



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

**Y Pwyllgor Cyfrifon Cyhoeddus
The Public Accounts Committee**

**Dydd Mawrth, 16 Medi 2014
Tuesday, 16 September 2014**

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

The proceedings are recorded 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

William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Steve Martin	Swyddfa Archwilio Cymru Wales Audit Office
Matthew Mortlock	Swyddfa Archwilio Cymru Wales Audit Office
Michael Palmer	Swyddfa Archwilio Cymru Wales Audit Office
Martin Peters	Swyddfa Archwilio Cymru Wales Audit Office
Mike Usher	Swyddfa Archwilio Cymru Wales Audit Office

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

Claire Griffiths	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Michael Kay	Clerc Clerk

Dechreuodd y cyfarfod am 09:01.
The meeting began at 09:01.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good morning, everybody. Welcome to this morning's meeting of the Public Accounts Committee, and welcome back after the National Assembly's recess. I have just a few of the usual notices. I remind Members that the meeting is bilingual, as are all meetings of the National Assembly for Wales, and that Members and anybody contributing should feel free to use either English or Welsh, as they see fit. Headsets are available for

translation and sound amplification. I encourage everybody to switch off their mobile phones, and I remind everyone that this is a formal public meeting, so we are on the record. In the event of a fire alarm, we should follow the instructions of the ushers. We have not received any apologies for this morning's meeting, so we will go straight to item 2 on our agenda.

09:02

Papurau i'w Nodi Papers to Note

[2] **Darren Millar:** We have a number of papers to note. First, we have the minutes of our meeting held on 15 July. I will take it that those are noted.

[3] **Sandy Mewies:** I have a question to ask.

[4] **Darren Millar:** Yes.

[5] **Sandy Mewies:** Interests were declared and I thought I had declared an interest as a fellow of Glyndŵr University. I thought I had, but I might not have, because it was a long time ago. I thought that that was what had triggered everybody else off.

[6] **Darren Millar:** We will ensure that it is noted.

[7] **Sandy Mewies:** I cannot swear to you that that is the case, but I thought I had.

[8] **Darren Millar:** I seem to recall that you did mention it during the discussions, so I will make sure that it is noted. Are there any further amendments? No. I take it, with that amendment, that the minutes are agreeable.

[9] Regarding unscheduled care, we have had a letter from the Minister for Health and Social Services providing some clarification on a number of the Welsh Government's responses to our recommendations in our committee report. Are there any comments on that letter? I thought that one of the interesting things—I do not know whether the Wales Audit Office wants to comment at all—was this reference to the 50% target being a nationwide target. I am not sure whether that is actually true. I know that the UK Department of Health had a 75% target.

[10] **Alun Ffred Jones:** Which nation would that be?

[11] **Darren Millar:** I know that the UK Department of Health, in England, had an NHS target of 75% for vaccination take-up. Nevertheless, the Minister is satisfied that the 50% target is the one that the NHS in Wales is aiming for at the moment.

[12] **Sandy Mewies:** May I just say that it is prudent to review that target again? I think that this committee should make a note of that and see that that review is done and what it produces so that we can monitor the situation.

[13] **Darren Millar:** Of course, we have said that we want to revisit this in the new year, so it would give us an opportunity to do that.

[14] **Sandy Mewies:** That should fall in quite nicely, should it not?

[15] **Darren Millar:** Yes. Are there any other comments on the letter?

[16] **Mr Mortlock:** I think, Chair, the only other thing, as you will recall, is that you are

due an update in the new year on the 111 service. Also, I think that there was an update due at the end of this month, or by the end of this month, on out-of-hours services as well, from the previous Welsh Government response. So, there is other information that will be flowing to you on this over the next few months.

[17] **Darren Millar:** Thank you, Matthew. I was also surprised by the response to recommendation 12. We had asked for copies of short-term, medium-term and long-term plans, and I am not sure that that gives me any satisfaction that it has any in place. So, again, if we are going to revisit some elements of this later this month perhaps, when we have received updates on 111 and perhaps in the new year in terms of flu vaccination uptake, I will make sure that we refer to those bits in any areas of questioning that we might want to look at with the Welsh Government. Are there any other comments? No.

[18] We will move on to the next paper to note then on meeting the financial challenges facing local government. We have had a letter from June Milligan providing some further information following the attendance of the Welsh Local Government Association and the Society of Welsh Treasurers. There are some interesting comments on mergers and collaboration. If you remember, some of the evidence that was coming from local authorities was suggesting that the uncertainty around mergers was stifling some opportunities for collaboration because local authorities were not sure which direction they ought to focus their collaboration efforts in or which partners they should focus their collaboration efforts on. June Milligan's letter seems to suggest that that uncertainty should not stop or prevent any collaborative efforts with different partners. Are there any comments on that? Matthew, do you want to comment?

[19] **Mr Mortlock:** Only to say that you will recall that the committee intends to return to this topic later in the term. We are still taking forward some work looking at the local government financial position. We will perhaps discuss with the clerking team the timing of that in terms of when that will become available. It might not be until towards the end of the autumn term now.

[20] **Darren Millar:** Okay. Are there any other elements that we want to pick out? Alun Ffred, is there something on the tip of your tongue?

[21] **Alun Ffred Jones:** Well, a letter was sent by the previous Minister to local authorities encouraging them to seek partnerships within the parameters of the Williams commission report, so it is fairly obvious that that is the direction of travel. What is going to happen is another matter, but I suppose that that is the clearest indication there is for them.

[22] **Darren Millar:** I know, obviously, there is a lot of uncertainty from local authorities as well, or a lot of concern, about the changes to their budgeting forecasts going forward as a result of announcements.

[23] **Alun Ffred Jones:** But that is another issue.

[24] **Darren Millar:** Yes.

[25] **Aled Roberts:** The only other issue that arises then is that, obviously, Denbighshire debated the issue last week, but clearly it has suggested that it will move forward on the basis that costs are met by the Welsh Government. So, it will be interesting to see whether there is any understanding between the Welsh Government and local government on the Welsh Government picking up the bill for severance payments et cetera.

[26] **Darren Millar:** Jenny, do you want to comment?

[27] **Jenny Rathbone:** I cannot recall who is on this reform delivery group, which presumably ought to be discussing such matters. Two months after we went into recess, can anyone refresh my memory as to who is on this group, because presumably it is dealing with this under the new Minister?

[28] **Darren Millar:** Obviously, there is a new Minister in place. I think perhaps it would be prudent to ask for his vision or the immediate steps he wants to take in the coming months. Why do we not do that, building on the information we already have from June Milligan? Are Members content?

[29] **Mike Hedges:** May I just comment on what Aled Roberts said? Severance pay will not be the major expense. The major expense will be IT. It always is every time, whether it be a merger or a split. It is the IT costs that tend to be the big costs.

[30] **Darren Millar:** Well, let us explore with the new Minister his direction with collaboration, mergers and local authority reconfiguration. We will seek an update and look at this again at a future meeting. Moving on to the governance arrangements at Betsi Cadwaladr University Local Health Board, we have had a letter from Peter Higson providing some additional information. There is also a copy of the report on hospital-acquired infections by Professor Duerden. If there are no comments on that, can I take it that it is noted? Sandy is first and then Jenny.

[31] **Sandy Mewies:** I thought this was a very honest report from Professor Duerden, actually. He acknowledges that a considerable amount of progress has been made, but he does not shy away from the fact that there is a long way to go. I think that we have to bear that in mind as well. I am quite concerned that it was looking for this infection control doctor, an ICD, and that it has a guy from Leeds on 30%, when it thought that it was a 50% appointment. Now, that is a matter for the board. I would have thought that it should perhaps be 100%, given the—. I understand the difficulties it will have had in recruitment, because that is happening everywhere, but I would like to know what continuing efforts are being made. I hope that it is not just, 'Well, we've got somebody here for 30% now, let's just leave it', because this is one of the most important issues, for me, that came out of the board. I know—and I would guess that other north Wales Assembly Members, including yourself, know—that older people in particular going into hospital have fears not just about the surgery they might be having but about acquiring an infection while they are there. It is about reassuring the public as well. I would like to know and keep on top of the facts about that post in particular.

[32] **Darren Millar:** William is next, then Jenny.

