

Agenda – Communities, Equality and Local Government Committee

Meeting Venue:	For further information contact:
Committee Room 2 – Senedd	Sarah Beasley
Meeting date: Thursday, 25 February 2016	Committee Clerk 0300 200 6565
Meeting time: 09.00	SeneddCELG@Assembly.Wales

Private

At its meeting on 10 February 2016, the Committee agreed a Motion under Standing Order 17.42(vi) to resolve to exclude the public from today's meeting.

- 1 Introductions, apologies and substitutions**
- 2 Inquiry into the BBC Charter Review: consideration of the draft report**
(09.00 – 09.40) (Pages 1 – 39)
- 3 Consideration of the LCM on the Immigration bill: language requirements for public sector workers**
(09.40 – 10.00) (Pages 40 – 49)
- 4 Consideration of the Supplementary LCM (Memorandum no.4) on the Enterprise Bill: public sector employment: restrictions on exit payments**
(10.00 – 10.20) (Pages 50 – 58)
- 5 Draft Local Government (Wales) Bill – consideration of draft report**
(10.20 – 10.40) (Pages 59 – 72)



6 Papers to note

(Pages 73 – 83)

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Agenda Item 3

By virtue of paragraph(s) vi of Standing Order 17.42

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Agenda Item 4

By virtue of paragraph(s) vi of Standing Order 17.42

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Agenda Item 6

25 February 2016 – Papers to note cover sheet

Paper No:	Issue	From	Action Point
Public papers to note			
5	Draft Local Government (Wales) Bill	Minister for Communities and Tackling Poverty	Additional information following the meeting on 21 January 2016
6	The Draft Local Government (Wales) Bill	Wales Audit Office	Additional information following the meeting on 4 February 2016

Lesley Griffiths AC / AM
Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol
Communities, Equality and Local Government Committee
CELG(4)-06-16 Papur 5 / Paper 5



Llywodraeth Cymru
Welsh Government

Our ref LG/00125/16

Christine Chapman AM
Chair - Communities, Equality & Local Government Committee
National Assembly for Wales

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February 2016

Dear Christine

Thank you for your letter of 27 January, following the Committee's meeting on 21 January to discuss the draft budget proposals for my portfolio. I address your points below.

Communities First

The decision to protect the Communities First budget during the transition year of 2016-17 was informed by a number of factors, including the use of Resource Based Accountability (RBA) to measure the programme's performance. The Programme's outcomes framework is based on the RBA model which enables improved performance monitoring against defined targets and is key to ensuring funding drives outcomes for those most in need. The outcomes framework helps provide a clearer picture of delivery, what is being achieved by Clusters and by the Programme overall in relation to Tackling Poverty.

The independent evaluation of the Programme model, which we published in February 2015, concluded our approach to CF was logical, supported in communities and more likely to achieve desired outcomes.

Accordingly, I wanted to provide an opportunity to build further on the achievements and structure of Communities First to deliver increasingly better outcomes, with a sharper focus on employment and employability. Communities First plays an important role, not least providing practical support for the effective delivery of Lift and Communities for Work. Together, these programmes will help move more people out of poverty through the employment route.

As promised I am providing available data on unemployment and employment rates for each Local Authority in Wales. The data for each Local Authority is split by Communities First and non-Communities First areas in each Local Authority (i.e. an aggregated CF value and aggregated non-CF area), as well as a total value for the Local Authority. The data can be found within the attached annex.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The Communities First outcomes framework allows measurement in terms of impact on the Programme's client population. Performance measures indicate how much Communities First is doing, how well it is doing it and whether anyone is better off as a result, in RBA terms. We are, therefore, better placed to measure the effect of interventions on those participating in particular activities.

The number of people living in poverty is essentially a "population indicator" and, as such, used to measure outcomes for a whole population. Although a programme will identify a number of population indicators which its activities will affect, we recognise a wide range of interventions also impact on population indicators and no single organisation or programme, in isolation, is likely to affect a change at this level.

