giving to co-operation between RSLs and stock transfer associations where working together might stimulate a greater number of units.

[87] **Carl Sargeant:** We have considered all of those things. If I may take your last point first about co-operation between housing associations and local authorities, a lot of the local authorities that are exiting the housing revenue account subsidy system and are seeking to build new council properties, effectively, do not have the capacity in terms of the direct

labour organisations to build new properties and may have to work in partnership with a housing association or the private sector to deliver on these things. It would remain a council property, but actually it might be an RSL that delivers it for the local authority. So, there are discussions taking place across the sectors already. Again, they are certainly not void of trying to stimulate innovation across the sector and they are working together.

[88] In terms of the housing finance grant, again, working with Jane Hutt, I think that this is probably a model that we will seek to replicate in the future. It is about using revenue funding effectively and it is welcomed by the sector, but I am conscious of Treasury rules about borrowing caps et cetera. Part of the issue that holds us back in Wales, and holds back housing associations, is the fact that there are Treasury rules that have an effect on us. I understand the financial implications of ensuring that the public borrowing sector limits are complied with, but I think that we have to sometimes measure that against risk and risk conditions. Most of the housing associations across Wales are very good at managing their financial assets. What holds them back in their ability to do more is the fact that they are reaching their borrowing limits.

[89] **Mark Isherwood:** If I may, it is the lenders' gearing on the balance sheets that will limit their capacity to borrow at a time when they are being asked to borrow a higher percentage of the cost of a development. That is nothing to do with Treasury rules; that is banking.

[90] **Carl Sargeant:** I think that Treasury rules have an effect on all of this, Chair, in terms of what local authorities and housing associations are able to do in their block. However, I do recognise Mark's point in terms of this specific issue around the gearing effect on their bank balances. As I said earlier, Chair, I think that we should have a broader discussion, certainly one that Jane Hutt, I hope, would welcome in terms of the ability to get the best for Wales, allowing the sector enough flexibility to grow without pressure from the UK Government—of whatever ilk—because of prohibitive rules in terms of borrowing et cetera.

[91] **Ms Palmer:** May I come in, and just add to that, just to say that the gearing levels of registered social landlords vary? Some are more highly geared than others, as I know that you know. So, we do think that there is still some scope for RSLs to be able to do more of the housing finance grant, based on their gearing levels now. There is still scope for them to do more.

[92] **Mark Isherwood:** I have just one other point. Large-scale voluntary transfer housing associations have been included in the work around co-operation; it is not just councils and traditional RSLs, but the local authorities that have transferred, bringing LSVTs in.

[93] **Carl Sargeant:** I am really keen to understand how we can deliver more and better opportunities for Wales. I have said again to my team—and I know that it is not popular in some areas—that we currently have a model using the social housing grant purposely and only for RSLs, because of the ability for local authorities to borrow in a different way. I am saying that the question that we should be asking is: if we have a block of social housing grant, who can deliver the best with it? I think that the conversation needs to be explored about whether it is RSLs, local authorities or a combination of both. It might be a better solution to building more in the future. That is something that I have my affordable housing team looking at as we speak.

[94] **Christine Chapman:** I am just conscious that time is moving on. Before we move on to Jenny's question, Minister, I just want to check: have you decided whether a target will be set for private sector completions?

[95] **Carl Sargeant:** I am still to be convinced of the idea; therefore, I have not pursued that.

[96] **Jenny Rathbone:** Help to Buy is obviously an important addition to the challenge of meeting the demand for housing, because your target is 5,000 homes through Help to Buy, as opposed to 1,000 homes through affordable housing targets. How is this scheme complementing, rather than being in competition with, the UK Government scheme? Why is it that we have to have a separate scheme, given that we have to pay this money back?

[97] **Carl Sargeant:** I have listened to the sector and to the communities that we all represent; people were asking, 'How do we get on to the housing market ladder?' Strangely enough, in the UK, it seems that we think that owning your own home is the right way to go. In other countries, that does not always happen. So, what are the solutions to this? There are two schemes: there is a UK-run scheme in terms of the mortgage guarantee scheme, and the Help to Buy Wales scheme. Again, there are some subtle differences in the Help to Buy scheme. I have kept in touch with the Home Builders Federation. I meet with it on a regular basis just to see what is happening in the sector. I met a company this week that is operating the scheme, and its representatives told me that the dynamics of the market are changing. There is more confidence in the market and we are seeing more ability. They said that Help to Buy Wales was very welcome, and they were seeing an increase in sales. Actually, what they were seeing was that there were different solutions available to people, with more footfall coming; Help to Buy was one element, saying, 'People, come and look at this'. I think that he used the example of, 12 months ago, four people coming through the door in a week; now it is around eight, and two of them—he said—will be Help to Buy. So, he said that the market is increasing, but there is an added advantage too, with the Help to Buy Wales scheme. I am giving that further consideration because, as I said, the scheme threshold in the UK has a limit of £600,000, whereas ours is £300,000. I am considering reducing that to a lower amount, in the process, just to give the potential for the scheme to run a little bit further. Reducing the amount will give us a longer timescale.

09:45

[98] **Jenny Rathbone:** I did a back-of-an-envelope calculation. If you were going to benefit from the Help to Buy scheme at the maximum, you would still be having to find £225,000, which means that you would need a combined income of £55,000, which would obviously be quite high for average family incomes. So, your intention, if you were to reduce it, would be to target people on lower incomes.

[99] **Carl Sargeant:** I think that what is really important to me, wherever you are in the sector, is your true ability to pay, whether that is at the top end of £300,000 or at the lower level. I think that the average figure for the help to buy scheme is £179,000. That is the market that the Help to Buy schemes are operating around. I think that what we are seeing, because of the stamp duty threshold of £250,000, is that there are very few above that figure through Help to Buy. I have not made my mind up yet, but I am considering whether to lower the threshold on the top number to see whether we can get longer-term support for the scheme, and, if we need to, tackle the right end of the market, the lower end of the market, which is what we would like to see happening. However, all in all, the scheme is, we believe, working well. The sector likes it and the people who are using the scheme like it. We just have to be sure that the potential for—and there is lots of press around this—overheating the market et cetera is not seen in Wales at all. Again, the sector is saying that the Welsh market is very different from the English market, and by 'English' I mean centred around London and the south east—

[100] **Jenny Rathbone:** The London market is a bubble that is going to burst eventually, which is obviously very dangerous for us all. Have you considered targeting Help to Buy on

certain groups, such as key workers, where there is a difficulty attracting doctors or teachers or people like that because of their inability to move?

[101] **Carl Sargeant:** No, we have not. At the moment, it is open to all, effectively, where it is affordable. If we were to be in a position where this scheme was under pressure, it is something that I would give further consideration to. However, at the moment, we do not need to do that and I think that what we are seeing is the scheme operating quite effectively as it is currently drafted.

[102] **Jenny Rathbone:** May I just ask about—

[103] **Christine Chapman:** Jenny, I think that John wanted to say something.

[104] **Jenny Rathbone:** I beg your pardon.

[105] **Mr Howells:** I was just going to say that the key issue is confidence in the market, and Help to Buy, as the builders were telling the Minister earlier this week, has been one of the important components in introducing some confidence to the market so that the house builders are prepared to build in Wales. Construction finance is hugely mobile, so they can choose to build elsewhere. I think that we are beginning to see some evidence that, although it is still early days, it has made a difference in relation to builder confidence.

[106] **Jenny Rathbone:** That is obviously very important. Thank you for that. I suppose that the other thing that it would be really useful to know about is the terms of repayment to the UK Treasury of this money and what the implications are, therefore, for your ability to continue Help To Buy past the sum that you have at the moment.

[107] **Carl Sargeant:** It is a 30-year repayment model, but you may be better putting that question to Jane Hutt at the appropriate time, Chair.

[108] **Peter Black:** The UK Government produced a very interesting breakdown of where Help to Buy is by county. Is there a similar breakdown for the Welsh scheme and shared equity loans? Can we have that?

[109] **Carl Sargeant:** Yes. There is some very detailed reporting around this.

[110] **Mark Isherwood:** Do we have figures for the mortgage guarantee in Wales?

[111] **Carl Sargeant:** We do have the numbers.

[112] **Mark Isherwood:** Can those be shared with us?

[113] **Mr Howells:** On the UK scheme?

[114] **Peter Black:** The UK scheme we have by county—

[115] **Mark Isherwood:** As opposed to the shared equity element.

[116] **Ms Palmer:** We have total numbers. We have 369 houses that have been sold using the mortgage guarantee scheme, of which 309 were bought by first-time buyers. Those are the figures so far from the UK Government, because we met recently with it to ask for the figures, which it has published.

[117] **Peter Black:** Do we have the figures for the Welsh scheme by county, which we could—

[118] **Ms Palmer:** We do not have an individual Welsh scheme for the UK mortgage guarantee scheme. Help to Buy is made up of two elements, one is the mortgage guarantee scheme, which is across the UK, and the other one is the shared equity scheme, which we have numbers for, of which we can give you a detailed breakdown.

[119] **Christine Chapman:** Could you send that to us then, please?

[120] **Ms Palmer:** Yes.

[121] **Christine Chapman:** I am conscious of time. I know that there are other areas in your portfolio, Minister, and some Members have not come in yet, so I want to move on now. Mark, you have a question on empty homes.

[122] **Mark Isherwood:** I understand from the Welsh Government evaluation of the houses into homes scheme that 38% of the loan applications related to units being made available as affordable accommodation. However, to what extent do you believe that the programme could or should be focused on Welsh Government objectives, such as smaller units and affordable accommodation?

[123] **Carl Sargeant:** I am thinking of putting some conditions around the grant so that there is an assurance that, when the houses into homes properties come back into use, there is an aspect of community benefit, so that it goes back into the system for either affordable homes or rental for a minimum period. At the moment, the scheme is running really well. We are getting significant take-up on the £20 million scheme, but I think that I share the Member's interest, in that I think that if we are making this grant available, there should be an additional benefit, not just the grant and getting houses that were derelict, effectively, or empty, back into the system. There should be a community benefit as well, so they might go into affordable homes opportunities for local authorities or RSLs, making them available for tenants as well.

[124] **Mark Isherwood:** How much funding, compared with the initial loans, is likely to be recycled in the current financial year?

[125] **Carl Sargeant:** We cannot give you a definitive number on that, because some pay early on return and some leave it to the last minute. I can try to give you the number of those that have been returned, but there is nothing definitive, because, as I said, people can pay early. We do not know whether they are going to pay early, but there is the potential for them to do that.