[33] **William Graham:** Thank you, Chair. It is the same point. Looking at page 26, it is certainly a candid review, but it does not identify anything that is not well known in any hospital in the country. I would like to know how we are going to follow up on some of these things, particularly because some of the things it refers to have already been in place for two years, yet still these outbreaks occurred. Obviously, no system can be absolutely complete, but I think we ought to know what it has done and whether it has been successful.

[34] **Darren Millar:** Thank you, William. Jenny is next.

[35] **Jenny Rathbone:** I have two points. One is that I note on page 25 the late adoption in Wales generally, although BCULHB seems to be rather slow even in the Welsh context, because such high impact interventions have been promoted and implemented in English NHS trusts since 2005-06. I wonder whether we need to point the health committee in this direction. It seems to me that a proper scrutiny of all health boards as to why they have been so slow to implement is needed. That is one point. The second point is that the introduction of

the traffic light system is prevented by the fact that it does not have a colour photocopier. Surely, Betsi Cadwaladr, it is not about money, it is a way of working. That is really a bit desperate, and these sort of basic things—. I am sure that this new person who is being brought in as the deputy senior nurse for infection control—. Why has she not got a colour photocopier in each of the three hospitals?

[36] **Darren Millar:** There seems to be an abundance of coloured documents floating around in north Wales within the health boards, so I was surprised as well by that revelation. Julie is next.

[37] **Julie Morgan:** Just to reiterate, my daughter was involved in the original report into this. I just wanted to put that on the record again. I think the fact that the vice chair has taken on the specific responsibility is a good move forward, but it would be good to have a report from the vice chair to say what that has meant at some point in the future, if we are doing any follow up, just to find out what the role of that person on the board has meant in terms of somebody individually taking responsibility, because I think one of the key things is to have people take responsibility for specific issues. So, I think it might be good to follow that up.

[38] **Darren Millar:** Okay. Aled is next.

[39] **Aled Roberts:** I would like to refer to the notification of the reports from the delivery unit. They refer to four specific areas that the delivery unit has been monitoring—the delivery unit of the Welsh Government, that is. When I met with Dr Higson and Professor Purt a fortnight ago I was a bit concerned that stroke services, for example, were on monthly monitoring, because there was so much concern regarding the standard of stroke services in north Wales. However, you cannot find any information, even in the board minutes, with regard to what that monitoring is showing and how they have changed things. In fact, you have board members in the July meeting making reference to the fact that they still did not understand how the health board had got to the position it had with stroke services. So, I think that there is a problem in the Government's arrangements between the delivery unit and the health boards, so that, even where the delivery unit is on high-risk monitoring, I am not convinced, if I were a board member, that I would have any understanding as to the actual steps that were being taken within the health board to improve the position.

[40] **Darren Millar:** Okay, so we have a number of issues there that Members have. Obviously, it does appear clear that on infection control there has been some progress—I will bring you in in a second, Mike—but there is still further work to do. I like Julie's suggestion that perhaps we ought to ask for an update from the vice chair, who has obviously taken on responsibility for hospital-acquired infections. However, Aled is quite right that if there are concerns and other areas that are being monitored and that information is not appearing before the board or in a digestible format that the board can understand then they will make mistakes again, will they not?

09:15

[41] **Sandy Mewies:** Before you go on, on that point, I take your point entirely, but I would be worried that now you have board members there who perhaps do not have the training or the confidence to make sure that they know, because it is only a question of pursuing, is it not, and training has been an issue, has it not? I just wonder what—. If they do not have the confidence or the ability to know where to go, why is that, because they are the public's representative on those boards? They should not just be saying, 'I don't know how to do this', they should be asking and saying, 'We want this'. We should not be asking the board to do it; they should be asking the board to be delivering that information to them in an easily understandable format that tells them exactly what is happening between board and ward. That was one of the main issues before. So, while I agree with your point, Aled, I would like

to extend it a bit further than that.

[42] **Darren Millar:** Outsiders also have to be able to see the challenge from board members to the executive team about improvement. Mike Usher, you had a comment.

[43] **Mr Usher:** I would certainly endorse the points that members have raised. You will recall that our follow-up report last June, which came to this committee, touched on a number of these issues, and we agreed that we would do a further follow-up next summer. So, we will be doing a further report that will be published in June next year, which will certainly be looking at each of the issues that Members have been covering here as part of that.

[44] May I make one other point on the letter from Peter Higson? At the start of the letter, he talks about the number of patient safety incidents, and you will see that those have gone up quite significantly, from 15,600 up to 17,700 in a year. That could be read in one of two ways. We think, actually, that a large part of that is that, historically, the board had quite a poor reporting culture and so an increase in the total number of incidents could be viewed as a positive here in that people within the board, its own staff, are more comfortable in raising issues, and you will see that the delivery unit has been providing support to them on serious incident reviews and learning lessons. So, we think that there is some good work being done there and the headline increase may be due to a number of factors—not simply that there are more incidents but that people are more confident in reporting them, which would be a good thing.

[45] **Darren Millar:** Thanks for that, Mike. Could I just check how those figures compare with other health boards that serve similar populations?

[46] **Mr Mortlock:** Chair, one issue that we have with those figures is that it would have been useful to have perhaps seen more of a breakdown in terms of the scale of the incidents, from the very serious to the more minor end of things. The other thing is that colleagues have certainly flagged up that, at the moment, since we saw the letter from the health board, we are struggling to reconcile those figures with some other published figures that we are aware of, and to reconcile the two sets of data. So, that is something that perhaps we can take away and query with the health board to see whether it can provide some additional clarification on the source of the figures and that discrepancy.

[47] **Darren Millar:** Aled, you wanted to come back in.

[48] **Aled Roberts:** Yes. I heard what Mike said regarding the board's processes perhaps being a bit more transparent, but I think, on the ground, you have to recognise that there are significant numbers of people who are not willing to go through the formal complaints process even though they are dissatisfied with the level of care that they have been given.

[49] **Mr Usher:** Yes, I think that is absolutely right.

[50] **Darren Millar:** Jenny, do you want to come back in?

[51] **Jenny Rathbone:** I wanted clarification of how we should interpret the rise in patient incidents, but if the WAO is going to do that then I look forward to the response.

[52] **Darren Millar:** We have two issues here. After half-term we decided, did we not, that we would pick up on some of the other, wider, Wales-wide governance issues in the NHS? That will give us an opportunity to see what the Welsh Government is doing to allow for good practice, best practice, et cetera, to be delivered across the piece. If the Wales Audit Office is doing a further piece of work next year in any case, as a 12-month follow-up, to take a snapshot specifically at BCULHB, are Members content to wait for that rather than asking

for additional information in the interim? I appreciate that the Wales Audit Office is already having a conversation with it to try to clarify some of the information that has been provided to us. Are Members content with that, or would we like, as a committee, to write to the vice chair in particular to ask for an update on hospital-acquired infections in the interim?

[53] **Julie Morgan:** I think that we should write in the interim.

[54] **Darren Millar:** Okay, let us do that. We have clarification coming from the Wales Audit Office on the figures, in terms of the patient safety incidents, there is a piece of follow-up work, we will write to the vice chair, to ask for some further information on hospital-acquired infection, and we can widen out some questions to the Welsh Government in terms of how these other elements, such as stroke services, are reported up to the board, and what its expectation is for monitoring. Okay, excellent; thank you for that.

[55] The next item for noting is the memorandum for the accounting officer of the office of the Public Services Ombudsman for Wales. We have had formal acknowledgement from Nick Bennett, to say that he is going to take up the training that is available. I will take it that that is noted.

[56] The next item is on grants management in Wales. We have had a letter from Sir Derek Jones, the Permanent Secretary, confirming that the Welsh Government report on grants management will include some further information on compliance work. Are there any comments? No. There is a suggestion here that we might want to reply to the Permanent Secretary, just to ask whether there will be further consideration of any of the issues arising from the All-Wales Ethnic Minority Association case—now that Mr Malik’s case in the courts has concluded. Are Members content that we write, to see whether there are any other issues that they want to mop up? We will do that.

[57] The next item for noting is on higher education finances—a letter from the Wales Audit Office to Mike Hedges. This, of course, is about the student loan book. Do you want to say anything on this, Matthew?

[58] **Mr Mortlock:** Only that, hopefully, Mike feels that the letter explains satisfactorily the issues that we touched on at the last meeting. Obviously, there is the session next week with the Welsh Government, looking at the consolidated accounts—an opportunity to dig in a little bit more to the issues that are outlined within the accounts, with regard to the stock charge on the loan book, and how that has all been accounted for.

