

## Finance Committee

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Meeting Venue:  
**Committee Room 2 – Senedd**

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Meeting date:  
**25 October 2012**

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Meeting time:  
**09:15**

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Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales



For further information please contact:

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029 2089 8409  
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## Agenda

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**Private briefing (9:15 – 9:30)**

- 1. Introductions, apologies and substitutions (9:30 – 9:35)**
- 2. Welsh Government draft budget proposals for 2013–14 (9:35 – 10:30)**

Jane Hutt AM, Minister for Finance and Leader of the House  
Jo Salway, Head of Strategic Budgeting  
Andrew Jeffreys, Head of Strategic Capital Investment  
Jeff Andrews, Specialist Policy Adviser

**3. Papers to note** (Pages 1 – 5)

FIN(4) 17–12 – Paper 1 – Response to consultation on the Welsh Government’s draft budget from WCVA

Minutes of previous meeting

**4. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**  
Items 5 to 8.

**5. Consideration of draft report on the Public Service Ombudsman for Wales draft estimate (10:30 – 11:00)** (Pages 6 – 13)

**Break (11:00 – 11:05)**

**6. Consideration of evidence on the Welsh Government draft budget proposals 2013–14 (11:05 – 11:30)**

**7. Welsh Government draft budget proposals 2013–14 – Key themes and emerging issues (11:30 – 12:00) (Pages 14 – 17)**

**8. Consideration of draft work programme – autumn term 2012 (12:00 – 12:15) (Pages 18 – 19)**

## Welsh Government budget 2013/14 Comments from WCVA for scrutiny committees

October 2012



### Finance Committee FIN(4) 17-12 - Paper 1

#### Introduction

1. Wales Council for Voluntary Action (WCVA) represents, campaigns for, supports and develops voluntary organisations, community action and volunteering in Wales. It represents the sector at UK and national level; and together with a range of national specialist agencies, County Voluntary Councils, Volunteer Centres and other development agencies, it provides a support structure for the third sector in Wales. It has 3,000 members, and is in touch with many more organisations through a wide range of national and local networks.

#### Comments on the draft budget 2013/14

2. The third sector is funded from a range of budget Actions across all Major Expenditure Groups, but in the majority of cases the detail is not visible at Action level. It is difficult, therefore, for WCVA and other third sector organisations to analyse and understand the implications of the figures due to the lack of detail below the Action level. More detailed information at as early a stage as possible is essential for the sector to be able to understand, scrutinise and prepare for the potential consequences of the budget on their funding. We would like the Committee to recommend that this level of detail is provided to the sector each year when the budget is published. If this is not possible then we would like to request a breakdown of where the third sector is funded once a budget is agreed (and passed by the National Assembly) in order for us to establish a baseline to enable us to focus our scrutiny activity next year.
3. In order for third sector organisations to be able to plan, access to relevant budgetary information and advanced notice of any changes are vital. We would highlight to the Committee that 'Early and constructive dialogue', 'Timely decisions' and 'Security of funding' are principles of the Welsh Government's *Code of Practice for Funding the Third Sector*. 2013/14 is the final year of a three year budget period for many organisations, with this in mind existing commitments and budget lines should be honoured; and Welsh Government should enter into early dialogue, as required by its *Code of Practice*, about the next three year period.
4. Despite an overall increase in the Local Government and Communities MEG revenue line there is a reduction in the Third Sector Action from the 2012/13 figure to the 2013/14 and 2014/15 figures. This is not unexpected and was indicated in previous budgets but it certainly represents a challenge at a time of increased demand on services and rising costs. Funding in the Third Sector Action was planned to be £8.9 million in 2012/13, but was increased to £10.2 million in the supplementary budget. The indicative budget for 2013/14 and 2014/15 was £8 million, but is now £8.65 million. We are pleased to see a £650,000 increase in this

action and understand that it will be allocated to advice services. A more detailed breakdown of all of the Actions within the MEG would be very useful for us in establishing where the budget may impact on funding for the sector.

5. As the third sector only receives a tiny proportion of the Welsh Government's budget (2.7%), it would be a false economy to cut third sector services: such cuts would not realise notable savings, and retained investment will help to deliver considerable added value through the sector's ability to lever in additional resources and deploy volunteers. At times of financial pressure important to consider how to make the Welsh budget go further and if properly engaged and supported the third sector can play a key role in achieving this and in the effective delivery of the Programme for Government.
6. The Programme for Government recognises the third sector as a key partner in the delivery of the Welsh Government's agenda. It is an ambitious programme and it is clear that government cannot meet its stated aims alone. In many areas the third sector is leading the way and it has more to offer than simply as a delivery partner. It is important to involve third sector organisations and service users in the design as well as the delivery of services and programmes and that the budget is used to support third sector organisations that can help the government to achieve the objectives it will be unable to meet on its own.
7. An important consideration regarding the budget is choosing the method to distribute funds. In order to enable the full contribution of the third sector to public service delivery, it is important that the funding mechanisms are appropriate and proportionate to the service. In recent years, funding from contracts has increasingly become the default position, while grant funding has diminished rapidly. Where procurement is not legally necessary however, WCVA strongly advocates for the use of grants as the primary mechanism for funding the third sector. Grants can provide the basis for partnership with the third sector in service development and delivery, and can be used to invest in local organisations, communities and economies, thereby retaining resources in Wales.
8. The third sector receives funding under the budget lines of Inclusion and Equality and Human Rights under the Central Services MEG. Grants for the sector under these budget lines (the Inclusion Grant and the Advancing Equality Fund) are under review and consultation with the sector on the proposed changes is anticipated in Autumn 2012. We are concerned about the overall reduction in these budget lines and would like reassurances that this reduction will not affect the amount of grant funding available to the third sector.