[126] **Mr Howells:** We cannot answer the question definitively, but of the order of 20% of loans were due to be repaid within the two-year period, so that gives you some indication of the rate of payback and recycling of the funds. However, it is still early days for the scheme and those are just projections, rather than real numbers.

[127] **Mark Isherwood:** Finally from me, how are you ensuring that this is part of an empty homes strategy being delivered at a local level, identifying the empty homes and working with the owners of those homes as part of a broad measure of interventions, with the big stick as the final resort, if all else fails?

[128] **Carl Sargeant:** There is no big stick at the moment, is there, until the housing Bill comes in? However, the issue of working with the community and working with individuals who have empty homes has to be considered. I know that some local authorities operate different methods. What I am really encouraged by is that there is an all-Wales working group around empty homes and people are sharing best practice and the best abilities to get that in.

It works on a regional basis now, the financing, and that has certainly enhanced the take-up of the scheme. I am sure that we could put much more into the pot and it would be used. Certainly, local authorities have been very effective in the use of empty homes schemes financing.

[129] **Mark Isherwood:** I think that I was referring to EDMOs—empty dwelling management Orders, and measures introduced under the 2004 Act, which are the big stick, namely the intervention powers that exist.

[130] **Carl Sargeant:** Yes, and that is used in some places, but I think that what might focus people's minds further is the housing Bill and the potential of additionality on council tax or an empty homes premium, which are within the legislation that is being taken forward.

[131] **Christine Chapman:** We will move on now, because we are running short of time, so Mick, you have some questions.

[132] **Mick Antoniw:** I shall put them very sharply. In terms of the bedroom tax, the availability of small homes has been a major issue. What progress is being made with regard to that?

[133] **Carl Sargeant:** We put an additional £20 million in last year, and I think that 20 authorities will be using that to increase around about 375 units. It is nowhere near enough. Like or loathe the bedroom tax, the problem with it is supply, and I said early on, 'Look, the Government is going to introduce a system that has an implication somewhere else'. We cannot just turn on housing; there is a lead-in time, and while we are making some headway, we are well behind the curve in terms of delivery and the amount of available accommodation. It is not a good position to be in, but what I hope is that we do not rush into building lots of single accommodation solely on the basis and the principle of the tax, which, at some point in time—hopefully earlier than later—will be abolished and then we will not have to build any more smaller properties on that need basis.

[134] **Mick Antoniw:** May I ask you a little bit about discretionary housing payments? Although the money you made available is being used very valuably by local authorities, there was an additional fund made available by the UK Government, and it has certainly been reported to me that there has been considerable difficulty in accessing that, due to bureaucracy, time lags and so on. Have you looked into why? There are two things: why is there such a low take-up by Welsh local authorities, and, secondly, why was the proportion of that funding not made available to Welsh Government to administer, where it could have been used far more effectively?

[135] **Carl Sargeant:** I do not think that it was the fault of local authorities and their ability not to attract the cash; I think that some authorities did—I certainly know that one definitely did. The problem was that it came really late in the day. I think that it was announced in February and had to be spent by April, and most authorities had already profiled their spend and were looking at effective management of what finance was available at the time. This came really late in the day, and you could only spend it on that one thing and, therefore, the inability of local authorities to spend at that point was very challenging. Therefore, they were not able to take that up. We have raised that with the UK.

[136] Why did it not give it to the Welsh Government as opposed to local authorities? That is, of course, a question on a decision for the UK Government to respond to.

[137] **Mick Antoniw:** Is the Welsh Government continuing to press, or is it pressing, for the cap on DHP to become the responsibility of Welsh Government? Also, there is the issue of carrying underspends forward.

[138] **Carl Sargeant:** I only dare to tread lightly as the fact is that this is UK Government legislation, and this is a duty of the UK Government. What we have found in the past—and we certainly face it with this, as well—is: what is it that we can put in place to mitigate some of the effects of these? As I said, we are trying to build more single-bedroomed units in order to help the market, but it is not quick, and it certainly is not easy.

[139] Personally, I think the scheme is fundamentally wrong, and that is why we are in this bit of a mess, really, in terms of people's lives and livelihoods. Do I think that it would be advantageous for us to create the cap levels? I think that there are opportunities for us to look at that in more detail. My view has been clear from the start: I think that we just need to get rid of it, if I may say so, Chair.

[140] **Mick Antoniw:** In terms of the representations that you made originally on the adapted accommodation issue, asking for an exemption—one of the great achronisms of this—what progress is being made? Have you received a response that has been followed through?

[141] **Carl Sargeant:** I have written to Lord Freud on several occasions, and the majority of his responses have not been positive. I will consider carefully and, of course, I will seek clarification from Lord Freud as to whether I am able to share those letters with you.

[142] **Mick Antoniw:** I have just one final point, very quickly. It is on the impact of adaptations, because, already, you are beginning to get some movement with them. Has any estimate been made of the potential cost impact on local authorities of having to re-adapt properties where people have moved out of adapted homes as a consequence of the—

[143] **Carl Sargeant:** There has, and some housing associations have suggested that significant costs are involved, not only in the initial adaptation, but in the change, the transfer, and then re-adaptation of a new build. There are some figures that Community Housing Cymru has done, but they are significant and, quite frankly, there is not any need to do this at all. That is why the exemptions are really important and should be considered seriously by the UK.

10:00

[144] **Christine Chapman:** I know that Members want to come in with some supplementary questions and I would like to make time for those, but I know that other Members have not had chance to come in yet. So, I am going to go to some of the areas that you said that you wanted to cover and then, if we have time, we will come back to the supplementary questions. Bear in mind that I have a number of people who want to come back in. However, I will now move on to Jocelyn's questions on home adaptations.

[145] **Jocelyn Davies:** You are doing the review of adaptations for disabled people. This is something that this committee and others in the past have spent some time on. Are you expecting to find something new that all the previous reviews have failed to unearth? When can we expect you to make significant changes to the disabled adaptations system?

[146] **Carl Sargeant:** As the Member is aware, when I took over the portfolio, one of the first debates that I responded to in the Chamber was a committee report on adaptations—a third report that suggested that we still had not made much progress at all. I said to the team that it was unacceptable and, therefore, we needed to look at the overarching schemes that were available and how they were reported. The fact that the variety of the schemes delivered on different timescales was certainly not acceptable to me. I have a report coming to me very shortly and I hope to implement it as soon as possible. I do not know what the

recommendations will be, Chair, so I cannot commit to what the changes will be and when they will be sought. However, this is certainly something that I will be keen to enact as soon as possible, subject to what the recommendations are.

[147] **Jocelyn Davies:** I know that the report was expected in September, but you might be getting it before then.

[148] **Carl Sargeant:** It is possible.

[149] **Jocelyn Davies:** On the intermediate care fund, can you give us a list of all the projects and the outcomes expected from within your portfolio?

[150] **Carl Sargeant:** I will have to write to the Member with the detail—and that might be convenient time-wise as well—if I may, Chair. What is happening, certainly, is that Gwenda Thomas is leading on the overarching scheme and we have been delegated an amount of funding. We are using that on a regional basis, using capital and revenue collectively, for local authorities, but they are doing a variety of different projects. I am more than happy to share some detail on the business plans that are available.

[151] **Christine Chapman:** Yes, please do that.

[152] **Mr Howells:** There is a link between the review that is under way of aids and adaptations and the evidence coming forward from authorities on the use they are making of the intermediate care fund. There is some interesting cross-boundary working happening to meet the needs of elderly people in particular more effectively. Our aids and adaptations service has been an essential component of that all along, but we are beginning to see some new joint working patterns. One of the benefits of a review now is that we can build upon some of the innovative stuff that has happened under the intermediate care fund to see if we can sort this issue this time around.

[153] **Jocelyn Davies:** Obviously, that was just a one-year deal in relation to the budget, so maybe the intermediate care fund will continue in Wales.

[154] On Care and Repair Cymru, how long have the discussions been ongoing with it about the reconfiguration of its services?

[155] **Carl Sargeant:** We figure that it will be around six months.

[156] **Jocelyn Davies:** When do you expect that to conclude?

[157] **Carl Sargeant:** I have a meeting with the organisation in the next two weeks to have further discussions about what that means in terms of the merger of function.

[158] **Jocelyn Davies:** Thank you.

[159] **Rhodri Glyn Thomas:** I ba raddau y mae'r penderfyniad i gynnal adolygiad o'r system addasiadau presennol wedi ei ddylanwadu gan feirniadaeth eithaf llym Comisiynydd Pobl Hŷn Cymru o'r system bresennol? **Rhodri Glyn Thomas:** To what extent has the decision to undertake a review of the current adaptations system been influenced by the rather strong criticism by the Commissioner for Older People in Wales of the current system?

[160] **Carl Sargeant:** Well, in part, the older people's commissioner is right to say that there is something wrong with the system. I recognised that straight away. It is just not working effectively across the boundaries of local authorities in our communities. There is

such a variety in the delivery of service that it does not make sense. That is why I commissioned a piece of work to try to get this right. I am hoping to do that when the recommendations come back. It may be that there will be a single scheme, but I do not know. At the moment, we have lots of schemes operating that are doing different things. Let us see what recommendations come back. However, the commissioner is right to raise the issue that the scheme is not working as effectively as it could.

[161] **Rhodri Glyn Thomas:** Yn amlwg, ni allwch drafod unrhyw argymhellion â ni y bore yma gan nad ydych yn gwybod beth yw'r argymhellion. Rwy'n siŵr nad ydych am fynd o flaen yr adolygiad, ond un o'r pethau mae'r comisiynydd pobl hŷn wedi cyfeirio atynt yw'r diffyg o ran monitro. A ydych yn gobeithio o'r adolygiad hwn y gallwn gael system monitro a fydd yn ein galluogi i weld beth yn union sy'n digwydd ar lawr gwlad ar draws yr awdurdodau lleol i gyd, oherwydd dyma'r drydedd neu'r bedwaredd waith rwyf wedi bod yn rhan o broses o edrych ar y system addasiadau, ac un o'r problemau oedd cael darlun clir o beth oedd yn digwydd? Roedd rhai awdurdodau yn canolbwyntio ar un elfen, a'r lleill ar elfennau eraill. A ydych yn gobeithio cael system monitro a fydd yn ein galluogi i fesur yr hyn sy'n digwydd ar draws yr awdurdodau lleol i gyd?