[59] **Darren Millar:** This was about whether it was underwritten, effectively, was it not, by the UK Government?

[60] **Mike Hedges:** I think that that really is an incredibly important point for the whole of the Welsh Government budget. On page 41, the last sentence in the first paragraph suggests that we do something. Are we going to do it verbally, or are we going to do it in writing?

[61] **Darren Millar:** I think that Matthew’s suggestion is that we have the opportunity to do something with the Welsh Government when it comes in and we look at its consolidated accounts. Of course, there is a figure in there in relation to the student loan book.

[62] **Mike Hedges:** So, the suggestion is that we raise it with the Government next week—

[63] **Darren Millar:** We raise it then. We can follow it up if we are not satisfied with the answers. Are Members content?

[64] **Jenny Rathbone:** Chair, may I just ask Matthew a question?

[65] **Darren Millar:** Of course.

[66] **Jenny Rathbone:** Do we know whether, having adopted the UK-wide model, the Treasury has guaranteed to cover the cost?

[67] **Mr Mortlock:** Having adopted the model that it has just adopted, there was cover sought from Treasury for that, through the accounting regime. However, the issue is that the figure required was underestimated, due to an error in the production of the estimates. So, that is that one occasion. I think that the other point that we then make is that there are other developments to the model in the future. I think that it would be right of me to say—we can check—that that is not absolutely guaranteed at any point going forward. It would be a case of requesting that cover again, at a point in the future.

[68] **Mr Usher:** Yes, that is right. With the move from the current latest model to a new model, to the extent that there is a write-down of the stock value—the stock charge—the Welsh Government will need to make an application to Treasury for the resource cover for that. If it is granted, then, fine; if not, then it is a burden on the Welsh block.

[69] **Jenny Rathbone:** We can obviously pursue that next week.

[70] **Darren Millar:** We will follow that up in the consolidated accounts session.

[71] The final paper to note is a letter that we have just had from the Minister for Education and Skills on covering teachers' absence, with just some clarification on a number of the recommendations that we made. Are there any comments on these? I thought that the response was reasonable, actually. I take it that that is noted.

09.24

Pobl Ifanc nad ydynt mewn Addysg, Cyflogaeth na Hyfforddiant Young People not in Education, Employment or Training

[72] **Darren Millar:** Members will recall that we had a briefing from the auditor general on 15 July, following the publication of the report on 10 July. I wrote, on behalf of the committee, to the Chair of the Enterprise and Business Committee, who, of course, is present, asking whether there was any scope for the committee to pick up any work on this, in case we did not want to do it. We have also, of course, had the response from the Welsh Government to the report and some advice from the Wales Audit Office. Do Members want to have a look at the response from the Welsh Government to see whether there are any issues that we want to focus on in particular? I think that it is fair to say that the Enterprise and Business Committee—I will bring you in, in a second, Alun Ffred—has said that it will do a piece of work. So, there may be issues that we think that the committee might want to pick up on. That is all. Ffred, did you want to come in?

[73] **Alun Ffred Jones:** Yes.

[74] Os bydd y pwyllgor yn gwneud If the committee is to do some work on this, gwaith ar hwn, efallai y dylem ofyn i'r we should perhaps ask the Minister or the Gweinidog neu i'r pwyllgor edrych ar y committee to look at this sentence, under the frawddeg hon o dan y pennawd heading

[75] 'To achieve its targets to reduce the proportion of 19-24 year olds who are NEET:

[76] We found that many councils are beginning to consider how the approach with 16-18 can be adapted for the greater number of 19-24 year olds who are NEET.'

[77] Yr hyn nad yw'n glir yw hyn: mae 16 i 18 yn ddwy neu dair blynedd ac mae 19 i 24 yn bum mlynedd. Felly, a oes mwy o bobl ifanc NEET yn yr ail grŵp, achos bod mwy o flynyddoedd, ynteu a yw hyn yn awgrymu bod canran uwch o bobl ifanc NEET yn y grŵp hwnnw? Byddai hynny yn beth rhyfedd iawn—bod cynnydd ar ôl i chi wneud gwaith gyda'r grŵp cyntaf a mwy o bobl ifanc, o ran canran, yn syrthio i'r categori hwn. Felly, byddwn i eisiau eglurhad ar y frawddeg honno. Gallem ofyn i'r pwyllgor wneud hynny neu ofyn i'r Gweinidog.

What is not clear is this: 16 to 18 is two or three years, and 19 to 24 is five years. So, is it that there are more young people who are classified as NEET in the second group, because there are more years, or does this suggest that there is a higher percentage classified as NEET in that group? That would be a very strange thing—to have an increase, after you have done some work with the first group, with more young people, in percentage terms, falling into this category. So, I want an explanation of that sentence. We could ask the committee to do it, or we could ask the Minister to do it.

[78] Mae pob Llywodraeth wedi rhoi sylw mawr i'r maes hwn, ond os edrychwch chi ar y ffigurau, nid ydynt wedi newid llawer yn ystod y 15 mlynedd diwethaf. Cafwyd ychydig bach o gynnydd ac ychydig o ostyngiad, ond mae'r ymdrechion i geisio delio â'r grŵp hwn o bobl wedi bod yn fethiant llwyr. Dywedodd Jeff Cuthbert mewn ymateb pan ddywedais i hynny wrtho, 'Oni bai ein bod wedi gwneud gwaith, byddai'r ffigurau'n waeth'. Mae honno'n ffordd anwyddonol iawn o edrych ar y sefyllfa. Felly, dim ond eisiau eglurder ar y sefyllfa honno oeddwn i.

Every Government has focused on this area, but, if you look at the figures, they have not changed much over the last 15 years. They have gone up a bit and down a bit, but the efforts to try to deal with this group of people have been a complete failure. Jeff Cuthbert's response, when I said that, was, 'Unless we had done some work, the figures would have been worse'. That is a very unscientific way of looking at the situation. So, we want clarity on that situation please.

[79] **Darren Millar:** Aled, would you like to comment on this?

[80] **Aled Roberts:** Mae sôn ar dudalen 49 eu bod yn creu rhyw fath o strwythur rhanbarthol. Ar ba sail maen nhw wedi creu tair partneriaeth ddysgu ar draws Cymru? Nid yw hynny'n gwneud llawer o synnwyr o ystyried bod ganddynt gonsortia addysg. Maent fel pa baent yn creu gwahanol batrymau gan ddibynnu ar ba adran sy'n delio â'r sefyllfa.

Aled Roberts: There is mention on page 49 of creating some kind of regional structure. On what basis have they created three learning partnerships across Wales? That does not seem to make a great deal of sense, given that they have educational consortia. It is as if they are creating different patterns depending on which department is dealing with the situation.

[81] Hefyd, rwy'n credu bod angen mwy o wybodaeth. Mae sôn ar waelod tudalen 51 mai dim ond ynghylch pobl ifanc 16 oed y mae data. Maen nhw'n sôn am ymestyn y rhaglenni o 16 i 18, fel roedd Alun Ffred yn dweud, i'r oedran uwch, sef 19 i 24, ond nid oes ganddynt dystiolaeth ar lefel cynghorau. Maen nhw'n dweud bod y cynghorau yn casglu gwahanol ddata i'r rhai y mae'r

Also, I think that we need more information. Mention is made on page 51 of the fact that data are only available in relation to 16-year-olds. They talk about extending the programmes from 16 to 18, as Alun Ffred said, to the higher age group of 19 to 24, yet they do not have any evidence at council level. They say that the councils are collecting different data to those collected by

Llywodraeth yn eu casglu. Rwy'n cofio pan oedd hyn yn flaenoriaeth gorfforaethol i Wrecsam. Un o'r problemau oedd bod *Careers Wales* yn casglu data ar ran y Llywodraeth a'i fod yn gwrthod rhannu'r data hynny â'r cyngor lleol a'r Adran Waith a Phensiynau. Nid wyf yn meddwl bod hyn llawer pellach ymlaen nag ydoedd bum mlynedd yn ôl. Maen nhw'n creu rhyw fath o adroddiadau yn dweud bod hyn a'r llall yn digwydd, fel y dywedodd Alun Ffred, ac yn y cyfamser mae cenhedlaeth ar ôl cenhedlaeth yn mynd ar goll.

the Government. I remember when this was a corporate priority for Wrexham. One of the problems was that Careers Wales was collecting data on behalf of the Government but refusing to share those data with the local authority and the Department for Work and Pensions. I do not think that this has progressed much over the last five years. They create some reports to say that this or that is happening, as Alun Ffred said, but, in the meantime, one generation after the next is being lost.

