

SP 43

Blaenoriaethau ar gyfer y Pwyllgor Cydraddoldeb,
Llywodraeth Leol a Chymunedau

Priorities for the Equality,

Local Government and Communities Committee

Ymateb gan: Cymdeithas Llywodraeth Leol Cymru

Response from: Welsh Local Government Association

Summary

1. Local Government is a vital partner for the Welsh Government in delivering its broad social and economic outcomes. There is not one area in the Programme for Government where councils do not make a crucial contribution to outcomes. Local services support healthy people living productive lives in prosperous and innovative local economies. Local services provide the bedrock of safer, more cohesive and more equal communities. Local services make an invaluable contribution to a resilient environment and a society with a vital sense of its own culture and heritage.
2. We have commented on the future work of all the Committees and a point we are raising with all is that joined-up scrutiny is as important as joined-up government. As a general point, the interconnectivity between topics selected by the different committees is likely to be significant. There is value in the committees working together, sharing progress and inviting feedback on their inquiries as they progress. The principles of the Well-being of Future Generations Act (integrate, collaborate, long term thinking, involve, prevent) should inform the way inquiries are undertaken and reported.

Comments on Specific Areas

3. We have commented on each of the priorities identified by the ELGC Committee and there is clearly more merit in following some lines of inquiry than others. Tackling poverty and improving life chances will not be easy in the current economic climate and the aftermath of Brexit. Ultimately, the approach the Welsh Government takes to one area below will have consequences for another. The WLGA maintains that local community approaches are ultimately the best and this is set out in our manifesto. However local authorities and other public services should be encouraged to work together regionally. The Liverpool City Region [Child Poverty and Life Chances Commission](#) shows that intractable social problems can be best addressed at that level. The Welsh Government's approach to Local Government reform may be as important as any other intervention in tackling social ills.

EU funding of tackling poverty programmes

4. EU funding of tackling poverty programmes under ESF Priority 1 '*Tackling Poverty through sustainable employment*' is a complex mix of national, programme wide, themed, regional and local interventions that creates confusion and potential duplication in the support on offer to some of our most vulnerable communities and people. Understanding how national, Welsh Government led projects operate alongside a number of geographically targeted projects such as the Welsh Government and DWP led *Communities 4 Work*, Welsh Government led *Parents, Childcare and Employment (PaCE)*, the WCVA led *Active Inclusion Fund* is a maze and makes it difficult for potential

participants to understand what support is on offer in their communities. Local Government has found the process of having to continually adapt and refine our projects and interventions to fit around such national and geographically targeted approaches frustrating and challenging. It would be useful if the Committee considers how best to avoid such a complex maze of support for future interventions, be those EU or domestically funded.

5. Local Government wishes to see a more devolved approach to allocating both EU and domestic funding to tackling poverty that fully endorses, recognises and utilises the regional and local structures and partnerships that exist such as the *Regional Skills Partnerships*, that bring together partners from the wider public sector, private sector, Higher and Further Education and supported by the Welsh Government. We wish to see future funding, be that EU or domestic, channelled through these regional and local structures in order to maximise impact, reduce duplication and fund interventions that reflect the needs, demands and circumstances of the different regions of Wales.
6. In terms of EU Funding of tackling poverty programmes the support under ESF Priority 1 is only one aspect of the EU funding available to address tackling poverty thus it would also be useful if the Committee considered a much wider approach to the impact of both EU and domestic funding towards tackling poverty. This should include consideration of wider ESF, ERDF and EU Rural Development Plan support for tackling poverty, the wider EU Themed Programmes for tackling poverty and the domestic funding available across the portfolios of a number of different Welsh Government Cabinet Secretaries and Minister's portfolios.

In-work poverty

7. Research around in-work poverty attributes its cause to three key factors – hourly rate of pay; number of hours worked by members of the household; income gained and lost through the welfare and tax systems.
8. The first couple of factors may be addressed through skills and economic growth. In our submission to the Economy Infrastructure & Skills Committee, we argue that local government can stimulate better economic growth especially through the skills agenda. It is vital that employment and skills activities are aligned to capital and strategic investments and Welsh Government better enable initiatives like the three regional skills partnerships (all of which were set up and are hosted by local government). Progress is being made but there are a number of variables that need to coalesce if we are to make a real difference and this may be a topic worthy of investigation.
9. In the same submission we argue for a new statutory duty on local government (appropriately resourced) to undertake Economic Development. Our Manifesto sets adds that this duty should be capable of being exercised

at regional level so that efforts integrate with regional level planning of land use and transportation.

10. On the final factor of income gained and lost through the UK benefit bill, the Bevan Foundation suggests that the WG should be negotiating with the UK Government to ensure that Welsh public sector actions are repaid to the Welsh public purse. We would support that and suggest it should be a part of the Committee's work programme.

