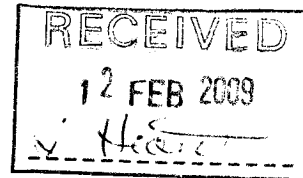


Brian Gibbons AC/AM
Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth
Leol
Minister for Social Justice and Local Government



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref
Ein cyf/Our ref BG/00062/09
Ann Jones AM
Chair
Equality of Opportunities Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA



10 February 2009

Dear Ann

Thank you for your letter on behalf of the Equality of Opportunity Committee.

It is important to put in context the position as regards the General Capital Fund (GCF). This grant scheme is unhypothecated and it is for local authorities to decide where and on what it is applied.

There are 5 sets of distribution formulae applied to five "nominal" areas (e.g. Education, Personal Social Services etc) that make up GCF. The formulae drive the distribution but are not a benchmark against which local authorities are required or expected to spend up to. This remains in accord with long standing agreements made with WLGA and is representative of the views of local authorities.

The GCF housing formula was not reviewed in line with the recommendations in the report. The formulae that distribute GCF are however kept under review by the Distribution Sub Group (a grouping of Council and Assembly officials whose recommendations are reported through the Consultative Forum on Finance). The distribution weightings that make up the Housing formula element of GCF remain as follows: households with pensioner head (20%); household with low income (20%); private housing sector stock (15%); total repair costs (45%).

The amount of funding allocated for GCF is set through the Assembly Governments annual budget setting exercise. As such there can be no guarantee that GCF will be increased in line with additional spending on particular items of expenditure by individual local authorities. I will ensure that consideration will be given to a wider ranging review of all of the elements of GCF distribution in the work programme we agree with the WLGA for the Distribution Sub Group next year.

Yours sincerely

Brian Gibbons AM