09:30

[82] **Darren Millar:** Are there any other comments on this? I will allow the Wales Audit Office to come in. It is clear that we have concerns in terms of the older group of young people, in particular, and the progress that has been made, the lack of data, the quality of the data that are available and the role of the regional consortia. Are these things that you were able to shed any light on, Steve?

[83] **Mr Martin:** Yes. In relation to the first point, it is correct that the level of NEETs for 16 to 18-year-olds is lower than for 19 to 24-year-olds. The figure for 16 to 18-year-olds is around 10,000 to 12,000 or 10% to 12%, and it is about 20% for the older age group. There are some questions to be asked, which is partly why we went into the study. In both cases, the reported numbers have come down in the last year. The Minister may think that that is a positive reflection of some of the things that have been done. Our concern was that we felt that some of the measures for 16 to 18-year-olds in their new framework—the provision of a specific support worker to make sure that the patchwork of services was properly pulled together, for instance—could be applied to the older age group. However, the framework is specific to the 16 to 18-year-old group. That is the sort of thing that some local authorities are looking at.

[84] In relation to the three learning partnerships, the development that seems to be going on at the moment in relation to education and learning is consortia or partnerships with fairly specific scopings. The regional consortia are focused on school improvement. That will come out of the Association of Directors of Education in Wales, in one route. The learning partnerships are linked to the configuration of further education institutions and other factors, but have a different scope. There is a legitimate question to ask about why they have ended up with three in one and four in another. Are there going to be some boundary issues here, and will one support the other sufficiently? Obviously, the learning partnerships will pick up the post-16 agenda, probably, but will the school improvement agenda feed into that? So, there are probably some questions that can be asked, though it is not something that we looked at specifically.

[85] The issue with data is that there are different levels of robustness of the data. The data are most robust at 16, because you have pretty much a 98% count of the young people and what they are going to do when they leave school. The data then get less and less robust as they get older and go into all sorts of different situations. Some of the data that are used are Office of National Statistics-collected survey data, and while they are judged to be reasonably accurate at a Wales basis, the sample sizes are not robust enough to be judged as being fully robust by year group at local authority level. You also have a gap. Young people who stay in school are tracked through Careers Wales, and the issue there is about data sharing. For young people who go on to college, the colleges track them but if they leave college within six or

eight weeks of starting, they are deemed not to have fully started the course. So, the tracking data for the end of the course exclude those who left in that short period of time. This could be the very group of young people who are most at risk of becoming sustained NEETs, for whom the school said ‘Yes, they’re going to go on to college’, but they may have turned up at college and not liked the courses they were offered, or for whatever reason have left and then they get lost in the tracking system. The Welsh Government is trying to address that, and it is changing the way in which colleges record their data and submit them to the Welsh Government. So, they are working to close the gap, which meant that we could not put Careers Wales data and other data alongside each other and fully map the situation.

[86] So, I think that they are correct in saying that they are working towards providing a more robust picture, but it is currently still an issue.

[87] **Darren Millar:** Aled, did you want to come back?

[88] **Aled Roberts:** O ran deall beth yn union sy’n digwydd rhwng 16 a 18, rydych chi’n creu’r argraff bod mwy o bobl yn y grŵp dros 19 oed yn NEET nag yn y grŵp oedran is, ond yr hyn sy’n fy mhoeni yw bod yr holl bolisiau yn cael eu targedu at y plant hyn sydd rhwng 16 ac 18 oed, ac i ryw raddau beth mae rhai rhaglenni’n ei wneud yw jest eu cadw nhw mewn hyfforddiant. Felly, tra bod y DWP neu’r cynghorau yn eu cadw nhw mewn hyfforddiant, nid ydynt yn NEET pan maen nhw rhwng 16 ac 18 oed, ond, wrth gwrs, mae’r rhaglenni hynny’n diflannu’n llwyr ar ôl 18 oed. Felly, nid ydynt wedi gwneud unrhyw beth i’w cymryd allan o fod yn NEET—mae’r rhaglenni penodol hynny’n cael eu cyflwyno jest ar gyfer y plant sydd rhwng 16 ac 18 oed. Felly, nid ydym yn sôn bod problem, jest bod—. Y broblem ydy bod yr holl wariant a’r holl raglenni jest am y cyfnod yna o ddwy flynedd, ac wedyn ar ôl y ddwy flynedd, i ryw raddau, mae Llywodraeth Cymru a’r cynghorau yn dweud, ‘Okay, rydych wedi cyrraedd 18 oed, rydym yn anghofio amdanoch rŵan’.

Aled Roberts: In terms of understanding what is happening between 16 and 18, you are creating the impression that there are more people in the over-19 bracket who are NEET than in the lower age bracket, but what concerns me is that all the policies are targeted at these children who are between 16 and 18, and to a certain extent what some programmes do is just keep them within training. Therefore, while the DWP or the councils keep them in training, they are not NEET when they are between the ages of 16 to 18, but, of course, those programmes completely disappear after the age of 18. So, they have not done anything to take them out of being NEET—those specific programmes are introduced just for those children between the ages of 16 and 18. So, we are not saying that there is a problem, just that—. The problem is that all of the expenditure and all of the programmes are just for that two-year period, and, to some extent, after those two years, the Welsh Government and the councils say, ‘Okay, you’ve reached 18, we’re going to forget about you now’.

[89] **Mr Martin:** I think that that is very much the concern that we put in the report—that the focus on 16 to 18 was not wrong or misplaced, but that it needed to be matched in the 19 to 24 bracket. During the time in which we were finalising our report, the Welsh Government published—and it is referred to in the correspondence—what is called the ‘DfES footprint for ESF delivery 2014-2020’. That came about because there was concern about some duplication and problems in the last European social fund programme. Clearly, the ESF is one of the main funding streams to support work in this area, and in this footprint document the Welsh Government sets out what it calls its skills progression routeway and a more strategic approach to the support that is required, and it talks about how this should link with the framework that we say is too focused on 16 to 18-year-olds. However, I think it is something that should be watched to make sure that those good things for 16 to 18-year-olds are followed through and that this approach that it has set out for 19 to 24-year-olds, which will be largely supported through the new ESF programme, actually has the desired effect.

Obviously, there is a difference in role for some parts of local authorities in terms of 16 to 18-year-olds and those over the age of 19, but both we and the Welsh Government in its framework point out that the expectation on local authorities in relation to the provision of youth services goes all the way up to the age of 24 or 25. So, there is a key leadership role for local authorities, so they cannot just say, 'No, 22-year-olds are not our concern'.

[90] **Darren Millar:** Jenny wants to come in on this.

[91] **Jenny Rathbone:** Obviously, this is a hugely important strategic issue for all of us in relation to the wellbeing of the country and I just wondered what the barriers are to data sharing between different public agencies, based on people's national insurance numbers, so that we can get some accurate data—is a person working, or are they signing on or in college? There are lots of public agencies involved in one way or another and if we could get them talking to each other—.

[92] **Mr Martin:** I suppose there are two sets of problems. One specific set of problems is around the UK-wide DWP services and no willingness to transfer, or ability, as they saw it, to transfer data to partnerships of local authorities, voluntary organisations, FE colleges and others, within the data protection that applies to the DWP data. Our understanding is that there is a piece of work going on between DWP and the Welsh Government to try to address that. The other area of problems they have had is data sharing by training providers, some of whom are in the private sector and for whom their data are part of what they regard as commercially sensitive information, if you like—they show their success or otherwise in recruiting and retaining people on the courses they offer. There has been an unwillingness to share those data with fora where they might be shared with those they see as their competitors, and that needs to be tackled.

[93] **Jenny Rathbone:** That can be tackled in the commissioning process and I am assuming that that will happen.

[94] **Mr Martin:** The Welsh Government is increasing the requirements on those that are funded through the further education streams to make sure that those data are shared. It is also changing the basis of some of its funding, to move from, if you like, bums on seats or people doing courses, to progression, so that people will not be funded to do a succession of level 1 courses to be in the situation that Aled referred to.

[95] **Jenny Rathbone:** I do not understand why, if birth statistics are given to local education authorities to enable them to plan demand for schools, it is not possible to share accurate data with local authorities so that they can plan for 19 to 24-year-olds or 16 to 24-year-olds.