Rhodri Glyn Thomas: Clearly, you cannot discuss any recommendations with us this morning because you do not know what the recommendations will be. I am sure that you do not want to pre-empt the review, but one of the things that the older people's commissioner has referred to is the lack of monitoring. Do you hope as a result of this review that we will have a monitoring system that will enable us to see what exactly is happening at grass-roots level across all local authorities, because this is the third or fourth time that I have been part of a process of looking at the adaptation system, and one of the problems was having a clear picture of what was happening? Some authorities were concentrating on one element, and others were concentrating on other elements. Do you hope to have a monitoring system that will enable us to assess what is happening across all local authorities?

[162] **Carl Sargeant:** It is hugely complex in terms of measuring the outcomes of this: a stair lift being one installed in one area is very different from installing a room-to-room physical lift in another. Therefore, the comparisons and capture of those data are really important. I would not want to just have a monitoring chart of performance without understanding that fully. The recommendations of the report will be really important. I want to make sure that the distribution of finances gets to the front line, because making the adaptations is of paramount importance to me. Effective monitoring is important too, but we need to consider a suite of things when the recommendations come back. I will give that further consideration, but I do not know what the recommendations will be, as the Member alludes to.

[163] **Rhodri Glyn Thomas:** Diolch yn fawr. **Rhodri Glyn Thomas:** Thank you.

[164] **Christine Chapman:** Peter, you have a number of questions and I know that you had a supplementary. If you could be quite brief, I may have a chance to bring other Members in. You have your questions, I know.

[165] **Peter Black:** I will be as brief as possible on homelessness, Chair. Can you outline, Minister, what changes have been made to the homelessness grant programme in 2014-15 as a result of the findings of your recent review of that programme?

[166] **Carl Sargeant:** There are no changes as of yet, but the section 180 review has just taken place and we are considering recommendations around that and how that might be adapted to deliver better homelessness prevention activity across local authorities. There will be a number of recommendations alongside the homelessness provision within the Housing

(Wales) Bill, subject to that getting approval. We are already seeing local authorities recognising that prevention makes more sense than the reactive nature of the delivery of this, and some authorities have started doing that work already.

[167] **Peter Black:** Is it possible to let us have details of the outcome of the section 180 review when it is completed?

[168] **Carl Sargeant:** When I have made that decision, I will.

[169] **Peter Black:** Thank you. The other question was in terms of the Supporting People grant. When we discussed this in the budget, I think we ended up with a £5 million cut, and the determination was that we would try to use the money that was there more efficiently, because there may well be further cuts in future years. How is that working out, and how are you now getting better value for money from that programme?

[170] **Carl Sargeant:** The Supporting People budget is the Supporting People budget, and we are currently working with the sector and my ministerial advisory group on this to test the system to see whether we are getting the best value for money in terms of delivery. I cannot honestly sit here and say that we are, and I have asked my team to do very quick reviews into two authorities on process, not because we have a concern with particular authorities, but because we want to know exactly how the finances are being used. So, are we looking at the system? Absolutely. Does the sector know we are? Yes, it does. Is the sector being helpful? Very. However, there is more work to do, because we are dealing with the most vulnerable clients in our community. We have to get this right, and I do not think it is an unreasonable question to ask whether we are getting best value for money. I hope to get to the bottom of that very complex system shortly.

[171] **Peter Black:** Again, can you let us know the outcome of that?

[172] **Carl Sargeant:** I will do, and I am sure the sector will too, because changes to any scheme always raise some concerns. What I have to be convinced of is that the money is getting through to the client as opposed to the client representative bodies that are noisy sometimes.

[173] **Peter Black:** I will move on to my next questions on the regeneration investment fund for Wales. As you know, that body has effectively been disbanded and the money has gone to the Welsh Government. I understand that European money is being reallocated elsewhere, but you still have the core funding that is available to the Welsh Government, which was funding from the sale of land. What is happening to that money? Is it being used for regeneration projects around Wales?

[174] **Carl Sargeant:** Some of the funding has been allocated and some of the money is still in abeyance, awaiting further outcomes from the auditor general's report and the police activity around that.

[175] **Peter Black:** My understanding is that there is no police investigation into that body at the moment.

[176] **Carl Sargeant:** That may be your understanding.

[177] **Peter Black:** Your understanding is that there is.

[178] **Carl Sargeant:** I am not able to disclose anything further on that, Chair.

[179] **Peter Black:** Why is that investigation preventing you utilising the resources

available to you for regeneration?

[180] **Carl Sargeant:** Well, the whole scheme is under investigation. I am yet to be convinced that—. I need to be convinced that I am making the right decision in allocating that funding. When I am convinced of that argument or persuaded by evidence given to me, then I will make that decision. At this point in time, I am not convinced, and therefore I will use cautiously the funding that is available and that is within my gift.

[181] **Peter Black:** Again, do you have a timescale for that?

[182] **Carl Sargeant:** No. I am not trying to be defensive; the timescale moves. We are told one thing, which is that a report will be issued in summer, and then it is not the summer, and that has been going on since winter.

[183] **Peter Black:** My concern is that there are a number of schemes, such as the coastal housing one in Swansea for instance, which are dependent on receiving some of that money, and I understand that they have now had to look elsewhere. There are other schemes that are not getting off the ground, very important regeneration schemes, because that money has been tied up.

[184] **Carl Sargeant:** Well, of course. There are schemes that were being considered along that whole process. The Member referred to the coastal housing scheme that was dependent on it. Actually, the coastal housing scheme is going ahead anyway.

[185] **Peter Black:** I understand that, yes.

[186] **Carl Sargeant:** However, these are things that I consider on a regular basis, but that is done around the evidence provided to me from advisers and external bodies on the point at which I release the scheme or a scheme back into the system. At this point in time, I am not prepared to do that.

[187] **Peter Black:** Okay.

[188] **Christine Chapman:** Peter, did you have another question from earlier on?

[189] **Peter Black:** Yes, just going back to welfare reform, what engagement have you had with local authorities around the assessment of people for discretionary housing payments, particularly with regard to some local authorities treating disability living allowance payments as income, which is not even done by the Department for Work and Pensions?

[190] **Carl Sargeant:** The Member has raised this with me on a personal basis. I have asked my team to act and to seek further advice from local authorities on how they operate the scheme. It is something that I would have concerns about if that turns out to be the case.

[191] **Christine Chapman:** Two other Members wanted to ask questions earlier on, but I did not have time then. I have got Jenny and Mark. Can you be very, very brief, because we are coming to the end of the session? Jenny is first.

[192] **Jenny Rathbone:** I just wanted to ask you about interest-free property appreciation loans for people on low incomes who own their homes but do not have the wherewithal to bring them up to housing quality standards. How would that not clash with the energy company obligation or the NEST obligations?

[193] **Carl Sargeant:** With all of our objectives in terms of grants and loans, we like to think that we can ensure co-operation between schemes so that there is not duplication of

funding et cetera. Part of the problem with that is that the private sector has a lot of money in schemes for enhancements of property, such as lagging and so on. That is really quite difficult to get engaged with. I am talking with the Minister with responsibility for the environment on how we can make sure that we get the best from both the private sector and public money in this. In terms of the grant and loan schemes, we are currently looking at a private sector loan scheme to operate in our communities so that home owners can enhance their properties with support from Welsh Government through a loan scheme operated through local authorities. We are trying to get some consistency around that, and local authorities currently, in some areas, do deliver this; in some they do not. We are trying to consider how we can give access to all.

[194] **Jenny Rathbone:** Might that include building a loft room if you have more children than you have got room for in your current property, or building a granny flat or that sort of thing?

[195] **Carl Sargeant:** I think that there would be financial restrictions on the pot of money available from local authorities, but I would not like to look at the detail too much. It is certainly something that a local authority would have to consider on a local basis.

[196] **Christine Chapman:** Mark, did you have a question from earlier on?

10:15

[197] **Mark Isherwood:** I believe that this question has not been addressed. I first wrote to Lord Freud a year or more ago, calling for exemptions on adapted accommodation, but the DWP guidance to local authorities includes, initially, a period of two years before the changes, then a few months before, and then a point that we received in July said that the priorities should be adapted accommodation and foster parents. Foster parents were then made an exempt group, so that the remaining priority for local authority decisions was adapted accommodation. To what extent are you able to monitor the use of the guidance by local authorities in determining their priorities? Secondly, and finally, on the same point, I think that three authorities have applied for the additional DHP money. Given that the process was the same for English authorities as Welsh authorities, have we looked at whether the take-up was better elsewhere and why that might have been?

[198] **Carl Sargeant:** This is not a Welsh Government scheme; this is a UK scheme, Chair. I know that Mark and I would be happy to discuss at length our differences surrounding this whole issue. The fact of the matter is that the Member refers to writing to the UK Government earlier than I wrote to the Conservative Minister, on the basis that he was seeking that disabled persons' homes in receipt of adaptations should be exempt. His influence was less than mine, clearly, because I have had no influence either. It still is the fact that this is a problem, and I would hope that, if he feels that much concern around this issue, he will publicly say that these are issues that UK Government is imposing on constituents in Wales.

[199] In terms of the DHP take-up, the Member is right that the scheme is the same as what is happening in England. As I mentioned to Mick Antoniw earlier on, the fact of the matter is that the scheme was delivered on a very late basis in terms of the ability to take this funding up. There is no point in taking the funding if you know that you cannot get it through the door. This was based on what I believe was good financial management by the local authorities, making sure that they had enough DHP, controlling the DHP for a 12-month period, and, at the end, two or three months before, being given the opportunity to bid for some more, which they probably could not spend anyway.

[200] **Christine Chapman:** I think that we have come to the end of this session. So, could I

thank the Minister and his officials for attending today and answering the Members' questions? We will send you a transcript of the meeting, so that you can check it for factual accuracy. Thank you.

10:17

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

[201] **Christine Chapman:** I move that

the committee resolves to exclude the public from the meeting for the following business: items 4, 5 and 6, in accordance with Standing Order 17.42(ix).

[202] I see that committee is in agreement. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:17.
The public part of the meeting ended at 10:17.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 11:01.
The committee reconvened in public at 11:01.*

**Sesiwn Graffu Gyffredinol: Y Gweinidog Cymunedau a Threchu Tlodi
General Scrutiny Session: The Minister for Communities and Tackling Poverty**

[203] **Christine Chapman:** Welcome back to the committee. This item is an in-year scrutiny session with the Minister for Communities and Tackling Poverty, following up on the work completed in October for the 2014-15 budget scrutiny. On that note, I welcome first of all Jeff Cuthbert AM, the Minister for Communities and Tackling Poverty. I also welcome Kate Cassidy, director of committees and tackling poverty, and Eleanor Marks, deputy director of the communities division. Welcome to you all. The Members will have read the paper, Minister. So, if you are happy to do so, we will go straight into questions. There is quite a lot of ground to cover today, because, obviously, you have a wide-ranging portfolio.