The Communities First population indicators relating to poverty are based upon the Welsh Index of Multiple Deprivation (WIMD), in particular the Income Domain. The WIMD indicators have been chosen as these are the Welsh Government's official measure of relative deprivation for small areas in Wales. WIMD is designed to identify those small areas where there are the highest concentrations of several different types of deprivation. The income domain is a single composite indicator, calculated from the following three elements:

- (a) Percentage in receipt of income related benefits,
- (b) The number of children and adults in families which are in receipt of Tax Credits and have an income which is less than 60% of the median income for Wales (before Housing Costs), the agreed measurement of poverty used in Europe,
- (c) NASS-supported Asylum Seekers.

Community involvement is a key underpinning principle of the Programme. Local Clusters have responsibility for ensuring community involvement, whilst Lead Delivery Bodies (LDBs) employ staff to deliver the Programme and have responsibility for engaging directly with communities.

Community Involvement Plans (CIPs) set out Clusters' commitment to community involvement, demonstrate how the commitment will be delivered and evaluated and the contribution LDBs will make to ensuring this happens. CIPs also include proposals for spending a specific CIP budget of approximately £25k per Cluster.

CF Programme guidance states 'The CIP... will be different for each Cluster, to reflect local circumstances, but each one will aim to increase levels of involvement from year to year, especially of local people most affected by poverty.' (CF programme Guidance 2013).

CIPs are submitted annually and assessed by the Welsh Government. Those requiring additional work receive detailed feedback on areas for improvement. Support to improve CIPs is available from officials (work led by a secondee specialist), through the Welsh Government Training and Support Contract provided through WCVA and from the Regional Community Cohesion Officers, funded by Fairer Futures.

The last round of CIPs was submitted in the autumn of 2014. The quality of the first cohort of CIPs varied greatly across Wales. Since the initial submissions considerable work has been undertaken by officials, LDBs, Clusters and communities to strengthen them and the next submission date is 5 February 2016.

Homelessness

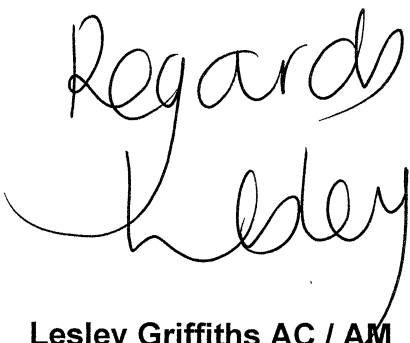
Turning to your question on homelessness, I welcome the opportunity to clarify the matter. My answer to the Written Assembly Question you mention referred to the £2.2 million I am making available to Local Authorities over and above funding which is allocated from my Homelessness Prevention budget. I am allocating a further £0.8 million from this budget, which means the total allocation to Local Authorities in 2016-17 to support the additional costs of implement the second year of new legislation will be £3 million. As the £2.2 million is an additional sum over and above the baseline budget for Homelessness Prevention, it does not appear in the budget line. The funding has not been drawn from any specific areas of my portfolio. Experience has shown slippage in expenditure occurs across my portfolio during the year. As it tends to come to the fore relatively late in the year, redeploying it quickly to support other action can be difficult. Therefore, having looked at my portfolio as a whole, I am anticipating the slippage and allocating the extra funding now to Local Authorities so they can make the best possible use of it.

Housing Enablers

This Government has continued to support Rural Housing Enablers for a number of years as they are a critical resource in bringing forward affordable housing in rural communities. Evaluation we have carried out on the projects have evidence this. Based on this, I have made an in-principle commitment to provide £100,000 of funding to Rural Housing Enablers in 2016-17. This allocation sits within the Housing Revenue Funding budget, as the specific Housing Enablers Budget Expenditure Line has now been merged in with other budget lines.

Renting Homes (Wales) Act

Finally, you asked about the Renting Homes (Wales) Act 2016. My officials have already commenced preparatory work for the implementation of the Act. Planning for the body of work has grouped the various regulations into a number of work streams, which will allow a co-ordinated approach to development and consultation. The first meeting of our stakeholder group has already been held and strong stakeholder engagement will be a feature of the programme of work. I anticipate the consultation process for regulations will start early in the new term of Government. Over and above the time of officials in preparing, consulting upon and finalising regulations, no significant additional costs will be incurred during the development period. However, within the Independent Living budget, I have set aside the sum of £15,000 for expert technical advice should it be required on regulations such as "fitness for human habitation" for example.

