



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

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

Dydd Mawrth, 17 Mehefin 2014
Tuesday, 17 June 2014

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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**

Debra Carter	Dirprwy Gyfarwyddwr yr Is-adran Cyllid Llywodraeth Leol a Pherfformiad, Llywodraeth Cymru Deputy Director, Local Government Finance and Performance, Welsh Government
Reg Kilpatrick	Cyfarwyddwr, Llywodraeth Leol, Llywodraeth Cymru Director, Local Government, Welsh Government
June Milligan	Cyfarwyddwr Cyffredinol, Adran Llywodraeth Leol a Chymunedau, Llywodraeth Cymru Director General, Local Government and Communities, Welsh Government
Alan Morris	Swyddfa Archwilio Cymru Wales Audit Office
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales

**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
Meriel Singleton	Ail Glerc Second 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 today's meeting of the Public Accounts Committee. I remind Members and witnesses that the National Assembly for Wales is a bilingual institution and we should all feel free to contribute to today's proceedings through either English or Welsh as we see fit. There are headsets available for translation and they can be used for sound amplification as well. I encourage people to switch off their

mobile telephones and remind everybody that this is a formal public meeting, so the microphones will operate themselves. In the event of a fire alarm, we should follow the instructions of the ushers. We have not received any apologies for absence, so we will move on.

09:01

Cwrdd â'r Heriau Ariannol sy'n Wynebu Llywodraeth Leol yng Nghymru Meeting the Financial Challenges Facing Local Government in Wales

[2] **Darren Millar:** I am very pleased to be able to welcome to the committee today June Milligan, director general of local government and communities in the Welsh Government, Reg Kilpatrick, director of local government in the Welsh Government, and Debra Carter, deputy director of local government finance and performance. This is the first of two evidence sessions that the committee will undertake on our short inquiry into this issue, and we will be taking evidence from the Welsh Local Government Association and the Society of Welsh Treasurers and, indeed, we will be receiving some further evidence from political leaders across local government later in the year.

[3] The committee has obviously been prompted to undertake this inquiry having read the report by the Auditor General for Wales on local government finances and the preparedness to meet the significant challenges ahead for local government, given the public spending squeeze. It is something that we have obviously discussed before. June Milligan, do you want to make any opening remarks in response to the auditor general's report, and then we will go into some more detail?

[4] **Dr Milligan:** Yes, if I may, Chair. Thank you for the opportunity to provide evidence for your consideration here this morning. Even though the focus in the auditor general's report and the recommendations in particular are for local authorities themselves, we welcome this opportunity.

[5] Uniquely, among Welsh public service organisations, each local authority is a separate autonomous, democratically accountable body providing a wide range of services—discretionary and statutory—and we recognise and respect that locus that they have under statute. There are well established funding and accounting frameworks that provide those authorities with both the flexibility to design the services and the requirement to report and balance budgets. So, there are very clear lines of accountability through those statutory provisions.

[6] There is also a very wide range of tools and capabilities available to support authorities under statute in delivering those responsibilities. The duties that they have include those to prepare and pass a balanced budget, to consult on budget proposals and to conduct impact assessments and comply, of course, with equality duties. So, there is available, under the Local Government Act 1972, the statutory section 151 officer role, with particular responsibilities and capability to ensure that an authority's financial plans are sustainable and, indeed, to report unlawful financial activity or failure to deliver a balanced budget. That officer is a qualified accountant and has access to guidance from professional bodies such as the Chartered Institute of Public Finance and Accountancy in relation to the conduct of their duties. It is a challenging role, as local authorities do not operate within a fixed funding envelope; they have sources of income that they can control and vary. So, as well as being able to raise council tax, authorities can raise income through fees, charges and old reserves, and they can invest and undertake borrowing. So, there is a significant capability and support framework to allow that. Authorities must make their decisions in a transparent way, engaging the public, and, of course—to turn back to where I began—there is a very important

role for democratic scrutiny in that decision-making process, which needs to be effective so that local resources can be prioritised to the local strategic priorities and to the need of the local population.

[7] **Darren Millar:** Thank you for those opening remarks. It seems to me, June Milligan, that, in terms of local government, there is a greater role, perhaps, for the Welsh Government to give some certainty around its income levels, the future of local government, the shape of local government in Wales, and the responsibilities of local government in Wales. Do you not accept that the Welsh Government has a significant role to play here in terms of providing the sort of information that Welsh local government requires in order to plan on a good basis?

[8] **Dr Milligan:** Certainly. In addition to that statutory framework, which is itself the role of central Government to put in place and maintain, there are things that the Welsh Government specifically has done to ensure the ability of local authorities to do financial planning in a robust way. So, I suppose that one of the first things would be to mention the three years of financial stability provided for local government in Wales, which was an opportunity for the political leadership and the professional support to prepare for the challenges that local government is now facing, which have been signalled over that period, both inside and outside Government, and already felt in England. We have consistently provided a structure and process for engagement across and with local government. Many of you will be aware of the very extensive work of the distribution sub-group, which prepares the settlement for local government in some detail, looking at the demand and the need of services across Wales. That work begins every year as soon as the local government settlement for the previous year is made. There has been an intensification of political engagement since the spending review of 2013, including the establishment of a finance sub-group to the statutory partnership council. Then, just slightly away from the main budgetary challenges, we have worked collaboratively with local government to recognise the opportunity to do things differently, rather than to do less. That dates back to the Simpson report, but has most recently been delivered through the partnership council reform delivery group and the public service leadership group.