[96] **Mr Martin:** I suppose that that goes beyond the area that I have got involved in, but it is about people's benefits and what they are claiming. That kind of data is obviously personal data and you are trying to set the systems that involve tracking and support linked to that level of personal information.

[97] **Darren Millar:** Matthew, briefly on this point, and then I will come to William.

[98] **Mr Mortlock:** I was only going to add, Chair, that we can keep on discussing today, but we, of course, would be happy to give further evidence and then further support to the Enterprise and Business Committee inquiry in due course as well.

[99] **William Graham:** We are about to enter the scoping part of our inquiry. It has been a short inquiry and we are most grateful for the information presently provided and which has been drawn to the attention of the committee. I would say that I did engage with the previous

Deputy Minister for Skills and Technology who was equally aware of these problems. As Aled rightly identified, it is alarming that the numbers between 19 and 24 are increasing despite the efforts of 16 to 18, which have been broadly successful. Clearly, we will want to look at the collection and distribution of data and how that is properly managed. On a note of optimism, a member of our committee will now be the new Deputy Minister, so, hopefully, we will have better progress.

[100] **Darren Millar:** On that note, what we will do is share formally with the committee a copy of the Welsh Government's response to the report. We will ask the clerks to liaise as well and to pick up on some of the issues of concern that have been expressed about data, the role of the partnerships, the regional consortia et cetera, which we have just touched on, and the lack of progress on the older youths as well. Once the committee has completed its work, you will be able to report back to us, will you not, William, on any other issues? Excellent. We will move on then.

09:42

Bil Llesiant Cenedlaethau'r Dyfodol (Cymru) The Well-being of Future Generations (Wales) Bill

[101] **Darren Millar:** This, of course, was laid just before the summer recess and we have a copy here of the Auditor General for Wales's submission to the committee as part of its Stage 1 consideration. I understand that there are some elements of the Bill that will impact on the Wales Audit Office or the auditor general in his role, so, Mike, it is over to you. Do you want to draw our attention to anything in particular?

[102] **Mr Usher:** Thank you, Chair; I would. The written evidence paper that we have submitted to the Environment and Sustainability Committee, and copied to this committee, is largely in respect of the issues that the future generations Bill raises in relation to the functions—the powers and duties—of the auditor general. These are matters of practical application rather than policy intent.

[103] Rather than go through the evidence paper point by point, I would like to draw the committee's attention to the area that is of greatest potential significance to the auditor general's future relationship with this committee, and that is in paragraphs 21 to 24 of the paper. In essence, the problem that we have identified is a mismatch between the explicit intentions of the Welsh Government for the future role of the auditor general, as set out in the explanatory memorandum to the Bill, and the provisions that are in the Bill itself. What the Welsh Government intends, and we completely support this, is for there to be an efficient, cost-effective, consistent review at each public body of the progress that they are making with the delivery of the Bill's intentions, and for that to be done and reported on a regular basis by the independent external auditor. That audit reporting would inform and assure both the public and the Assembly. It would support individual and collective improvements by the public bodies themselves, in part, by comparing and contrasting performance and by identifying and sharing good practice, and would also support the work of the new future generations commissioner. So, so far, so good. However, and crucially, the Bill makes no provision for the auditor general to actually do any of this in practice. Instead, the Bill is simply relying on the auditor general's existing functions and powers, and we consider that that is a significant flaw in the Bill as it is currently drafted.

09:45

[104] While it is not ideal, we think that we can use existing legislation for the audit of local government and health bodies, which would enable us to provide some useful, albeit limited, review in those two sectors. Sections 17 and 61 of the Public Audit (Wales) Act 2004

place a duty on the auditor annually to satisfy himself that a body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. However, there is no equivalent legal provision for the auditor in respect of central Government bodies, and that includes the Welsh Government and its sponsored bodies.

[105] To get around that gap, the Welsh Government is proposing that, for central Government, the auditor general should instead use his value-for-money study powers, under section 145A of the Government of Wales Act 1998. We do not think that that is appropriate in principle or, indeed, entirely workable in practice. As this committee will be aware, the VFM study powers are intended to be used to examine a very wide range of subjects across all areas of public expenditure, rather than looking specifically at the area of sustainable development every year, in every central Government body. In developing his annual study programme, the auditor general is legally required to take account of the views of this committee, so we would welcome the committee's initial views at this early stage as to whether it would be comfortable with the concept of there being a raft of annual studies in the SD area appearing every year in the forward value-for-money study programme, either at the expense of other study topics, or in addition to the current breadth of our report coverage and, therefore, at additional cost.

[106] Our proposed solution to all of this is a fairly straightforward one, we think. We think that the Bill should be amended to place a specific duty on the auditor general, as was proposed in the White Paper, to undertake studies from time to time on this topic across the entire public sector. That would enable the auditor general to meet the Welsh Government's policy intention for consistent audit scrutiny in a proportionate, cost-effective way and also avoid the creation of what we fear would be a quite damaging expectation gap between what auditors are legally able to do and what others may be expecting them to do. I apologise for the length of those introductory remarks, but we are very happy to take questions from the committee.

[107] **Darren Millar:** May I ask, Mike, what discussion was there between the WAO, the auditor general and the Welsh Government in the development of the Bill? Surely this sort of exchange should have taken place—

[108] **Mr Usher:** Colleagues might want to come in as well on this, but we have had quite lengthy discussions with the Welsh Government through the period of the development of the White Paper—I think that we were entirely comfortable with the proposals in the White Paper, which were indeed for a duty—through to the development of the Bill. We have had further discussions with the Welsh Government, having now seen the Bill and had an opportunity to comment on it. We have not been able to make any headway on this point with it, although we have had written confirmation, early this month, from the Permanent Secretary that it is absolutely the Welsh Government's intention that the Welsh Government and its sponsored bodies should be subject to no less scrutiny than any of the other bodies covered by the Bill. So, it has helpfully emphasised to us that it intends for that consistency of approach to exist. The point that we are making to it is that we cannot deliver that consistent approach by using this collection of different audit powers in different sectors that do very different things. Mike, I do not know whether you wanted to add to that at all.

[109] **Mr Palmer:** Thanks, Mike. I think that it is worth noting that, from the early stages of the discussions on the Bill, we have recognised that it presents some great opportunities for the public sector and public administration in Wales, but it also presents some great challenges, and they include public audit. For that reason, we have engaged with a wide range of stakeholders over a period of two years, including the Welsh Government. As Mike said, up until about Christmas, there was a degree of consensus about how you could achieve both a proportionate and a meaningful independent review and audit of this, based on principles.

[110] **Darren Millar:** However, for whatever reason, between Christmas and the publication of the Bill, there was a change of tack from the Welsh Government that may have implications for your resources and your availability to do other work as well.

[111] **Mr Usher:** We did not have sight of the Bill before publication to comment on it, and, of course, it is before the Assembly and, therefore, we would need a formal amendment.

[112] **Darren Millar:** Yes. I call on Alun Ffred, the Chair of the committee that is going to look at this.

[113] **Alun Ffred Jones:** Mi gaf gyfle i edrych ar hwn eto yn y pwyllgor, wrth gwrs, ond gofynnaf un cwestiwn, beth bynnag. A ydy'r Llywodraeth wedi rhoi rheswm i chi pam nad oes cyfeiriad penodol at roi dyletswydd ar yr archwilydd cyffredinol mewn perthynas â'r Bil hwn? Dyna'r prif gwestiwn. Rwyf tipyn bach yn gymysglyd fy hun. Yn y paragraff sydd o dan y pennawd 'Sylwadau eraill Archwilydd Cyffredinol Cymru ar Fil Llesiant Cenedlaethau'r Dyfodol (Cymru)' ar dudalen 63, ar ôl dweud,

Alun Ffred Jones: I will have an opportunity to look at this again in the committee, of course, but I will ask one question at any rate. Has the Government given you a reason why there is no specific reference to placing a duty on the auditor general in relation to this Bill? That is the main question. I am slightly confused myself. In the paragraph under the heading 'Other comments of the Auditor General for Wales on the Well-being of Future Generations (Wales) Bill' on page 63, after stating that,

[114] 'Ymddengys fod y fath waith adolygu y tu allan i ddyletswyddau Comisiynydd Cenedlaethau'r Dyfodol',

'Such review appears to fall outside the Future Generations Commissioner's duties',

[115] —ac mae hynny'n iawn—rydych yn dweud,

—and that is fine—you then state that,

[116] 'Mae'r fath waith adolygu hefyd y tu allan i ddyletswyddau presennol yr Archwilydd Cyffredinol.'