Poverty and welfare reform

11. The Committee proposes to look at a number of welfare reforms and how they impact in Wales which are all valid lines of inquiry. However perhaps the Committee needs to be a little more ambitious in investigating aspects of Welfare that are currently well aligned with devolved responsibility such as Housing Benefit (Housing) and Attendance Allowance (Social Services). In England, the Government are already consulting on giving more responsibility to councils to support older people with care needs, including those who are supported through Attendance Allowance.

Removal of Spare Room Subsidy

12. This reform is accepted by central government as a successful reform, achieving significant savings, but at what cost? The final evaluation report from the Department for Work & Pensions (DWP) published in December 2015 showed that in the first 18 months of implementation, the numbers of households affected had reduced from 547,000 to 465,000, around 14.2%. The greatest reductions were in London and certain areas of England with far fewer reductions in Wales due to the lack of smaller properties available.
13. Discretionary Housing Payments (DHP) are helping some affected households but this is mainly dependant on the willingness of the household to change their behaviour. In 2013/14 Welsh Government made an additional one off payment of £1.3 million available to local authorities, however this was made late in the financial year with a requirement to have utilised the funds by the end of the year and no additional offers of funding have been made in the subsequent years. The position in Scotland however is significantly different with the Scottish Government providing additional funding annually to authorities up to the maximum permitted by legislation to prevent tenants affected by this reform being evicted due to arrears. During 2014/15 20 Welsh local authorities worked together to establish a framework to minimise discrepancies in their DHP processes and to ensure a fair and transparent system across Wales. The framework gives priority to people who are doing all they can to help themselves whilst maintaining flexibility and local discretion. In 2015/16 Welsh authorities spent 99% of their allocated funds and of this, around 57% (£3.75m) was spent on households affected by the removal of the spare room subsidy.

14. Many affected households are in arrears and are borrowing money from various sources to help – the recent 'Britain in the Red' report states that consumer credit is growing at a rate of 10% per annum and there is currently £353 billion of unsecured debt.

Personal Independence Payment

15. From 8th April 2013 DWP started to replace Disability Living Allowance for working age people with Personal Independence Payment (PIP). The latest statistics to the end of April 2016 show there are 805,000 claims in payment nationally of which 263,00 are reassessed Disability Living Allowance customers. Issues facing claimants are the significant delays between application and decision, although these have significantly improved, they still take on average 9 weeks from referral to the assessment provider to DWP decision.
16. Claimants who wish to dispute a decision on their PIP claim are required to ask for a 'mandatory reconsideration' and by the end of April 2016 313,800 mandatory reconsiderations had been lodged with the decision being upheld in around 60% of cases. The Citizens Advice and other agencies report that the whole PIP application, assessment and reconsideration process is one of their main causes of customer engagement and the detrimental effects on the customer have been widely reported in the media.
17. The wider impacts of an unsuccessful PIP award include the removal of a Motability vehicle, blue badge permit, disabled person railcard, reduced vehicle tax and a likely reduction in any existing Housing Benefit, Jobseekers Allowance awards due to the removal of the associated premium causing additional expense and severe impact on the claimants' health and wellbeing.
18. For PIP claimants in employment the knock on effect of an award being disallowed has wider economic impacts – the loss of vehicle and or travel pass may cause claimant to cease employment, subsequent loss of income and financial hardship and an increase in reliance on the benefit system.

Universal Credit

19. The aim of Universal Credit(UC) is to reduce poverty by making work pay and to help claimants and their families to become more independent. Introduced in April 2013 it has been progressively rolled out and as at 14th July 2016 there are 303, 839 people receiving UC of which 40% are in employment. In Wales this is predominantly only single claimants – a revised roll out schedule was published in July 2016 but no Welsh authority is listed within 2016/17.
20. All local authorities have signed Delivery Partner agreements with their local Job Centres to ensure funded support is provided to customers to enable them to make and maintain a claim to UC. However, there are variances

across Wales in the adequacy of these funding levels and it is acknowledged that digital ability and personal budgeting are wider issues than just those related to UC – something noted in both the recent Financial Inclusion Strategy and Digital Inclusion Strategy. Despite being launched in March at the end of the previous Government term, they have yet to be taken forward with an action plan under the fifth Welsh Government.

21. The Welsh Government will have its own views on Welfare Reform but it is right that a Committee scrutinises whether it is marshalling all of its resources to mitigate the effects. It may be the case that this is not improving the long-term outcomes for the most vulnerable in our society.