[204] I just want to start off with a question about the tackling poverty action plan. Could you tell me what the Welsh Government is doing to reduce in-work poverty, which we know, according to the research, has been steadily rising in Wales for a decade?

[205] **The Minister for Communities and Tackling Poverty (Jeff Cuthbert):** Thank you very much, Chair, and thank you for the welcome. You are quite right about the portfolio; when I saw the index of all the items that form part of the portfolio, it was quite an eye-opener. There are well over 30 individual items—not far off 40. So, you are quite right; there could be quite a few things to discuss.

[206] In terms of the tackling poverty action plan, we will be producing our report next month, and that will detail the work that is done across Government, because it is not just an issue for my portfolio; every department contributes to the tackling poverty action plan, and that will be reflected in that plan. That is certainly the case, in terms of in-work poverty and the levers at our disposal to make a difference. Clearly, as we know, much of the macro-

economic levers are not under our control; we cannot control the economy, and that, of course, is the biggest factor in terms of employment and the rates of pay for employment. Nevertheless, in terms of my portfolio, we are making a number of contributions. It is very much focused on the issue of raising skills, which is an important issue for us, and here we work closely with the department for education and skills and with the directorate for economy, science and transport to make sure that the skills that are offered to some of the most vulnerable people are appropriate to the economy and will encourage them towards employment. I would single out our specific Lift programme, which is now beginning. It had a solid start, and we will be issuing statements on that in due course in terms of its geographic spread across Communities First areas and the occupational areas that are covered by it—and, of course, there is Jobs Growth Wales, which, as we know, is a very successful programme. My portfolio has an additional 750 Jobs Growth Wales places, which will be allocated though the Communities First areas. So, in terms of my portfolio, those are the sorts of areas that we are trying to support, together with issues such as supporting families through free breakfasts and other departments, council tax benefit and, of course, subsidised travel.

[207] **Christine Chapman:** Thanks, Minister. I know that we will be delving into some of these areas throughout the meeting.

[208] We know that the future generations Bill will not be for our committee, but for the Environment and Sustainability Committee, but, obviously, it probably will touch on some of the things that we are looking at here. So, could you tell me how the future generations Bill will contribute to the aims in the tackling poverty action plan?

[209] **Jeff Cuthbert:** Thank you very much indeed. I am seriously looking forward to the autumn term, when the work on the Bill will really be getting under way in terms of the examination of the Bill—that is, examination by various committees, Cabinet scrutiny committees—and, indeed, the national conversation that will continue for the rest of this year.

[210] When I took over responsibility for the future generations Bill, which I must stress is its working title, I wanted to make sure that the issue of sustainable development, which, of course, is at the heart of the Bill, is not seen simply as an environmental issue, but that it is very much about providing high-tech green jobs for the future. One of the goals, of course, of the future generations Bill focuses on a prosperous Wales, which is very much about creating the right sort of long-term sustainable jobs, which will be high tech, for our younger people and, indeed, for current generations, and that they receive education and skills training that is appropriate to enable them to take advantage of those jobs. So, I think that there will be a clear link between the future generations Bill and the overall employment programme.

[211] **Christine Chapman:** Thanks, Minister. Mick has a supplementary question.

[212] **Mick Antoniw:** I welcome the point you made that it is a working title. Is the intention that the Bill will have as a core function the issue of social justice?

[213] **Jeff Cuthbert:** At this moment, the phrase ‘social justice’ is not included, but certainly one of the goals is that Wales should be a more equal country. Within the descriptor, I think that it describes what we would interpret as social justice, in terms of people being able to have equality of opportunity, that no unreasonable barriers are placed in their way, and that they have the ability to succeed regardless of their background. That will be one of the goals. I think that that equates with social justice. However, I must stress that, during the scrutiny phase, and the continuing national conversation, there will be opportunities for amendments, and that will include Government amendments, depending on the evidence that is given to us.

[214] **Christine Chapman:** Gwyn, you have some questions.

[215] **Gwyn R. Price:** Thank you, Chair. Good afternoon—no, it is not afternoon; good morning.

[216] **Jeff Cuthbert:** I know that I have not been here that long. [*Laughter.*]

[217] **Gwyn R. Price:** It must be that the sun is getting to me, Minister.

[218] I wonder whether you can outline the achievements of Communities First since the launch of the new scheme for Communities First. Are you content, Minister, that the monitoring data that are being collected will allow the value for money of the CF programme to be assessed more effectively than in previous years?

[219] **Jeff Cuthbert:** Yes, I am pleased with the general progress of the new, rearranged Communities First programme. As you will know, the first year of the 52 new clusters has just finished. There is a review and evaluation of that under way. It will report to the Deputy Minister, who has day-to-day responsibility for the Communities First programme. The indications are that, in terms of prosperous communities, healthy communities and learning communities, the outcomes will be achieved. There will be more information on this, and I believe that the paper that we provided to you included those figures.

[220] **Christine Chapman:** Peter, do you have a supplementary question?

[221] **Peter Black:** Yes. Thank you, Chair. Minister, both you and your predecessor promised performance indicators for Communities First expenditure. When will we see those performance indicators published?

[222] **Jeff Cuthbert:** They will be published. The outcomes of Communities First—and, indeed, a number of our other programmes—will be based on results-based accountability, which means that it is the outcomes that concern us most. So, we will be producing those indicators, and they are not too far away. I will turn to officials and ask whether they can clarify that.

[223] **Ms Marks:** Indeed, we have an outcomes framework for Communities First, which currently has just under 100 indicators. We are working with the clusters and with the Deputy Minister and Minister to sharpen those up to have some 23 or 24 key indicators in there. All the clusters are reporting against those. When we go through the process evaluation later this year, we hope to publish those first-year results.

[224] **Peter Black:** Could you give us an idea of when that will be? We were promised that some time ago.

[225] **Ms Marks:** We will be looking for this report to be out towards September. The outcomes framework—what they are reporting against—is already available. We will be looking at the end year information and we will then need some time to analyse what that looks like in the final recording system that we have. I expect that that information would be available probably mid-point this year.

[226] **Peter Black:** The baseline will be available mid-point this year—is that what you are saying?

[227] **Ms Marks:** Well, we will know how they have performed in year 1 of the programme.

[228] **Peter Black:** So, when you publish the information, you will have the baseline and

the first year against the baseline.

[229] **Ms Marks:** Yes, we will have what the delivery plans promised to deliver, and how they have performed against those delivery plans.

[230] **Peter Black:** I have tried to get some data myself, Minister, and it is very difficult because the clusters have changed and the areas have changed, et cetera. However, from what I have been able to gather in terms of health, education and economic performance over the last God knows how many years—Communities First is 10 or 12 years old now—the performance of the areas that have received Communities First funding has not differed substantially from that of areas outside that have not had that funding. So, given that there does not appear to be much difference in terms of the performance, how have the tens of millions of pounds that have been put into these areas made a difference?

[231] **Jeff Cuthbert:** We could have a big philosophical argument on that, about the fact that if the areas have not differed, they would have fallen further behind, as they are the most disadvantaged areas, had we not had this intervention. However—

[232] **Peter Black:** Do you have evidence for that?

[233] **Jeff Cuthbert:** Well, I am saying that there is a philosophical argument that we could have on that point. However, the issue of Communities First, in terms of my responsibilities—. We have changed the basis of it, because it was a mixed picture across Wales. Some Communities First partnerships were far better than others, and we wanted to end that type of difference. Hence, the development of the clusters, with the lead delivery bodies across Wales. What we are analysing is the outcome of the first year. That will certainly provide us with a position for going forward, identifying good practice and practice that is not so good so that we can cascade the good and the not-so-good issues out. We expect then for that programme to be strengthened. However, it remains a key part of our tackling poverty agenda.

[234] **Peter Black:** I understand that it is a key part, but I do not want to have a philosophical discussion; I want to have an evidential discussion, and the evidence indicates that the tens of millions of pounds that you have put into these areas have not made any significant difference in terms of those areas performing better than comparable areas outside.

[235] **Jeff Cuthbert:** Well, as I said, there is a major evaluation of the scheme under way, and we will look very closely at all those outcomes.

[236] **Christine Chapman:** I want to go on to issues around credit unions, but I have some supplementary questions here. Again, I ask Members to be very concise as we have a lot of ground to cover. I have Jenny, Mark and then Janet on Communities First.

[237] **Jenny Rathbone:** How are you ensuring that Communities First is working with Flying Start, given that there is often a lot of cross-fertilisation in the areas that they are working with? How are we maximising the benefits of both programmes to ensure that we are not duplicating?

[238] **Jeff Cuthbert:** You are right; there is an issue about how well those programmes gel together. It is important that they do, where they are in the same area; the boundaries are not identical. However, we are developing an integration project, which will seek that very outcome to make sure that there is the very best collaboration and co-ordination for those three key tackling poverty programmes. As I said, that will be developed, and I acknowledge the thrust behind your question. So, it is critical that that work continues so that we have the very best integration.

[239] **Jenny Rathbone:** So how are we going to be able to measure the progress that you are going to be making?

[240] **Jeff Cuthbert:** All of it is going to be measured through what we call results-based accountability, which will be the number of families helped, the number of families helped into employment, new skills learned and various programmes, such as smoking cessation programmes. All of those, in terms of the uptake, will be part of the three programmes. They will still have their distinct identity, but we will want to make sure that, where that is appropriate, they are tackling people living in the most deprived areas. Hence, the integration project.

11:15

[241] **Jenny Rathbone:** Lastly, how do you ensure that Communities First teams work with the families that pose the greatest challenge, as opposed to those who willingly come through the door?

[242] **Jeff Cuthbert:** I did not catch the end of your question.

[243] **Jenny Rathbone:** How do you ensure that Communities First teams work with the families that pose the greatest challenge, as opposed to the ones who willingly come through the door?

[244] **Jeff Cuthbert:** That is very much down to the various organisers of the Communities First scheme. There are lead delivery partners, mainly the local authorities or the Co-operative Society, and, of course, Families First identifies those families in greatest risk and with greatest need, hence the need for better co-ordination.

[245] **Jenny Rathbone:** Indeed, but how do you ensure that Communities First organisers are not simply cherry-picking the easy ones? What role does the Government play in ensuring that Communities First really is reaching—

[246] **Jeff Cuthbert:** Well, Communities First has its boundaries. There is a degree of flexibility if a local authority thinks, for example, that a street has unfairly been cut off, but it has its boundaries, which are based on the most deprived areas within Wales. So, we can be reasonably sure that a large proportion of people within Communities First areas are those in greatest need.