'Such review also falls outside the Auditor General's current duties.'

[117] Fodd bynnag, yn y frawddeg nesaf, rydych yn dweud,

However, in the next sentence, you state,

[118] 'Byddai'n agored i'r Archwilydd Cyffredinol gyflawni adolygiadau o adroddiadau blynyddol o dan bwerau presennol yr Archwilydd Cyffredinol'.

'It would be open to the Auditor General to undertake reviews of annual reports under current Auditor General study powers'.

[119] Felly, mae gennych bwerau o dan y dyletswyddau presennol, felly beth yw'r broblem a pham ydych yn gofyn am y cyfeiriad neu ddyletswydd benodol yna? Gobeithio fy mod wedi gwneud rhyw fath o sens.

Therefore, you have powers under the current duties, so what is the problem and why are you asking for that specific direction or that specific duty? I hope that I have made some sort of sense.

[120] **Mr Usher:** I will make a start and, again, colleagues may want to come in. The difficulty that we have is that, in the central Government sector, there is not the duty that exists in local government and health for the auditor to satisfy himself around proper arrangements for economic efficiency and effectiveness. That duty simply does not exist in central Government. We audit the accounts of the bodies, but we do not then do that duties

work. However, the other club in our golf bag, if you like, is value-for-money studies. The Welsh Government is saying, 'Use the value-for-money studies as a way to deliver this', and it is expecting us to look every year at each of the organisations. With the value-for-money studies, historically, we tend to look at individual topics, and we may return to a topic a few years downstream, but it is very rare for us to look at something absolutely every year, and we certainly do not do a study at each individual organisation. It would be a very different use of our study programme abilities. That, I think, causes some quite significant difficulties for the auditor general as well, because he has to have complete discretion in the way in which he designs his programme—while obviously taking the views of this committee on board. However, he could not commit himself or his successors by saying, 'In every future year, I will do...', because circumstances change, and he has to have regard to his use of resources as well in providing cost-effective audit across the totality of the Government's programme. So, they are trying to squeeze this work into somewhere it simply does not fit, we do not think. You cannot shoehorn it in in the way in which it is proposing.

[121] **Sandy Mewies:** It is a bit confusing, and if the Chair of the committee is confused, I will say that I am not exactly clear what is happening. However, what you seem to be saying is that there is a point of agreement that this work should be done. That is a point of agreement.

[122] **Mr Usher:** Yes.

[123] **Sandy Mewies:** The methodology is what there is disagreement on. The Welsh Government is saying that you have a tool, the value-for-money tool, which you would have to use on a yearly basis, which you would not normally do, and what I think you are saying is that that really is not the proper way of doing it. So, I am with you up to there. Mike, did you say that it is being discussed with the Welsh Government? One of you has said that you have discussed the possibility of an amendment, so what is its view on these two different views? What is the overview that it is taking on those two different, varying views? Because they are, are they not? They are varying, are they not? What is it saying?

[124] **Mr Peters:** The essence of what it is saying is that, because there is this power that the auditor general can use, it is not necessary to provide a new function. In one sense, that makes sense, but in another sense, it does not, because it is only through manipulating that power in a way that it clearly is not intended to be used that we can actually provide what is expected. As Mike said, that sort of manipulation leads to problems. In a sense, if the auditor general wanted to say, 'Yes, I can do this', he is going to be fettering his discretion not to provide it, which is something that he should avoid doing. He should avoid fettering his discretion because it is not lawful. So, that is not satisfactory.

[125] **Sandy Mewies:** There is an additional cost to this, is there not, which would fall on the Assembly? Who would pay for it?

[126] **Mr Peters:** There will be an additional cost even without any further change, because the existing duty to satisfy as to arrangements, although it is not extended as far as the Welsh Government appears to think it is, is extended. So, we will have to do some additional work.

[127] **Sandy Mewies:** However, it will be extra. It will be additional, additional work, will it not?

[128] **Mr Peters:** To provide everything that the Welsh Government expects will be additional extra work, yes.

[129] **Darren Millar:** So, the issue here is that value-for-money studies are discretionary. The auditor general uses his discretion to determine the programme of value-for-money

studies. The Welsh Government wants him to use that discretionary power to require annual reporting on progress against the issues identified in this Bill.

[130] **Mr Peters:** Yes.

[131] **Darren Millar:** That is an inappropriate instrument. Also, if the auditor general, or any future auditor general, were to use the resources that he has to undertake value-for-money studies using the value-for-money study power, that would be using a resource that can then not be used for other value-for-money studies, yes?

[132] **Mr Peters:** That is true, Chair.

[133] **Darren Millar:** So, the thing that is of interest to this committee, therefore, is that we do not want to see the auditor general fettered, yes? We do not want any limitation on his ability to perform value-for-money studies into other areas, and we do not want it to be compulsory that he undertake certain value-for-money studies in the future. We do not want there to be a resource implication either that is not properly considered. Can I just ask what resource implication has been factored in? I have not looked at the paperwork in particular in respect of this Bill, but I assume that it has a financial impact assessment and that it talks about the cost of undertaking this additional element of audit work.

[134] **Mr Peters:** There are figures in the explanatory memorandum. We would not subscribe to those figures necessarily, because they relate to some estimates that we produced in relation to proposals under the White Paper, which was a different policy that did signal a specific duty. It also signalled a different approach not involving objectives. We think that our costs would probably be a bit higher than those indicated in the explanatory memorandum, and probably more variable. At the moment, I think that the figure in there is £130,000 a year.

[135] **Darren Millar:** Are those costs under the Bill to be recovered from the client—that is, those parts of the public sector that are being audited—or are they to be stumped up for from the Welsh consolidated fund? With VFM, it would be the consolidated fund, would it not, which is very different?

[136] **Mr Peters:** In terms of where it would come from, where the work was part of an audit—and in terms of NHS and local government, some of what is wanted would form part of an audit—that would fall on an audit fee. Study work would be on the consolidated fund.

[137] **Darren Millar:** Yes, which is quite a different proposition. I now turn to Mike.

[138] **Mike Hedges:** I have two points. I think that the first one is that we ought to ask the Government for a further explanation of why it thinks that it ought to be done in that way. The second thing is that you used a lot of the word ‘we’ there, Chair, on value-for-money studies et cetera. I have a fairly jaundiced view of value-for-money studies from my days in local government. Others in local government may have different views, but I would not mind seeing a few value-for-money studies not done. I am not convinced that value-for-money studies are always value for money. So, if there is a ‘we’ on that, can I be excluded from the ‘we’?

10:00

[139] **Darren Millar:** Yes, of course. I appreciate the point that you make. The issue for us, though, is whether we as a committee think that this is the right way forward in terms of an instrument. I do not think that it is for this committee, actually, to be taking evidence from the Welsh Government about its view. That is for the Environment and Sustainability Committee to do at Stage 1.

[140] **Sandy Mewies:** But do you not think that while we have two—

[141] **Darren Millar:** We are being asked for our view, are we not?

[142] **Sandy Mewies:** Well, I have no idea, really, because I do not know why the Welsh Government is taking that stance. I understand the dichotomy in the two views—I understand that—but I would need to know why. I have heard what the auditor general's office is saying. What I would like to know is now why does the Welsh Government think that this is a perfectly adequate way of doing it, because it is not about money in the end, is it? It is about getting the right results—that is the point. It does not matter. If you have to spend more money to get the right result, that is fine, but that is what is important. I think that Mike has a point on value-for-money studies, actually. So, are you saying that we cannot write and just say, 'Well, we have been presented with this'?

[143] **Darren Millar:** Well, we could, but it would be not proper for this committee to undertake the scrutiny that the Environment and Sustainability Committee is going to do.

[144] **Sandy Mewies:** So, how do we hear what the Welsh Government view is?