Post-legislative scrutiny of the new homelessness duties imposed by the Housing (Wales) Act 2014 & Housing supply

22. As well as the proposed areas of inquiry it may also be worth considering community cohesion issues, picking up on hate crime (and the recent rise in reported incidences) and other aspects linking to homelessness and wider exclusion. Maybe too early in terms of implementation, but there is also the duty placed on local authorities to assess the accommodation needs of gypsy traveller populations and make provision where a need has been established. Also introduced by the Housing (Wales) Act 2014 is the registration and licensing scheme for private rented sector landlords and agents – it has been implemented from November 2015, but with full enforcement from November 2016.
23. Councils must be given the financial flexibilities they need to be able to invest in housing development, both in partnership and directly. Those with retained housing stock are currently restricted in the amount they can borrow for house building and investment in their existing housing stock. The caps take no account of housing pressure locally and vary significantly across councils, potentially leaving some already at their borrowing limits. We would argue that the Welsh Government should lobby the Treasury to remove any borrowing restriction.
24. Finally, the Committee could look at proposed legislation and check for any unintended consequences or inconsistencies with stated policy. For example, the Welsh Government is proposing an additional rate of Land Transactions Tax, mirroring similar proposals in England. Part 6 of Schedule 13 of the draft legislation published on 5 July 2016 includes the Welsh version of the relief for certain acquisitions by registered social landlords and does not include a relief for local authorities when purchasing residential accommodation. This treats councils differently to Registered Social Landlords and is a proper area for investigation by Assembly Members.

The effectiveness of Communities First (CF)

25. Over the period since its launch, and through its refocus in 2012, several studies of the Communities First programme have been undertaken, including:

- 2006 – Cambridge Policy Consultants – interim evaluation
- 2009 – Wales Audit Office
- 2010 – NAFW Public Accounts Committee
- 2010 - Joseph Rowntree Foundation
- 2011 – AMION and Old Bell 3 - process and outcome evaluation
- 2014 - IPSOS Mori and Wavehill
- 2016 – WAO is undertaking pilot studies in Wrexham and Neath Port Talbot to look at ways of improving the way performance is assessed in CF (alongside other programmes).

26. The programme has been given an additional year's funding up to April 2017. The future of the programme is uncertain and therefore the value of undertaking another evaluative study at this stage is questionable. The studies to date have highlighted a lack of clarity in the early days as to the central aims of the programme (social? economic?), too much administration (as opposed to delivery) and a lack of robust monitoring information. Those shortcomings were addressed to some extent by the 2012 review which introduced new reporting arrangements and brought together clusters of CF areas to improve efficiency and reduce overhead costs. However, the limited economic impact of the programme has remained a concern throughout.

27. Welsh Government is now looking at how various programmes such as CF, Vibrant and Viable Places, Flying Start, Families First and Supporting People can be brought together to create more integrated and effective forms of support, with a mixture of capital and revenue. It may be more useful to conduct an inquiry that looks at how this integration can best be achieved and what elements of the various programmes could usefully be continued. With the Well-being of Future Generations Act encouraging public bodies to involve local residents there should be important learning – and expertise – to draw from the CF programme.

Local government reorganisation and reform

28. The Committee has indicated that it will wish to scrutinise proposals brought forward by the Cabinet Secretary for Finance and Local Government in the Autumn. This will follow visits he is making to all 22 local authorities. WLGA understands that he will make an interim statement, reflecting on the messages received, rather than coming forward at that stage with definitive proposals. The value of an inquiry at that point, therefore, may be limited.

29. However, AMs clearly will want to assess the direction and speed of travel and it may be useful to have some initial debate on possible ways forward – not only from the committee members but also from stakeholders invited to submit views.
30. Significant developments at a regional level across Wales present a new context for the debate. Groups of local authorities are now engaging – along with partners – to look at issues of regional development. This has seen the emergence of City Deal and Growth Deal proposals which require that clear governance arrangements are in place. These arrangements involve elected members and officers from the constituent authorities – they are not new bodies. They present an opportunity to deal with strategic issues such as land use planning, transport and economic development at a more appropriate level, leaving operational delivery issues to LAs.
31. Likewise, as closer working develops between local authorities and health, especially in wake of the Social Services and Well-being Act requirements, more issues are being addressed at a Health Authority level.
32. A key aspect of local government reform is finance. The system of local government finance in Wales is dated and frayed. This was recognised in the [Report](#) of the Independent Commission on Local Government Finance chaired by Professor Tony Travers. In a nutshell this argued for more freedom, flexibility and fiscal devolution for local government finances. Professor Travers' Report was referred to in the Government's manifesto so it is a natural line of inquiry for the Committee perhaps in partnership with the Finance Committee.
33. These developments need to be taken in to account when considering the way forward for local government. They are based on functions and the best ways of delivering them – in partnership with other parts of the public sector and with the private and third sectors. They arguably offer a more sustainable way forward than the previous focus on a single sector and on the boundaries between the organisations in that sector alone.
34. If the committee is to undertake an inquiry on this topic, it must take account of these important developments which are changing the landscape. Given the committee's overall remit, it might also want to consider how the changes taking place might contribute to objectives relating to poverty and equality. Successful regional development based on improved accessibility throughout the geographic areas concerned should help to connect residents of current Communities First areas with areas of opportunity as they emerge and grow. It could prove to be a more successful approach than area-based initiatives focused on improvements almost exclusively in the areas of greatest disadvantage.
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