[247] **Jenny Rathbone:** Yes, but how are you ensuring that it reaches the hardest to reach within those boundaries? I do not have a problem with geographical boundaries, but how are you ensuring that Communities First teams are actually working with the people who are proving to be the most challenging?

[248] **Ms Marks:** Communities First has three outcomes: prosperous communities, learning communities and healthy communities. It works with a combination of people in those areas, some of whom will be the hardest to reach and seldom heard. Some of the work is about helping people back into employment and preventing them from ending up in persistent poverty, and some of the work is done with people who have health or wellbeing needs. They will not all be the hardest to reach, but it will be the ones who make the biggest difference to the outcomes that are set up in those areas.

[249] When it comes to working with Families First and Flying Start, the Minister alluded to the integration project. Families First has four key outcomes that are very similar to the Communities First ones. We are looking to bring those much closer together and to make sure

that, between those three key programmes, including Flying Start, the hardest to reach are helped and also that the programmes help the people specific to their own programmes as well, because they will not all be the same individuals; there is a group in the middle that, clearly, all three programmes need to focus on.

[250] **Jeff Cuthbert:** I can add that we have quarterly reports in terms of data on the numbers of people assisted and six-monthly reports from cluster managers. So, we will be keeping our finger on the pulse in that regard.

[251] **Christine Chapman:** Thank you. Right, I have Mark next, then Janet.

[252] **Mark Isherwood:** As you know, the Wales Audit Office produced two reports identifying the weaknesses in corporate Government finance and human resource controls in the programmes in the last Assembly. Consequently, the Welsh Government has handed the grant-recipient-body role primarily to local authorities, despite evidence that one or more of those who were grant recipient bodies had been luring the funding into their own wider local priorities. Given that the WCVA has been calling for a greater community-owned dimension and that issues of co-production, co-design, co-delivery and local area co-ordination are now being embraced by increasing numbers of local authorities in Wales in theory and, increasingly, in practice, how are you ensuring that the programmes are being delivered with the people and not simply for them and that that is being measured in the outcomes as well?

[253] **Jeff Cuthbert:** You raised a number of points there that may well be referred to later on. The issue of co-production and the use of the third sector is something that we are very keen to encourage—you may well be asking me questions about the third sector later, I do not know. However, on the other issue that you raise, that is the purpose, of course, of us developing the cluster model. I take what you say about some local authorities underperforming, but that is the sort of evidence that we expect to come forward as a result of the evaluation and we will act on the information that is provided. That could be about the way that it is operating on the ground, because I agree with you; certainly in terms of co-production, we want to organise local people in the design of services, depending on their needs and they are the best ones to identify them. So, all of that, I am sure, will be flagged up in the evaluation.

[254] **Christine Chapman:** Janet, you are next.

[255] **Janet Finch-Saunders:** Where the grant recipient or the lead delivery body is a local authority, how confident are you that there is robust and effective scrutiny of the process? When I telephone my local authority, it is very much a case of it saying, 'Oh, it comes to the communities scrutiny committee'. How confident are you that members are fully engaged with that process and that they are providing robust scrutiny? Have you provided any guidance to local authorities on this?

[256] **Jeff Cuthbert:** Yes, we have provided guidance. If you wish, we are quite happy to forward that to you if you want to see it in detail. However, look, as I said in answer to an earlier question, we get regular reports, both in terms of cluster managers and our data, and—

[257] **Janet Finch-Saunders:** This is more about the grant recipient body—

[258] **Jeff Cuthbert:** Yes, that is right.

[259] **Janet Finch-Saunders:** —a local authority actually scrutinising effectively, and members being a part of that.

[260] **Jeff Cuthbert:** Indeed, and all local authorities have their anti-poverty champions;

this is part of their work. So, by a variety of means, I think that we are getting the information that we need. However, as I have said, the outcomes of the review and the evaluation will give us important indicators on that.

[261] **Janet Finch-Saunders:** To include the scrutiny of it in all local authorities.

[262] **Jeff Cuthbert:** Indeed. Yes.

[263] **Christine Chapman:** Just for your awareness, Minister, you may know that the committee will be undertaking an inquiry in due course on poverty. So, of course, these discussions are very important as pre-evidence for that.

[264] **Jeff Cuthbert:** I do not know whether you are moving off Communities First, but, as I said at the beginning, if you want more detail on that—of course, it is the Deputy Minister's day-to-day responsibility—I will very happily provide that to you.

[265] **Christine Chapman:** Yes, if you would. That would be good. I want to move on now to credit unions. Again, these are issues that Members particularly asked to be included following earlier scrutiny. I turn to Jocelyn.

[266] **Jocelyn Davies:** As you know, Minister, the final report on the credit union project found a disconnect between the targets of the credit union action plan, the Welsh European Funding Office business plan, and the contractual targets for the individual credit unions. Can you explain how that disconnect occurred?

[267] **Jeff Cuthbert:** I think that you are referring to the Old Bell 3 report. That was the first phase of that report, but that report also pointed out that we had exceeded our targets in terms of attracting people as members who are financially excluded to the tune of 36,000. So, I think that we have to be balanced on this; however, certainly, that report did assist us in terms of the policies and practices that we then put in place for our relationship with the credit unions from now on, which, of course, are independent of Government. I must stress that. However, we nevertheless want to work with them.

[268] **Jocelyn Davies:** So, how did the disconnect between the targets in the action plan, the WEFO business plan, and the contracts with individual credit unions occur? I do not think that you are denying that the report stated that there was a disconnect.

[269] **Jeff Cuthbert:** No.

[270] **Jocelyn Davies:** So, how did that occur?

[271] **Jeff Cuthbert:** I would need to write to you on why it did occur. Ever since I have been in post, what I have been dealing with is the aftermath of that and how we improve it.

[272] **Jocelyn Davies:** Yes, because, obviously, in making the improvement it does help if you know why it went wrong to start with. If it was before your time, perhaps your officials would be able to help.

[273] **Jeff Cuthbert:** I will bring Eleanor in now. There were difficulties within the credit union movement in Wales. It was difficult to get coherence between them. It was not often that Association of British Credit Unions Limited and ACE Credit Union Services agreed, for example, on the ways forward. There were a larger number of smaller credit unions. Since then, the number of credit unions has been shrinking. I think that we have better co-ordination as a result of that report now in terms of the way forward on a unified basis, but perhaps Eleanor could deal with this in more detail.

[274] **Ms Marks:** I can. The outline of it was that it was a slower take-up than we expected. There was a lot of work undertaken on the project. Having not quite got to the targets that were in the report, we built on them and then followed the recommendations that were in the report and managed the project to increase those numbers. They have gone up now and exceeded the target that was originally set. So, some work has been done to take forward a better target and a better result against that.

[275] **Jocelyn Davies:** I still do not understand why there was a disconnect between the action plan, which was planned, and what was going on at WEFO, leading on to the contracts with individual credit unions. Why did that disconnect occur. I do not think that we can actually put that at the door of the credit unions. Perhaps I am misunderstanding—

[276] **Jeff Cuthbert:** We should send a note.

[277] **Ms Marks:** We will send a note.

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

[279] **Christine Chapman:** You will send us a note on that then.

[280] **Jeff Cuthbert:** We will send a note. We do not have direct responsibility for WEFO. I have to stress that. We will send you information on that.

[281] **Jocelyn Davies:** Perhaps you can tell us how the £1.9 million now provided to help put credit unions on a more sustainable footing, so that they will be able to survive without public funds, is being spent and how you are going to monitor the effectiveness of that spend?

[282] **Jeff Cuthbert:** We will be having regular contact with credit unions to monitor the spend. I must stress throughout this that we are assisting credit unions to develop; we are not in control of them. So, the future is very much down to them. We want them to be sustainable organisations, but we are prepared to assist. We recognise that, for some of the very vulnerable people they are dealing with, in terms of those who are financially excluded, there may well need to be some extra support. It used to be called compensation; we do not call it that any more. My officials will be speaking with them and receiving reports on a regular basis to see how the money that we have allocated as part of that £1.9 million over the three years is actually being used and to see evidence that it is being used to support those who are most financially excluded. There are other issues surrounding that. For example, we want to increase the membership base of credit unions so that they can become more sustainable. I already have the agreement of all ministerial colleagues to encourage public bodies within their remit to go for payroll deductions to credit unions. That is part of the work. There are additional schemes and different sets of money. For example, in terms of the North Wales Credit Union, you may well have seen the adverts on tv encouraging people to join their local credit union. So, it is all part of the same process of building the resource base of credit unions, encouraging their sustainability and, with this money, assisting in that process. All credit unions know that the funding is limited; it is on a tapering basis. We will be maintaining contact with them. Incidentally, next month, we are organising a conference of credit unions to identify best practice and encourage greater collaboration.

[283] **Christine Chapman:** I have a few Members who want to come in on credit unions. So, I ask for just questions, because we have quite a lot of ground to cover. Peter is first.

[284] **Peter Black:** May I ask about the £679,000 you spent on marketing credit unions? In Plenary, you stated that the objective of that marketing money was a 25% increase in membership. What evidence and considerations did you take into account when deciding that,

for a 25% increase in membership, it was best spent on an advertising campaign rather than directly funding projects within the credit unions themselves?

[285] **Jeff Cuthbert:** For the reasons I have just tried to articulate, we want credit unions to improve their base and we want them to be more sustainable. It was the credit unions that contributed to the specifications and ideas as to how our support could be best devised, and that was one of them. As we know, the North Wales Credit Union, together with its PR people, had a project that won the bid for that £600,000 plus, and we are seeing the outcome of it now, which is an all-Wales credit union recruitment campaign, even though it is organised and directed by the North Wales Credit Union. In terms of the 2,000, it is our view that we ought to see that as a minimum outcome as a direct result of the marketing campaign. We will have the figures for that at the end of this month. Indications are, anecdotally, that it is making a difference. We will be monitoring, through the dedicated website and telephone line, the number of hits that are had. We cannot monitor the outcomes as such; we rely on reports from credit unions. I think that it has been a positive development.

[286] **Peter Black:** May I ask why the progress report does not refer to membership increases, if that was the objective of the spend?

[287] **Jeff Cuthbert:** I can assure you that the increase in membership is clearly a key target for us. That is what we want to see.

[288] **Peter Black:** So, why are you not measuring that as a result of the outcome of this spend?

[289] **Jeff Cuthbert:** We will be measuring it.

[290] **Peter Black:** However, it is not in the progress report on the marketing spend.

[291] **Jeff Cuthbert:** I will have to double-check on that, I am afraid. We will clarify that point.

[292] **Peter Black:** I can lend you a copy if you want.