A handwritten signature in black ink, reading "Regards" on the top line and "Lesley" on the bottom line. The signature is fluid and cursive.

Lesley Griffiths AC / AM

Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty

Annex

Labour market statistics, by local authority and Communities First (CF) area 3-year average for the years ending 30 September 2013, 30 September 2014 and 30 September 2015

Area	Age 16+	Age 16-64	Age 16+	Age 16+	Age 16-64	Age 16-64
	Employment level	Employment rate (%)	Unemployment level	Unemployment rate (%)	Economic inactivity level	Economic inactivity rate (%)
Isle of Anglesey	30,900	71.5	2,300	6.8	9,500	23.2
Inside CF Area	4,100	62.3	600	12.5	1,800	28.7
Outside CF Area	26,900	73.2	1,700	5.9	7,700	22.2
Gwynedd	54,400	69.6	3,500	6.1	19,100	25.7
Inside CF Area	3,500	54.7	400	11.3	2,400	38.2
Outside CF Area	50,900	70.9	3,100	5.7	16,800	24.6
Conwy	50,000	71.2	2,600	5.0	16,400	24.8
Inside CF Area	4,700	58.9	500	10.4	2,600	34.0
Outside CF Area	45,400	72.8	2,100	4.4	13,900	23.6
Denbighshire	40,800	70.2	2,800	6.4	13,700	24.8
Inside CF Area	3,600	52.9	800	17.8	2,400	35.3
Outside CF Area	37,200	72.6	2,000	5.1	11,300	23.3
Flintshire	71,700	72.1	3,600	4.8	23,000	24.2
Inside CF Area	7,500	67.4	700	8.1	2,900	26.6
Outside CF Area	64,300	72.7	3,000	4.4	20,100	23.9
Wrexham	65,400	74.1	3,700	5.4	18,400	21.6
Inside CF Area	13,300	65.2	1,400	9.7	5,500	27.6
Outside CF Area	52,100	76.8	2,300	4.2	13,000	19.8
Powys	63,000	76.7	1,900	3.0	15,800	20.9
Inside CF Area	.	.	.	.	.	.
Outside CF Area	63,000	76.7	1,900	3.0	15,800	20.9
Ceredigion	33,200	63.3	1,300	3.9	16,400	34.0
Inside CF Area	.	.	.	.	.	.
Outside CF Area	33,200	63.3	1,300	3.9	16,400	34.0
Pembrokeshire	54,800	71.6	3,500	6.0	17,100	23.7
Inside CF Area	3,500	54.9	600	14.7	2,100	35.0
Outside CF Area	51,300	73.1	2,900	5.3	15,000	22.7
Carmarthenshire	79,900	68.0	6,000	7.0	29,400	26.5
Inside CF Area	9,500	63.0	1,100	10.4	4,300	29.3
Outside CF Area	70,400	68.8	4,900	6.5	25,100	26.1
Swansea	106,300	67.2	9,200	8.0	41,000	26.8
Inside CF Area	23,600	59.1	3,700	13.7	12,200	31.3
Outside CF Area	82,700	69.9	5,500	6.2	28,800	25.3
Neath Port Talbot	61,100	66.5	5,200	7.9	24,700	27.6
Inside CF Area	21,100	61.2	2,400	10.0	10,700	31.9
Outside CF Area	40,100	69.8	2,900	6.7	14,000	25.1
Bridgend	62,900	70.5	5,000	7.4	20,600	23.7
Inside CF Area	15,100	63.2	1,800	10.8	6,800	29.0
Outside CF Area	47,700	73.2	3,200	6.2	13,800	21.8
The Vale of Glamorgan	58,000	72.0	4,600	7.3	17,000	22.1
Inside CF Area	5,700	58.2	1,200	17.3	2,800	29.5
Outside CF Area	52,300	74.0	3,400	6.1	14,200	21.0
Rhondda Cynon Taf	102,400	67.4	10,600	9.4	37,800	25.5
Inside CF Area	35,600	59.3	5,100	12.5	19,100	32.2
Outside CF Area	66,900	72.8	5,600	7.7	18,800	21.0
Merthyr Tydfil	25,500	66.1	2,400	8.5	10,400	27.7
Inside CF Area	12,900	60.4	1,500	10.5	6,700	32.3
Outside CF Area	12,600	73.1	800	6.3	3,700	21.9
Caerphilly	78,100	67.7	6,900	8.1	29,400	26.2
Inside CF Area	27,800	58.9	4,000	12.6	15,000	32.4
Outside CF Area	50,400	73.8	2,900	5.4	14,400	21.8
Blaenau Gwent	28,800	64.1	4,100	12.5	11,800	26.7
Inside CF Area	17,500	59.2	3,000	14.6	8,900	30.6
Outside CF Area	11,300	73.4	1,100	8.9	2,900	19.3