#### **Specific comments on the Equality Impact Assessment**

9. As far as we are aware the third sector has not been engaged formally in the equality impact assessment (EIA) of the budget. Involvement of stakeholders in assessment is a key aspect of this process and it is disappointing if this has not happened. We are pleased that the sector is regularly consulted and engaged in policy development and has regular dialogue with Ministers but we would recommend more formal engagement of organisations in the EIA process itself. Engagement of third sector organisations is an essential part of evidence gathering, particularly where there are data gaps or a fast moving policy or service delivery agenda.

10. We very much welcome the creation of the Budget Advisory Group for Equality as a way of engaging with stakeholders. We also welcome the approach used in the housing department which has set up a departmental Equality Impact group. We recommend that other departments consider following this approach in future and that lessons should be learnt from all departments undertaking good practice (the third sector could help identify these) and these should be rolled across the Welsh Government.
11. The Equality Impact Assessment document that has been published is more a narrative and report on the overall process the Welsh Government has taken. Whilst useful in itself we would recommend that the actual impact assessments themselves (which are referenced in the document) should be published as well alongside the narrative. This is a requirement of an Equality Impact Assessment process and we believe it would increase transparency, accountability and improve scrutiny.
12. The report seems to focus more on vulnerable people generally rather than specifically looking at the impact of the budget on protected characteristics. Whilst we welcome the consideration of vulnerability and socio economic impact, this should not take away from assessment of the protected characteristics.

#### Key Asks

13. We would urge the Committee to request information below the Action level for this and future budgets that could help us, and other third sector organisations, understand more clearly the implications of the Welsh Government budget on their work.
14. Whilst we recognise that the sector cannot be immune from the budget cuts and will seek ways to meet increased demand with decreasing resources we also believe that it should not automatically be the first place that cuts are made. We would like the Committee to encourage Welsh Government Ministers to ensure that the third sector is not disproportionately affected by the budget as a result of cuts in funding at local and national levels.

We would be happy to offer any further information to the Committee as required.

Michelle Matheron ([mmatheron@wcva.org.uk](mailto:mmatheron@wcva.org.uk))  
Senior Public Affairs Officer  
October 2012

# Finance Committee

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Meeting Venue: **Committee Room 2 – Senedd**

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Meeting date: **Wednesday, 17 October 2012**

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Meeting time: **09:15 – 12:00**

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Wales



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## Concise Minutes:

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### Assembly Members:

**Jocelyn Davies (Chair)**  
**Peter Black**  
**Christine Chapman**  
**Paul Davies**  
**Mike Hedges**  
**Ann Jones**  
**Julie Morgan**  
**Ieuan Wyn Jones**

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### Witnesses:

**Gwyn Jones, Ceredigion County Council**  
**Mark Owen, Wrexham County Borough Council**  
**Professor Hywel Thomas, Pro Vice Chancellor,**  
**Engagement and International, Cardiff University**  
**Dr Sue Hybart, Cardiff University**  
**Hugh Jones, Cardiff University**  
**John Graystone, ColegauCymru**  
**Jones, WJEC**

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### Committee Staff:

**Gareth Price (Clerk)**  
**Daniel Collier (Deputy Clerk)**  
**Martin Jennings (Researcher)**  
**Eleanor Roy (Researcher)**

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## 1. Introductions, apologies and substitutions

1.1 The Chair welcomed Members and members of the public to the meeting.

## **2. Welsh Government draft budget proposals 2013–14 – Evidence from local government**

2.1 The Chair welcomed Gwyn Jones, Director of Finance, Ceredigion County Council and Mark Owen, Head of Finance, Wrexham County Borough Council.

2.2 Members questioned the witnesses.

### **Action point:**

The witnesses agreed to provide:

- A note on the proportion of each authority's social care budget which is spent on care home fees.

## **3. Welsh Government draft budget proposals 2013–14 – Evidence from education institutions**

3.1 The Chair welcomed Professor Hywel Thomas, Pro-Vice-Chancellor (International and Engagement), Cardiff University; Dr Sue Hybart, Director of Planning, Cardiff University; Hugh Jones, Chief Operating Officer, Cardiff University; David Jones, Principal, Deeside College; and John Graystone, Chief Executive, Colegau Cymru.

3.2 The Committee questioned the witnesses.

### **Action points:**

Cardiff University agreed to provide:

- Further information on the wider economic benefits of overseas students at Cardiff University.
- Further information on the impact that the reduction in student loan support in England has had on enrolment numbers at Higher Education authorities in Wales.

## **4. Papers to note**

4.1 The Committee noted the minutes of the previous meeting.

## **5. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:**

Item 6.

## **6. Consideration of evidence on the Welsh Government draft budget proposals 2013–2014**

6.1 The Committee discussed the evidence received on the Welsh Government's draft budget proposals 2013–14.

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

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