[293] **Jeff Cuthbert:** Unless you can add anything on that, Eleanor?

[294] **Ms Marks:** We are tracking it. The number of hits and phone calls are being recorded. We will be getting information from the credit unions about how much of an increase there is to their membership because of that.

11:30

[295] **Jeff Cuthbert:** If there is an omission from the report, we will correct that. Otherwise, we will just see whether it is possibly a misunderstanding. However, we will double-check on that point.

[296] **Peter Black:** Also, coming back to my original question on the evidence and the schemes on which that money might have been spent, clearly there are gains in terms of modernising credit unions, in improving their links to payroll et cetera, and electronic systems, which could increase their membership directly if that money was spent in that way. Why was the money spent on this rather than that?

[297] **Jeff Cuthbert:** It is because we do not want to be seen by credit unions as bankrolling them and that they are to rely, in some way, upon public moneys. These projects were devised with the credit union movement, which shares with us the concerns that they are

independent organisations, that the need to rely on public moneys has to decrease and that they have to improve their own sustainability. That is the thrust behind it. We could, of course, argue whether money could be used in a different way. Will it have the same outcomes? I do not know, but our view is that this was the right way forward.

[298] **Peter Black:** However, there is a difference, of course, between a targeted investment that improves the sustainability of a credit union and bankrolling them. Clearly, the schemes to which I have just referred are in the first category rather than the latter. Again, why did you not look at improving the sustainability by using this money in that way?

[299] **Jeff Cuthbert:** As I have said, we looked at a range of things, but these are ideas that came from the credit union movement itself, and we wanted to work with it as partners.

[300] **Peter Black:** So, the decision was not yours, then; it was the credit unions' decision.

[301] **Jeff Cuthbert:** No; it was ours in the sense of how we allocated the moneys, but we did it on the basis of discussion—co-production, if you like.

[302] **Christine Chapman:** We will move on now. If there are any other remaining questions, we may have time for them at the end. I want to move on to Mark now, who had a supplementary question. We will then come to Leighton and Jenny.

[303] **Mark Isherwood:** North Wales Credit Union Ltd's prime objective is to increase the numbers of middle and high-income earners, to make it more sustainable. There was some concern at core funding being reduced by 50% in one year, which could threaten sustainability. So, it is the pace of the reduction in core funding that is concerning. Could you comment on that?

[304] Finally, you referred to ABCUL, which has the UK Government contract to deliver its credit union expansion programme, including in Wales. North Wales Credit Union and many of the larger credit unions in Wales are members. Your predecessor, Minister, agreed, when he was still in your role, to meet ABCUL to discuss how, in working together, they could deliver sustainability between the Welsh Government and the UK Government programmes, but I understand that that has not been happening more recently. How will you propose to work with ABCUL and those Welsh credit unions signed up to that programme to get the mutual benefits of working between the ABCUL and Welsh Government schemes?

[305] **Jeff Cuthbert:** Taking those questions in more or less the order that you raised them, yes, core funding is reduced. We have very little choice. Overall, our settlement, as you know full well, has been reduced significantly by central Government. Of course, almost all holders of the public purse, which includes credit unions for this purpose, have seen reductions. It is unfortunate but I would have to say—and I made the point in response to questions from Peter Black and others—that our thrust with credit unions is for them to become sustainable in their own right. So, it is possible that, even if we had oodles more money, which is not the case, we would still probably go down the same path.

[306] I am due to meet with ABCUL later this month to discuss the way forward. I had a meeting with ACE earlier this week on the same way, talking about the conference, for example, that we are going to set up, in which it will be involved. I will be having a ministerial advisory group that will assist me in decisions for the future of credit unions and how we work together. That will include their representatives, and indeed the rest of Welsh civic society, such as the Church in Wales, which has a great interest in the development of credit unions. So, I am looking forward to a good practical partnership working arrangement with the credit union movement.

[307] In terms of the DWP expansion programme, you are right: there were six credit unions across Wales that were part of that. I believe that it is now down to five—I think that Merthyr has withdrawn from that scheme. We made it clear that that money, which was for the expansion of credit unions generally, could not cross over into our moneys, which were very much for the recruitment of the most financially excluded people. We are confident that there has been no duplication. We are very happy to work with any other Government or body that helps to expand the credit union movement. We are certainly not precious about that, and I look forward to that type of relationship.

[308] **Mark Isherwood:** Do you recognise that ABCUL is delivering that programme?

[309] **Jeff Cuthbert:** It has been contracted to deliver it, yes.

[310] **Mark Isherwood:** It is not an agent—it is ‘the’ agent for its delivery in Wales. Many significant credit unions in Wales, such as North Wales Credit Union, are signed up to it. It has been saying for a number of years—during this Assembly term—that it wants to work with you.

[311] **Jeff Cuthbert:** We are prepared to work with it. As I say, I have met with it, and I have another meeting with it and with ACE to talk about the future. Unfortunately, those two organisations have not always seen eye to eye.

[312] **Mark Isherwood:** Only one of them has the programme.

[313] **Jeff Cuthbert:** It has the programme, but, of course, as I have just indicated, only five out of the 21 credit unions are actually part of that programme.

[314] **Mark Isherwood:** That is more than 5%; it is a huge percentage of the credit union industry.

[315] **Jeff Cuthbert:** As I said, we are not in any way against that programme. We are not seeking to undermine it; we want to work within it. However, we want to be sure that our funding does not duplicate or replicate the funding that comes from other sources.

[316] **Mark Isherwood:** Why are you still saying that you ‘want’ to work with it when we are into the last two years of this Assembly term?

[317] **Jeff Cuthbert:** I beg your pardon.

[318] **Mark Isherwood:** Why are you saying that you still ‘want’ to work with it when we are into the last two years of the Assembly term? Why are you not already working with it?

[319] **Jeff Cuthbert:** I think that we are working with the credit union movement. We are taking account of all of these issues.

[320] **Mark Isherwood:** Are you working with ABCUL and the expansion programme?

[321] **Jeff Cuthbert:** We are working with ABCUL. Of course, it is not our programme. We do not control that programme, which is why we must ensure that our resources, where invested, have to do different things.

[322] **Mark Isherwood:** However, you can work together in the delivery of mutual benefits.

[323] **Jeff Cuthbert:** Indeed; we have a reasonable working relationship with ABCUL and

with ACE, but the programme is not of our own making. We welcome it, if it provides extra support for the credit union movement, but we do not have any control over it.

[324] **Christine Chapman:** We are going to move on now to Leighton.

[325] **Leighton Andrews:** Are there too many credit unions in Wales?

[326] **Jeff Cuthbert:** There are 21 now, with, I think, 34 offices across Wales and well over 200 collection points. I do not want to be a hostage to fortune, because I do not want to direct the affairs of credit unions, but I would not be surprised if there is a natural merger between credit unions—larger and smaller credit unions—particularly on the issue of sustainability. ACE, for example, made the point to me that, historically, some credit unions see themselves as traditional localised assistance organisations for those who are the most vulnerable. They are not particularly interested in expanding their offer to include payroll deductions and loans to more affluent individuals, let us say, so that greater income can come in. They do not have that view of their future.

[327] I am not precious about the number of credit unions or the name of an individual credit union. I am more concerned about the service that they are able to offer people out there, particularly in the face of the high-interest-rate lenders. I suspect that there will be a reduction in the number of credit unions but an increase in the number of credit union members.

[328] **Leighton Andrews:** It just strikes me that the marketing of 21 credit unions cannot possibly compete with the marketing of the pay-day lenders if they are so fragmented. Basically, your marketing is saying, on an all-Wales basis, 'Join your local credit union'. You then have to go through another stage of working out which credit union it is, whereas, with the pay-day lenders, it is 'Here is our brand—join us'.

[329] **Jeff Cuthbert:** You are absolutely right. The marketing campaign, the dedicated telephone line and the internet site will direct people to their local credit union. However, you are right: we do not have the capacity to compete on anything like a level playing field with the high-interest-rate lenders—the Wongas of this world. Most of them are not illegal organisations, but there is a growing awareness of the damage that these organisations can do, particularly to those who have great difficulty in managing their finances. That is part of this process.

[330] I do not want to be unrealistic about our abilities to undermine fundamentally the high-interest-rate lenders. However, I am very pleased that the Church in Wales, for example, following the Archbishop of Canterbury's very public intervention, is giving this support and that the membership is growing. We may get it wrong, but we think that we are heading down the right path and that they will be seen as good points of contact, and a safe place to save and borrow at reasonable costs. That is the thrust behind our work with them.

[331] **Jenny Rathbone:** Sticking with pay-day lenders and log-book lenders, I raised a specific issue with the Deputy Minister in the Senedd two or three weeks ago around an individual who had applied for a Wonga loan and had been refused but had then had his details shared with every other pay-day lender in town, which led to a bombardment of requests. This was in breach of the Data Protection Act 1998, and it is certainly a matter for the Financial Conduct Authority. What is the Government doing to ensure that the Financial Conduct Authority is pursuing what is an absolutely blatant breach of the Data Protection Act, which caused huge financial loss in terms of all the texts and e-mails coming in?

[332] **Jeff Cuthbert:** Yes, absolutely. It is not within our competence to control those organisations. The UK Government has competency here, and you mentioned the role of the

FCA. We have already written to it, drawing its attention to this sort of imposition. In fact, it was Gwyn Price who first drew this to my attention. A constituent of his had had well over 1,000 e-mails or internet communications, offering to lend him money. It has assured us that it will be looking at these issues. These are matters on which we can remain in contact with the UK Government, even though we cannot control them directly. However, you are quite right: it is very important that the pressure is kept up, particularly with the FCA. I would encourage a lot of representation to that so that the message gets across loud and clear, and we will continue to do our bit.

[333] **Jenny Rathbone:** The Cardiff case was just as bad as the one that Gwyn Price raised. The fact that the FCA will be looking at these issues does not feel like a very robust response. I appreciate that it is not your responsibility, but how can we get the FCA to take action now to prevent this? It is really appalling.

[334] **Jeff Cuthbert:** All we can do is keep pressing it. It is not directly a matter for us in the sense of having some control and authority over the matter. We are lobbying it as strongly as we can on this, and we have been assured that it will be examining the situation carefully. There is little more that I can add other than to encourage all Assembly Members to ensure that these cases are brought to public attention.

[335] **Christine Chapman:** We are running short of time now. I know that there are areas that Members have asked for, and we need to move on. Mark, do you have a question?

[336] **Mark Isherwood:** Yes. My question is on the discretionary assistance fund. What discussions, if any, have you had with Northgate Public Services and Wrexham County Borough Council over the £3 million underspend in the discretionary assistance fund at a time when, I think we would all agree, it was not an absence of need that would have caused that?