[145] **Darren Millar:** Wait a second. I think that we need to give a view as to what we feel about the potential for the auditor general to be fettered. I would simply say that that is our responsibility, as a committee that looks at value-for-money studies. We wrote, if you like, the Public Audit (Wales) Bill. We were the people who looked at that Bill, which is now an Act, and we were very clear as a committee at that time that the auditor general should not be fettered in terms of his being able to undertake value-for-money studies. What this Bill seems to suggest is that there will be a compulsion upon the auditor general so that he cannot use his discretion, and to undertake certain value-for-money studies in relation to this Bill on an annual basis. Now, if the Assembly wants to do that, then it ought to be, in my opinion, by the use of a duty, which can then be acted upon, but not through the value-for-money study route, which, of course, this committee has previously visited, as those Members who sat in the Public Audit (Wales) Bill sessions will know, and it was very, very committed to that particular principle.

[146] So, I would suggest that it would be right for this committee simply to remind the committee that is looking at the Bill of the importance of not fettering the auditor general through the value-for-money study side of things. I am quite happy to see whether we can get a draft letter circulated that everybody is content with. So, it is not binding upon the committee to do anything, it is just simply saying that we feel strongly that that is the case. Jenny, did you want to come in?

[147] **Jenny Rathbone:** No, no.

[148] **Aled Roberts:** Rwyf yn meddwl, os ydym yn cael ein gofyn i fynegi barn fel pwyllgor, fod angen inni ddeall yn union beth sydd wedi digwydd i newid barn y Llywodraeth, rhwng y Papur Gwyn a'r ŵan. Hwyrach, efallai fod gwybodaeth sy'n cael ei rhoi gerbron y pwyllgor gan y Llywodraeth sy'n cwestiynu'r ffaith bod unrhyw fath o reolaeth ynghylch beth mae'r archwilydd cyffredinol yn gallu ei wneud.

Aled Roberts: I do think that, if we are being asked to express an opinion as a committee, we need to understand exactly what has happened to change the Government's mind between the White Paper and now. Maybe there is information that is being put before the committee by the Government that questions the fact that any kind of regulation is happening in terms of what the auditor general can do.

[149] Rwy'n meddwl y byddai'n annoeth I think that it would be very unwise for us, at

iawn i ni, ar hyn o bryd, heb dderbyn ychwaneg o dystiolaeth—gyda phob parch i'r Swyddfa Archwilio—jest i dderbyn beth maen nhw'n ei ddweud, achos nid wyf yn deall yn union beth yw safbwynt y Llywodraeth. Mae'r Llywodraeth yn amlwg yn dweud nad yw'n teimlo bod unrhyw fath o reloaeth ynghylch y gwaith y mae'r archwilydd cyffredinol yn gallu ei wneud.

present, without receiving any further evidence—and with all due respect to the Audit Office—just to accept what it is telling us, because I do not understand exactly what the Government's position is. The Government is obviously saying that it does not feel that there is any kind of regulation in terms of the work that the auditor general is able to do.

[150] **Darren Millar:** I think that, obviously, the committee has its own piece of work to do. It will want to ask why there was this change of tack between the publication of the White Paper and the Bill—why they were different. However, I do think that we need just to remind the committee of the principle around value-for-money studies, and there not being any fettering of the discretion of the auditor general to undertake those. I mean, if there is a compulsion to undertake a value-for-money study on an annual basis, of all sorts of different Government departments, that has quite a significant impact on the ability of the auditor general to do work elsewhere.

[151] **Alun Ffred Jones:** Rwy'n credu bod y Cadeirydd yn gwneud pwynt digon teg yma. Nid wyf yn deall goblygiadau'r hyn sy'n cael ei awgrymu yn y Bil, disgwyliadau'r Llywodraeth a'r ofnau o du'r archwilydd cyffredinol. Fodd bynnag, yn sicr, mae'n rhaid inni fod yn ofalus nad yw'r Biliau sy'n cael eu pasio gennym yn ymddangos fel petaent yn rhoi disgwyliadau sydd yn cyfyngu ar ryddid yr archwilydd cyffredinol. Felly, rwy'n meddwl bod gan y Cadeirydd bwynt digon teg yn hynny o beth. Nid wyf yn siŵr iawn beth i'w wneud ynglŷn â hynny. Gallem ddweud wrth y Llywodraeth fod gennym bryderon a gofyn am fwy o esboniad; efallai y buasai hynny'n ddigon.

Alun Ffred Jones: I think that the Chair makes a fair enough point there. I do not quite understand the implications of what is being suggested in the Bill, the expectations of the Government and the concerns expressed by the auditor general. However, certainly, we have to be careful that Bills that are passed by us do not appear as though they put expectations that restrict the freedom of the auditor general. So, I believe that the Chair has made a very fair point on this issue. I am not entirely sure what to do about that. It could be that we say to the Government that we have concerns and ask for an explanation; perhaps that would be enough.

[152] **Darren Millar:** Yes. Obviously, the auditor general will be giving some evidence to the committee as well. Sandy is next.

[153] **Sandy Mewies:** I totally agree with what Aled Roberts has said. I would not want to express an opinion on any matter unless I was clear about why one side was doing one thing and one side was doing another. I would not do that in public accounts; it is not something I think we ought to do. It is evidence based, so I would not want to give an opinion or say anything yet, until I know what the reason for this is. It might be something that we can understand and it might be something that we cannot, but I would like to have that.

[154] Given that, as you have reminded us, we wrote the rules, I think that we are entitled to see why someone could suggest that those rules do not maintain. I do not see any problem at all with asking the Government why this dichotomy has arisen.

[155] **Darren Millar:** I am quite happy to do that. I think that the proper place to do it is in the Environment and Sustainability Committee—

[156] **Sandy Mewies:** But, we cannot make it do it.

[157] **Darren Millar:** We cannot make the Environment and Sustainability Committee do that at all, no, but I think that we should encourage it to ask the questions. We can do that. We can encourage it to ask the questions around why this different take is there and that is why I am suggesting that we simply write, not expressing an opinion on which is the right or wrong way forward here, but simply reminding it of the importance of not fettering the auditor general. I do not think that that ties the hands of any committee. I do not think that it does not allow for the Welsh Government to come back with a perfectly reasonable response in terms of why it has taken a different approach, but it simply makes clear why the rules were written in the way that they were. Julie is next.

[158] **Julie Morgan:** Are you suggesting two letters then—one to the Government and one to the committee?

[159] **Darren Millar:** No, simply one to the committee to inform its work and I am quite happy for that to be circulated.

[160] **Sandy Mewies:** That feels to me—it might not to others—like opting out of getting the full picture. If we set out the rules, as we did, this could happen again, could it not? I would like to know why. This is no slight to the other committee; we often duplicate the work of other committees and have done so in the past. Certainly, from my point of view, I would like to know what has happened for this change to arise.

[161] **Darren Millar:** Look, the committee responsible for Stage 1 scrutiny of this Bill is the Environment and Sustainability Committee. If the Bill continues to proceed, it will be that committee that determines whether any amendments need to be made before it proceeds to the floor of the Chamber for Stage 3. It is not for this committee to undertake the scrutiny of that Bill. The auditor general has copied us into a letter for our information, in order that we can help the committee and inform its scrutiny; not in order that we can lead the committee in a certain direction, but simply that we can express a view on any matters. I do not think that it is for this committee to ask or engage in any detailed discussion with the Welsh Government or have to take any significant evidence from the Welsh Government on why it has had a change of view. That is for that committee to do. I think that the issue for us is around value-for-money studies and the integrity of the principle of not fettering the auditor general. That is the only issue of which we need to remind the committee. Jenny is next.

[162] **Jenny Rathbone:** I just want to add to that that I think a key issue for me is whether or not the 2009 Measure needs amending, so that the auditor general is not fettered in analysing collaborative arrangements between local authorities, which could include public bodies of all sorts. That seems to me to be something that I would like to put in our letter to the environment committee to examine, as well.

[163] **Darren Millar:** Okay, but it is for that committee to look at. Mike will now respond.

[164] **Mr Usher:** In terms of Jenny's suggestion, we would welcome your committee pointing the environment committee to that issue. In our response to the White Paper, we made the point that there is scope here to rationalise things by reviewing the 2009 Measure, and, by that way, reorganise the audit resource to deliver the outcome at a much lower cost.

[165] **Darren Millar:** In order to resolve this, I suggest that I draft a letter, as Chair, and that I share it with you all to ensure that you are content, outside the meeting, before it is sent to the Environment and Sustainability Committee. Sandy has indicated.