Torfaen	39,700	67.9	4,300	9.8	14,000	24.6
Inside CF Area	9,100	55.8	1,700	15.3	5,500	34.0
Outside CF Area	30,500	72.7	2,700	8.0	8,600	20.9
Monmouthshire	43,600	75.2	2,200	4.7	11,400	20.9
Inside CF Area	.	.	.	.	.	.
Outside CF Area	43,600	75.2	2,200	4.7	11,400	20.9
Newport	65,000	69.5	5,200	7.4	22,700	24.8
Inside CF Area	18,300	56.6	2,900	13.8	10,900	34.2
Outside CF Area	46,700	76.4	2,300	4.7	11,800	19.7
Cardiff	166,200	67.9	14,500	8.0	62,100	26.1
Inside CF Area	41,300	58.8	5,600	11.9	22,700	33.1
Outside CF Area	124,800	71.6	8,900	6.7	39,300	23.2
Wales	1,381,800	69.4	105,500	7.1	481,900	25.2
Inside CF Area	277,600	59.6	39,000	12.3	145,200	31.9
Outside CF Area	1,104,200	72.4	66,600	5.7	336,700	23.1

Source: Annual Population Survey, Office for National Statistics

Notes:

The data item is based on between 25 and 40 responses to the survey, and is categorised as being of limited quality.

The data item is based on between 10 and 25 responses to the survey, and is categorised as being of low quality.

Only estimates based on 40 responses or more are categorised as robust.

The data item is not applicable

Two Lower Super Output Areas within the Neath Port Talbot - Western Valleys CF area are within Powys, but have been included in Neath Port Talbot in the above table.



Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol
Communities, Equality and Local Government Committee
CELG(4)-06-16 Papur 6 / Paper 6

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Pages	1 of 2

Dear Christine

The Draft Local Government (Wales) Bill—Follow-Up to Evidence Session

During the Committee's meeting on 4 February 2016, I undertook to provide the Committee with details of any value for money study or cost-benefit analysis that was undertaken following the local authority re-organisation in 1995-96.

As mentioned at the meeting, any such analysis would most likely have been undertaken by the Audit Commission, as the Auditor General for Wales and the Wales Audit Office had not been established at the time. I attach an annex listing and briefly summarising Audit Commission work that has relevance to the 1995-96 reorganisation, but I should note that none of that material contains a cost-benefit analysis of the re-organisation or a review of any cost-estimates.

I note, however, at the end of the annex that academic research by Professor Malcolm Chisholm provides a comparison of pre-reorganisation estimates with identified actual costs, and identifies that the costs were significantly underestimated in all three countries of Great Britain. In Wales, his estimates indicate an outturn cost of some £227 million (at 1996-97 prices). As you no doubt appreciate, it is important to bear in mind that the form of re-organisation undertaken in the 1990s was quite different to that envisaged by the draft Bill, in that in the 1990s unitary authorities were being created in place of a two-tier structure, rather than existing unitary authorities being amalgamated. There is therefore no direct costing comparison.

I think I should also take this opportunity to provide you with a copy of our consultation to the Welsh Government (please see attached document) and to mention a further potential problem with the proposed regulation powers in section 143. This further point is addressed in our response to the Welsh Government but was not included in the Auditor

General's letter to you of 25 January 2016 as the full potential implications of section 143 were not apparent to us at the time. The issue is not straightforward, and we are in the process of obtaining independent advice on this point. We will update you on the outcome as soon as that is available.

The relevant material concerning section 143 is in our answer to question 5.1 and under the subheading "Conflict with audit independence". It may, however, be helpful if I provide a short explanation here.