[337] **Jeff Cuthbert:** You are quite right to raise that. The austerity policies followed by the UK Government have certainly contributed to the need for people to seek assistance, in terms of the desperate situations that they find themselves in, not least of which are delays in the payment of benefits, which have led to a number of claims for emergency payments from DAF. The issue of underspend in the first year has been looked at closely. To a degree, we feel that, following the abolition of the social fund, there was very much a period to get the fund known, as well as what exactly it would do. That is part of the explanation for it. I have to say that, while there was an underspend, the profile at the end of the last financial year, in March, was up to the profile that it should have been to ensure that the £10 million went out of the door. It is early days in terms of monitoring the profile for this year's spend. We have had the first month in, and it is approaching the level where it ought to be to ensure that the money is being spent. However, we will know more about it over the next few months, when we have the profile figures for it. We have asked for more people to be reference agents to help point people towards DAF, where it is right for them. In terms of Northgate, the criteria for awarding the DAF are tighter than they were under the social fund. So, maybe that, to some extent, also explains why less money went out of the door than perhaps we had originally thought. However, it is a matter that we are viewing very carefully. We wish that there was no need for DAF; unfortunately, that is not the reality.

11:45

[338] **Mark Isherwood:** The UK Government devolved DAF to Wales, although it had been a long-standing scheme, because need is a lot more complex than you described it, but I am not going to go into when need began and when it ended. What consideration, if any, are you giving to funding beyond March 2015, either stand-alone or in discussion with whatever Government might be in Westminster in the future?

[339] **Jeff Cuthbert:** We are in discussion with Lord Freud and others on this and other welfare-related matters on a fairly regular basis. I have written a lot of letters to them and I have not always had satisfactory replies, but I have had a face-to-face meeting and I will continue with that relationship. In terms of the future for DAF, it is there in the indicative amounts for the next financial year. Obviously, we have to wait until we have fuller information on the settlement with the UK Government, but it is our intention to do our very best to preserve DAF so that it continues for as long as it is needed. I cannot say anything more than that in terms of the future because of the financial uncertainties.

[340] **Christine Chapman:** I want to move on now to advice services. Mick, you had a question.

[341] **Mick Antoniw:** In terms of the progress that has been made on the recommendations of the advice services review, can you outline precisely what progress has been made and perhaps identify the areas where you think satisfactory progress has not been made?

[342] **Jeff Cuthbert:** In terms of our support for advice services, our last funding round was competitive. We are very keen that the advice services that we fund assist us in terms of our tackling poverty agenda. We are working closely with advice services—there have been projects led by the Citizens Advice, for example. We are looking to establish an advice services' network that will help to bring advice services together and to liaise with the Government in terms of supporting our agenda. We are also looking, as a result of the review, to developing quality standards, so that all advice services will need to offer advice that meets those quality standards. That could well impact upon future financial support.

[343] **Mick Antoniw:** This whole area in terms of tackling poverty and the sort of advice and empowerment that people will need to have are being affected by the abolition of legal aid, so a whole area of quality advice is no longer available. When do you anticipate being in a position to give a report on the whole issue of the quality of advice services and the extent to which they are meeting the demand on them?

[344] **Jeff Cuthbert:** I would estimate that this could be later this year. We are about to take forward the issue of the quality standards. All of this is being done in partnership with the advice services themselves. On the establishing of a national network, plans are under consideration. However, you are right—and it is good that this follows on from the discussions that we have just had about DAF—because it is not just a question of us providing an emergency response for people; we also have to ensure that we do our very best, together with the independent advice services, to make sure that people have advice that prevents them falling into that difficult situation in the first place. So, we take this matter very seriously, and, as I said, we should be in a position later this year to respond. Is there anything you can add to that, Eleanor?

[345] **Ms Marks:** No, I think that you have covered it, Minister.

[346] **Mick Antoniw:** One area of advice that has been virtually eliminated by the Home Office is advice to refugees and asylum seekers. I know that you met with the Welsh Refugee Council, of which I used to be a trustee, recently. Do you see any scope for the utilisation of the work that is being done to somehow fill that gap, because an appalling gap exists at the moment?

[347] **Jeff Cuthbert:** Yes. Immigration, asylum seeking and refugees are not devolved matters, as you know, so we have to react to the situation, although we have made it clear to the UK Government that we are very much prepared to work with it in terms of refugees and asylum seekers and the placement of vulnerable people, provided that we have suitable intelligence so that we can make sure that the right level of public support—education, health

and housing, for example—is made available to them. I did indeed meet the Welsh Refugee Council. In particular, I met two Syrian families who are in a very difficult position. I was then able to lobby the UK Minister, Jim Brokenshire, on their behalf at the Home Office. I have had a response, but it is not really adequate. I met with an organisation yesterday, the Trinity Church in Splott, in Cardiff, which is working with a number of refugees and asylum seekers in that area, and I was able to assure them of our continued support. We will invest as much as we can in providing the required levels of support for refugees and asylum seekers. In fact, I spoke on Monday at the launch of Refugee Week, which is this week, assuring them of our support and the action plans that we have in place to make sure that we can respond in the best way. However, as I said, we are very much responding, not in control of the situation.

[348] **Christine Chapman:** Peter, do you want to come in with a question?

[349] **Peter Black:** Yes, I have a question on universal credit. Minister, what is the latest position regarding the introduction of universal credit and its impact on passported benefits?

[350] **Jeff Cuthbert:** We are in regular discussions with the Department for Work and Pensions on this matter at official level and, indeed, at a political level, but certainly at official level. There is still an awful lot of clarification needed—incidentally, not just in Wales, but in Scotland and, indeed, the departments that have issues with universal credit in England—to see exactly how universal credit is to impact upon passported benefits. That includes income thresholds as well, which will be a key feature for us in terms of deciding our passported benefits. At the moment, because universal credit roll-out is so slow in Wales—it is only in Shotton, and I believe that the numbers affected are just in double figures; that is about all. Perhaps officials can come in on this point. There is no impact on passported benefits at this point. We are able to carry on with the passported benefits for those in receipt of universal credit, but that cannot continue once it is fully rolled out, hence the need for clarification. We are regularly in touch with officials. In fairness to the DWP, it lacks that information itself. However, I will ask Kate, perhaps, to come in on that point.

[351] **Ms Cassidy:** Yes, Minister. There is not much to add to that. While the numbers on universal credit remain very limited, being, as the Minister said, just in double figures, it is possible to have a simple scheme of passporting where everybody on universal credit is entitled to the passported benefits. However, clearly, as the Minister has said, that is not sustainable when you have larger numbers coming in, but we are in constant communication with the Department for Work and Pensions on the timetable for the roll-out. That timetable keeps shifting, so we are monitoring very closely and planning to get the information on the possible income thresholds that might be used, modelling what we can. However, we are dependent on that further information from the UK Government.

[352] **Christine Chapman:** Mark, do you have a supplementary question?

[353] **Mark Isherwood:** Yes. When Shotton Jobcentre Plus organised a briefing and invited a wide number of people to attend, I went, but the only other person there was a Welsh Local Government Association representative. So, well done to the WLGA, but not to anybody else. What direct discussions have you or your officials had with the team at Shotton that is rolling this programme out in order to have access to the information that I was given, which was factual, objective and non-judgmental?

[354] **Jeff Cuthbert:** I think I was invited to that event as well, but it just was not possible for me to go. Kate, can you talk about the ongoing relationships?

[355] **Ms Cassidy:** Yes, the officials in the team that advises on welfare reform here have been in regular communication with the officials in Flintshire about the way in which they are approaching it. So, they have been in regular contact and have been feeding back to us

regularly on how it is going. Indeed, we had a representative from Flintshire County Council down when we had a meeting of the ministerial task and finish group on welfare reform last week. The person from Flintshire council who was managing the pilot scheme gave a talk to all of the stakeholders about how they had aimed to influence the way that that was being rolled out, and not just in Wales, but for the UK.

[356] **Christine Chapman:** I will move on now to public sector equality duties. Jenny?

[357] **Jenny Rathbone:** Overall, it is a very good news story for Wales, because we are leading the way on this across the UK. Obviously, it is generally a very positive monitoring report from the Equality and Human Rights Commission. What progress has been made specifically on strengthening the obligations on organisations devolving the public sector equality duties, as recommended by this committee?

[358] **Jeff Cuthbert:** This, actually, will also be an important issue for the future generations Bill, when its powers are in place from April 2016, because of a more equal country. How we behave now will build up to the future success of that goal, which then becomes a duty. What I can tell you is that, at the end of this year, we will publish our report on equality, and that will provide an overview of all the progress made by public bodies in Wales. You are quite right—we do engage with the EHRC; we have a good relationship with it, and I meet it on a quarterly basis to see where we are in relation to the equality duties. As you know, Wales was one of the first countries to publish its own scheme.

[359] We have a number of projects, let us say, that would support this duty, not least of which is the encouraging of our public boards to ensure that they increase the number of women and other underrepresented groups on public bodies and as chairs of public bodies, building on the very successful Sports Wales project, which did just that.

[360] **Jenny Rathbone:** Excellent. There are limited resources in the public sector, but one of the things that we could do is to ensure that everybody in the public sector is appropriately trained to identify issues of equity, and one of the things that the EHRC wants us to do is to ensure that we are delivering stronger outcomes, and that is obviously about raising the profile of things like hate crime or equity issues—the earlier conversation I referred back to you. What can we do to ensure that public sector bodies are fully aware of potential problems around slavery, disability, hate crimes and those sorts of things that people recognise and are equipped to recognise when they come across them?

[361] **Jeff Cuthbert:** Well, that is very much part of continuing professional development for all public bodies, in terms of appropriate staff being able to identify issues. You included quite a number there, which are all linked. The issue of hate crime, for example, is a very high-profile issue at that time. We are working with a range of public bodies to make sure that they have sufficient staff, trained sufficiently in these areas.

[362] As you know, it was also part of our submission to Silk 2 in terms of devolving equality duties. We will have to wait to see what the outcome of that actually is. However, the whole issue of equalities, which also includes the framework for independent living, for example, for disabled people, now has a higher profile than ever before, and that is a clear commitment by all public bodies to observe the criteria that we have in those areas—there is also the hate crime community cohesion strategy, which I launched in Swansea just about 10 days ago—so, all of this has a much higher profile now, particularly within local authorities, as well as other public bodies, and it is a clear commitment that these initiatives have to be observed and worked with.