[166] **Sandy Mewies:** I hear what you are saying. It is just that I am not comfortable with not having in front of me—. We have the Chair of the committee sitting here, and I would not dream of putting him on the spot and asking him, 'What do you think will happen?', but, what

if they decide not to do it, then what do we do?

[167] **Darren Millar:** It is up to the committee. Then, as members of this committee, through the legislative process and the different stages, we could table amendments, express further views in the future and correspond with the committee, if necessary.

[168] **Alun Ffred Jones:** It seems to me that there is an agreement that the letter should go to the environment committee, expressing these concerns that have been expressed; we do not express a view. That is okay, and I think that there is general agreement about that. I am not quite sure, since you believe that this could have an effect of the auditor general's office and the way it works, and since that is a legitimate concern of this committee, why you are against sending a letter to the Government asking it why it has adopted that—not in relation to this Bill in particular, but because it affects the way the office works. It is not that I feel strongly about this, but I am not quite sure you do not think that that is appropriate.

[169] **Darren Millar:** It is just because I think that they are questions that should naturally arise as a result of the correspondence that we have with the Environment and Sustainability Committee, and they are questions that that committee ought to put. The Finance Committee will want to explore the financial implications of any provisions in the Bill separately, and it has a specific role through the Stage 1 process. However, our relationship is just to help inform the scrutiny that your committee will do, rather than to seek answers to questions that your committee will naturally want to seek answers to.

[170] If Members are content, we will draft that letter.

[171] **Sandy Mewies:** I do not want to move this to a vote. However, if the Chair is saying that he cannot understand why, I do not understand why we cannot write a simple letter, not trying to control the committee at all; it is up to them what they do. Perhaps the lawyer has some advice on this, but I think that we should be asking why there has been a change. As I said, I do not want to move it to a vote, but I will do if that is what is necessary.

[172] **Darren Millar:** I think that it is bizarre that we are talking about votes. May I suggest that we just copy in the Welsh Government? That gives it the opportunity to respond to the issue that we have raised, directly to the committee, or to us. Are Members content with that?

[173] **Sandy Mewies:** Yes, and that is all we wanted, which was for it to know our concerns.

[174] **Darren Millar:** Okay, let us do that. I will draft that and circulate it to committee members.

[175] **Sandy Mewies:** What you think is bizarre is different to what I think is bizarre. I have to say, it is a subjective comment, and I do not think that there is a place for that. We have been able to talk it through and come to what I think is a satisfactory conclusion.

[176] **Darren Millar:** Members are content. Thank you, Mike and gang.

10:13

**Gwasanaeth Awyr oddi mewn i Gymru—Caerdydd i Ynys Môn: Trafod yr
Ymateb gan Lywodraeth Cymru
Intra-Wales—Cardiff to Anglesey—Air Service: Consideration of the Welsh
Government’s Response**

[177] **Darren Millar:** We published our report on 22 July. The Government has accepted eight of the nine recommendations in the report, and there is one recommendation that it has accepted in principle. We have had a response from the auditor general to the Welsh Government’s response, trying to help us in our consideration of it. Just before we discuss it in any further detail, the big issue for me, when I read the response, was that it is quite clear that a decision to proceed to commission a further service has already been made. I thought that our report was trying to inform that decision, and I thought that that was a commitment of the Welsh Government when it came to us, that our report was going to inform its decision rather than it making one prior to it. That said, there have obviously been lots of positive responses to the recommendations we made. Matthew or Mike, do you want to comment from the Wales Audit Office perspective?

10:15

[178] **Mr Mortlock:** I think that the auditor general’s letter sums up our view fairly succinctly on the Welsh Government response. There is the commitment you made to potentially return to this issue later in the term, once the new contract has been released. There are some questions in here that we flagged up around exactly what it proposes to do in releasing information in respect of the work undertaken by ARUP. It sounds very legalistic, but we just remind the committee that, of course, you have your own powers to call evidence as well, in the event that you feel that information is being withheld from you. So, you have that option in due course. However, I think that our suggestion would be to see what happens over the next couple of months and to see what happens with procurement. Just to respond to your previous point, Chair, I think that that would be our understanding, although I do not know it for a fact as I have not seen any clear Welsh Government statement indicating that it intends to proceed. Obviously, the procurement process may or may not attract bids to deliver a service that offers value for money. That in itself would throw a spanner in the works, potentially. So, in that regard, it may not be entirely cut and dried, but we wait to see, I suspect.

[179] **Darren Millar:** Jenny is next.

[180] **Jenny Rathbone:** The main concern for me is that the current contract comes to an end in three or four months and, therefore, whatever the Welsh Government has decided, the way in which the timetable is really moving up against this brick wall of a deadline makes it vulnerable to being forced to accept what is on the table. If it wants the service to continue, it has got to put some arrangements in place.

[181] **Mr Mortlock:** I think that you will recall that, previously, the issue was that you were struggling to get any clarity on when exactly certain milestones were for the procurement process. At the very least, the latest Welsh Government response gives you a kind of mid-October date for tenders being in, and I would expect it, hopefully, to be able to move fairly quickly after that to be able to have some sort of preparatory period rolling into mid-December, as I think it is.

[182] **Darren Millar:** Are there any other questions on this? We have asked a number of times for details of the scoping of the ARUP work and have not had a satisfactory response from the Welsh Government. In fact, the responses we have had in the past have suggested that it has had an ever-increasing scope, with additional elements being incorporated into it.

So, while the Welsh Government is saying that there may be some information that it cannot share for commercial reasons, and I completely understand that that might be the case, are Members content to ask for the information that it does feel it is able to share and a copy of the scoping document that was prepared in order to commission the work? This is £47,500-worth of work that it has commissioned. It would be interesting to know when it was actually completed as well, given that the decision was made on 11 August to proceed to tender for the new service. It would be interesting to have a look at the timescale within which it considered and digested the information, given that it was not completed by the end of the summer recess. If Members are content, we will do that and we will try to get that information from the Welsh Government.

[183] Also, just in terms of the auditor general's letter, there is a reference to the fact that the auditor general has not seen the more detailed invitation-to-tender document. Is that right? It did suggest that it wants as much flexibility as possible in terms of people's responses, did it not? Is it just the bare bones of, 'We want to commission a service; it is up to you to come up with ideas' or is it being prescriptive about what it wants?

[184] **Mr Mortlock:** I think that the point there, Chair, including that reference in the letter was simply to make clear to you as a committee that we have not seen that full tender documentation. Certainly, I would expect the invitation to tender to go into a lot more detail in terms of what it is looking to procure. What we are quoting is the kind of official *Official Journal of the European Union* contract notice, which, by the wording of it, leaves it a little open to exactly what it is procuring. The Welsh Government has given you a commitment separately that, during the process, it is exploring those sorts of opportunities that it has previously discussed with you—for example, making better use of the aircraft during the day on different routes. Again, it remains to be seen whether it will attract bids and whether that will come to anything in time through the procurement process. We do not know, to be honest, what exactly is being explored through the invitation to tender.

[185] **Darren Millar:** In that case, shall we ask for a copy of the detailed invitation-to-tender document as well, given that it is available and it can help inform any future scrutiny? Is that okay?

[186] **Sandy Mewies:** It has to be in the public domain.

[187] **Darren Millar:** Yes, I would imagine so.

[188] **Jenny Rathbone:** We do not want copies printed by all of us, though, because it will be a big document, I would imagine.

[189] **Darren Millar:** No, but we will ask for a copy. So, we will ask for information that it can share in respect of the Arup review, details of when that review was completed, what the full scope of it was, even if we cannot see all of its results for commercial reasons, and a copy of the detailed invitation to tender.

[190] **Mr Mortlock:** I would just say, Chair, that while it does not stop you asking for it, I am not sure that the invitation to tender is currently in the public domain. From what I saw, the instructions on the contract notice were that you would log in to the Buy4Wales mechanisms and you would go through a portal. You would, as a potential bidder, be able to access it, so, in that sense, it is public—

[191] **Sandy Mewies:** We can ask what is there.

[192] **Mr Mortlock:** I cannot see any obvious reason why it would want to withhold it.

[193] **Darren Millar:** If there is a reason that it cannot be shared, it cannot, but we will ask for it. Is that okay? Excellent. Thank you very much indeed.

10:21

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

[194] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting and items 1 and 2 of the meeting on 22 September in accordance with Standing Order 17.42(vi).

[195] Are there any objections? There are no objections, so we will go into private session.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:22.
The public part of the meeting ended at 10:22.*