Section 143 sets out to empower the Welsh Ministers to make regulations for co-ordinating work of the Auditor General with work of Her Majesty's Chief Inspector of Education and Training in Wales (Estyn) and work of the Welsh Ministers in terms of their social services inspection functions (CSSIW). Using these powers, the Welsh Ministers would apparently be able to set timetables for when audit work is done and require the sharing of information.

These regulation-making provisions seem to be at odds with section 8(1) of the Public Audit (Wales) Act 2013, which says:

"The Auditor General has complete discretion as to the manner in which the functions of that office are exercised and is not subject to the direction or control of the National Assembly or the Welsh Government."

The regulation-making provision therefore appears to provide the Welsh Ministers with the means in effect to amend section 8(1) of the 2013 Act. As we understand it, section 8(1) of the 2013 Act is protected from amendment by the Assembly by virtue of paragraphs 2 to 4 of Part II of Schedule 7 to the Government of Wales Act 2006. In particular, it appears to me that the regulation-making powers ought to be limited to the oversight or supervision of the Auditor General and of his functions, which are properly matters for the Wales Audit Office and the National Assembly, rather than the Welsh Ministers, and any regulations that purported to have an effect that compromised the Auditor General's discretion would be invalid. Even if that analysis is not correct (and in any event there is scope for considerable confusion and expense), and such regulations were valid, then audit independence would be compromised.

Thank you again for the opportunity to comment.

Yours sincerely



Anthony Barrett
Assistant Auditor General

Annex

Reports and other materials addressing the local government reorganisations of the 1990s

Audit Commission

As far as we have been able to establish (and pending the conclusion of further searches underway at the British Library), the Audit Commission produced four papers on the local government reorganisations of the 1990s. None of them amount to a cost-benefit analysis. Instead, they are more in the way of advice for councils during the transitions.

1. Time for Change? A Consultative Paper on Work to Support the Implementation of Local Government Re-organisation, May 1994

This was a “scene setting” consultation paper, as in it set out possible outcomes of the reorganisation and possible challenges and opportunities for councils. It did not present a thorough cost-benefit analysis. Indeed, in respect of England it could not have done so, given the absence of firm restructuring proposals for England at the time. For Wales, there was a Local Government (Wales) Bill proposing to establish the unitary councils, but the paper does not reflect any cost-benefit analysis or review of costs and benefits in respect of those proposals. The paper sets out proposals for how the Commission’s work could benefit the process and invited views on those proposals.

2. Paving the Way: Helping Councils Prepare for the Future, December 1994

This paper focuses on the challenges facing ‘outgoing’ councils, highlighting possible challenges and providing advice and best practice on what to do in the winding up period. There is a reasonable amount of Wales-specific content, but no cost-benefit analysis.

3. Seize the Day! Guidance for Incoming Unitary Authorities, May 1995

This paper contains guidance for shadow authorities and incoming unitary councils, such suggestions as to the priority of “creating their vision by defining aims and values” and using the vision to guide decisions on management structure and top level appointments.

4. All Change: Managing Local Government Reorganisation and Beyond, May 1996

This has a focus on the councils that were to be reorganised in 1997, so has only tangential relevance to Wales, although there is content on “the post reorganisation agenda for unitary councils”—essentially still highlighting difficulties and providing advice.

National Audit Office

From our research it seems that the National Audit Office did not produce anything on the reorganisations. This absence is to be expected, as the National Audit Office would

probably have regarded the subject as lying chiefly within the Audit Commission's remit despite the role of the then Welsh Office, Department of Environment and Local Government Commission.

Academic research

Chisholm M, 2002, "The cost of local government structural reorganisation in Great Britain during the 1990s", *Environment and Planning C: Government and Policy*, volume 20, pages 251-262. This provides a comparison of pre-reorganisation estimates with identified actual costs, and identifies that the costs were significantly underestimated in all three countries of Great Britain. In Wales, his estimates indicate an outturn cost of some £227 million (at 1996-97 prices), compared with pre-legislative estimates presented to Parliament of between £65 million and £150 million. It is, however, important to bear in mind that the form of re-organisation undertaken in the 1990s was quite different to that envisaged by the draft Bill, in that in the 1990s unitary authorities were being created in place of a two-tier structure, rather than existing unitary authorities being amalgamated. There is therefore no direct costing comparison.