[363] **Jenny Rathbone:** You mentioned the framework for action on independent living. How are we going to be measuring how well we are doing on that? You were talking about

indicators for this. I wondered whether you have managed to develop them.

[364] **Jeff Cuthbert:** There will be regular reports to my officials from organisations that are working with us on the frameworks. We have a disability reference group, as well, that most certainly keeps me informed of progress in these matters, and the group helped me to design that framework. So, I am convinced that there certainly will be adequate reporting mechanisms for us to change those schemes if necessary, in light of experience.

12:00

[365] In terms of the hate crime framework, there will be annual reports produced on issues to do with reporting, the steps that should be taken, the multi-agency response and improving the awareness of hate crimes. Likewise, we will see how those schemes then have to be amended. However, in terms of more practical matters, perhaps I can ask Kate to speak.

[366] **Ms Cassidy:** In terms of the practicalities on monitoring or having indicators to monitor the impact of the independent living framework, we have discussed across the Welsh Government with all the departments that are concerned how they want to monitor this, because it has got to be information that they gather as part of what they do. It has got to be integrated into their work so that it bites on their performance. So, we expect to be expanding on the indicators that were included in the independent living framework plan when that was published. We will be expanding on those indicators with some performance measures, probably in the autumn, once we have managed to agree across the piece what those practical indicators would be.

[367] **Jenny Rathbone:** So, we can expect to see something in the autumn.

[368] **Ms Cassidy:** Yes.

[369] **Jeff Cuthbert:** Yes. May I just say something on the issue of the hate crime framework? Criminal justice, of course, is not devolved; nevertheless, we are working with the UK Government and I am writing to its Minister for crime prevention shortly. It has a representative on our board that overlooks these matters.

[370] **Christine Chapman:** I will bring Leighton in, because I think that you may have had a question on hate crime.

[371] **Leighton Andrews:** No.

[372] **Christine Chapman:** You do not have any questions. Okay, I will bring Mark in then. Mark, did you have a supplementary question?

[373] **Mark Isherwood:** Yes. ‘Framework for Action on Independent Living’ is rightly focused on the social model of disability, whereas the Social Services and Well-being (Wales) Act 2014 is still defining disability on a medical basis. The biggest concern raised by the deaf and hard of hearing, autistic spectrum and disabled groups generally is the lack of disability awareness among the officers who they encounter in social services and health. They want voice, choice and control, not least in delivering that awareness among the officers and staff whom they have to deal with. Have you acknowledged that and how will you drive that forward so that the training that you referred to is done with the communities themselves to ensure proper awareness of the barriers that people face?

[374] **Jeff Cuthbert:** Yes, on sensory loss—I remember you asking me a question on this in Plenary last week, and I am racking my brains to think how I responded to you. All aspects in terms of the independent living of people with disabilities will be addressed by that

framework. It has a number of strands, including access to buildings, to housing and to employment, and these are issues that we will address. In terms of the specific issue of sensory loss—hearing in this case—we are having inputs from organisations that help us to devise that framework. If there is a gap in the case of hearing loss that you do not think is adequately addressed, or if organisations that you are working with think that something is missing from the framework, please provide us with that information and we will seek to amend it. However, at the moment, certainly in terms of the disability forum that we have, no gap has been identified. However, we are willing to listen.

[375] **Mark Isherwood:** The concern was about the use of the medical model definition and how that will then be interpreted by the organisations delivering the services that disabled people depend upon.

[376] **Jeff Cuthbert:** I do not think that I can say how other organisations will interpret it. The framework is there with its criteria, and it has taken account of all that was felt to be relevant. Again, if there are issues that are technical, if you like, please bring them to our attention and we will see whether, indeed, they are a problem.

[377] **Christine Chapman:** We have about 10 minutes now and some further questions. I call Janet next.

[378] **Janet Finch-Saunders:** I suppose that it is not within this remit, but I was very encouraged yesterday and also previously when looking at the community rights and any further work that you might do on that. I would like to put that on the record.

[379] **Jeff Cuthbert:** Did you say ‘community rights’?

[380] **Janet Finch-Saunders:** Yes, under the localism agenda.

[381] **Jeff Cuthbert:** Right. That work is very much in hand. There is some active consideration. I have a positive approach to it. We are in contact as well with the UK Government to look at the steps that it took in terms of implementing its procedures. I have had discussions with ministerial colleagues, particularly John Griffiths and Leslie Griffiths, about the impact on their portfolios, because, clearly, the duty will be on local authorities to maintain the lists.

[382] **Janet Finch-Saunders:** Of course, yes.

[383] **Jeff Cuthbert:** In principle, I think that people are content to go forward. We do have to consult with local government, because, as I have said, the duty will be upon it. I also want to be sure how it will gel with other aspects of our programme for government. I have to look at the crush on the space for legislation, because I need guidance on the amount of legislation that might be necessary to bring it in, but my view on it is positive. No doubt like yourself, I have had representations from sporting clubs, supporters’ clubs, and, indeed, the Campaign for Real Ale—an organisation with which I am familiar. So, that is the best answer that I can give you at this point.

[384] **Janet Finch-Saunders:** That is really encouraging.

[385] **Christine Chapman:** Thank you. Janet, do you have any further questions?

[386] **Janet Finch-Saunders:** No.

[387] **Christine Chapman:** Rhodri Glyn is next.

[388] **Rhodri Glyn Thomas:** Weinidog, wrth roi tystiolaeth i'w bwyllgor *scrutiny*, fe ddywedodd y Prif Weinidog y llynedd y byddai canllaw ar y compactau gyda'r trydydd sector yn cael ei ddatblygu yn ystod y flwyddyn hon. Fe ddywedodd hefyd na fyddai deddfwriaeth er mwyn gwneud y compactau hyn yn statudol yn cael ei datblygu. A allwch chi esbonio pam y cymerwyd y penderfyniad i beidio â gwneud y compactau hyn yn statudol o ystyried y problemau sydd wedi bodoli gyda rhai o'r cytundebau hyn?

Rhodri Glyn Thomas: Minister, in giving evidence to his scrutiny committee, the First Minister said last year that guidance on the compacts with third sector bodies would be developed this year. He also said that legislation for making these compacts statutory would not be developed. Could you explain why the decision was made to not make these compacts statutory, given the problems that have existed with some of these agreements?

[389] **Jeff Cuthbert:** Yes, thank you very much. As you say, the First Minister confirmed that the decision was taken not to proceed on a statutory basis and rather that there would be strengthened guidance. That is being based on discussions with both the Welsh Local Government Association and the Wales Council for Voluntary Action. We are now looking very carefully at exactly what should be in that new guidance. We also know that this is not done in isolation; we are aware of the work of the Commission on Public Service Governance and Delivery—the Williams report—and it is too early to say what the outcome of that will be. Certainly, in terms of our work with the third sector more generally, that continues. I think the Welsh Government has a far more coherent relationship with the third sector. The future generations Bill will also place a duty on public services to collaborate through public services boards, which would be the successors of the local service boards, because they will be on a statutory basis. No doubt, among the invitees to that board will be third sector organisations, because they play a key role in public service delivery.

[390] So, the conclusion is that we do not think that there is a need to put the compacts on a statutory basis, but that beefed up guidance, together with all of the other work that I have just referred to, will be sufficient.

[391] **Rhodri Glyn Thomas:** Pryd yn union y bydd y canllaw hwn yn cael ei gyhoeddi? **Rhodri Glyn Thomas:** When exactly will this guidance be published?

[392] **Jeff Cuthbert:** The process will continue over the next few months and I expect the guidance to take final shape towards the end of this year.

[393] **Christine Chapman:** Are there any further questions? I see not. Okay. Obviously, there are no more questions for you, Minister, so may I thank you and your officials for—. Sorry, Mark, did you want to come in?

[394] **Mark Isherwood:** I did want to ask a further question if you would permit it.

[395] **Christine Chapman:** Right, okay, sorry. Mark has a question.

[396] **Mark Isherwood:** Could you update us on action under the refugee inclusion strategy action plan? On third sector funding, you will be aware that there has been concern about the move from grants to fund outcomes to commissioning the delivery of programmes. How will the compact address that?

[397] **Jeff Cuthbert:** In terms of your first question on the refugee inclusion strategy action plan, that was launched in June 2011. I updated the gathering of organisations on Monday to inform them that many of the actions had been completed and that many were now routinely

regarded as business as usual within our Welsh Government departments and partner organisations. There have been many changes since 2011, both in terms of UK Government policy and indeed therefore our policy in terms of working with refugees and asylum seekers. We will be revisiting that action plan this year to look at its relevance to the current situation, and we will make announcements in due course. Sorry, but what was the second part of your question?

[398] **Mark Isherwood:** It was about the third sector compacts and how to address the concern that Welsh Government funding and public sector funding are increasingly linked to commissioning programme delivery rather than grant funding projects that deliver better outcomes.

[399] **Jeff Cuthbert:** Well, if I understand you correctly, we do have the code of funding in terms of the third sector. There will be both direct grant funding and procurement. The last figure available to us for 2012-13 is £323 million in total that they received. Undoubtedly, that figure will decrease as our ability to provide funding decreases. Is that the point that you are making?

[400] **Mark Isherwood:** I think that the concern has been that organisations are having to adapt their bids to ticking the boxes over delivering programmes designed elsewhere rather than saying, 'For our programme, here is the evidence for lifting people out of poverty or giving greater access to work for disabled people, or whatever it might be, so fund on outcomes'.

[401] **Jeff Cuthbert:** Where we are providing financial support for organisations, especially out of my department's budget, we want to focus on them working with us on the tackling poverty agenda. I am not aware of any particular feedback or concerns in that regard. I am due to meet the third sector partnership council fairly soon-ish. I met with it not so long ago.

[402] **Ms Marks:** You met with it recently and the next meeting is in November.

[403] **Jeff Cuthbert:** Oh, is it? It is after the summer recess. But, you know, my door is open. If organisations have these concerns, they ought to channel them through the infrastructure organisations and let us have those comments. However, at the moment, I think that we have a good and sound relationship.

[404] **Christine Chapman:** On that note, then, may I thank the Minister and his officials for attending today and answering questions? Minister, we will send you a transcript of the meeting so that you can check it for factual accuracy. Thank you for attending.

12:12

**Cynnig o dan Reol Sefydlog 17.42 (ix) i Benderfynu Gwahardd y Cyhoedd o
Weddill y Cyfarfod**

**Motion under Standing Order 17.42 (ix) to Resolve to Exclude the Public from
the Meeting for the Remainder of the Meeting**

[405] **Christine Chapman:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(ix).

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 12:12.
The public part of the meeting ended at 12:12.*