[9] **Darren Millar:** It seems to me that you are trying to sort of push out all the responsibility for some of the problems—the fact that the problems have been kicked further down the road to local government here—but do you not accept that the uncertainty over the shape of local government, in particular, is a huge barrier now towards further collaboration and further significant changes in service provision by local authorities? Is that not something that concerns you? If it is, what are you doing about it? What are you expecting local authorities to do in the shorter term, prior to any reorganisation if reorganisation is going to come?

[10] **Dr Milligan:** So, you are making reference to the work of the Commission on Public Service Governance and Delivery, Chair.

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

[12] **Dr Milligan:** In the short term we will continue to work as we have, as I have described, with local government within that statutory and enabling framework that we have put in place. The commission's report provides a platform to address some of the issues and the challenges that the auditor general presents in the report that you have before you today. They were published in the same week, I think. I think that the report states that, and actually discusses some parallel conclusions. So, the commission has some themes for improvement, all of which are relevant to how budgetary challenges are addressed. They are all about governance, scrutiny, leadership, accountability, performance management, capability, culture, and values. So, there is a sort of diagnosis then offered by the commission as a sort of way of addressing some of the challenges that should enable local government to move

towards that certainty and to be able to plan on a stable basis.

[13] **Darren Millar:** I am going to bring in a few Members now. William Graham is first and then Mike Hedges.

[14] **William Graham:** May I ask you for some comments on the issue of reserves? You did touch on this in your appearance before the committee on 6 June. There is a wonderful headline figure of ‘reserves of £1 billion’. It sounds marvellous, but clearly you have identified quite correctly that a lot of that money is already spoken for. However, on that size of sum, slippage is still going to be considerable, so what advice can you give to local government in that respect in terms of the level of reserves at a time when demand has never been greater?

[15] **Dr Milligan:** Yes, there is £1.4 billion held by local government in reserves, but much of that, as you say, is earmarked. We recognise that there is a need for local government to hold a prudent level of reserves. There are a lot of publicly available data about the levels of reserves, the stock and the flows in and out of reserves, but very often that does not tell you what local government has done, what choices individual authorities have made around reserves. So, last year, and I think the last time I was before the committee talking about reserves, the Minister for Local Government and Government Business had just commissioned some work with local government seeking to get some more detail from it about exactly how it was using reserves—the purposes to which it was putting them. So, we had that report and it did help us to understand it better and it has been shared with the Society of Welsh Treasurers so that people can see what other authorities are doing. In responding to responses from local government about its reserve position, the Minister has set out some principles that she would like local government to adopt. In particular, she wants to encourage the use of reserves, where they are used, to drive service change and take new approaches rather than to sustain approaches that simply cannot be sustained as finances get tighter or to ride out a financial storm because we now know that that is just not going to be a tactic that will work. So, she has encouraged local government to use reserves more imaginatively than that.

[16] **William Graham:** Right. Thank you for your answer. Thinking back, in political terms, to when we would get at the ruling party and ask, ‘Why don’t you use reserves?’, usually, the answer was, ‘The auditor general won’t let us go below a certain level’. So, how do you get free interchanges with local government generally so that it is aware what the absolute minimum is and what it can really use? I appreciate that the Minister has given her advice, which I think that one would broadly concur with, but how can local authorities be certain that they are not going to drop below a critical level?

[17] **Dr Milligan:** Well, each local authority has to make that judgment for itself, taking account not just of the money it gets from central Government but, of course, all the other things I mentioned in my opening comments—so, the flows of income into, and expenditure out of, its own accounts. It is here that the prudent level of reserves comes in. So, there is a matter of professional judgment there for the individual chief finance officer and the section 151 officer, and this is where the auditor general’s powers are engaged because they have to explain their rationale for that level to the auditor general if required to do so.

[18] **William Graham:** Finally, if I may, Chair, with regard to some of the more creative loans that have been arranged, and I am thinking of my own local authority in Newport where substantial sums have been advanced almost from its own reserves et cetera, how do you view that? What advice do you give to local authorities? It seems to be a wonderful way forward.

[19] **Dr Milligan:** Well, as I say, these are matters for them. The role that we have taken

where local authorities have found innovative ways of doing things has been to try to garner those and make them available. So, last year, during the summer recess, the Minister for Local Government and Government Business went out and encouraged local government to show her how it was best able to adapt its services and some of its more innovative work that was going on at the front line in particular. We gathered the case studies from that and have published them, just as a way of trying to encourage the spread of good practice. There is much more on the auditor general's good practice exchange, but, sometimes, bringing a few examples to direct notice can be of benefit.

[20] **William Graham:** Are those reports freely available?

[21] **Dr Milligan:** Yes, they are published.

[22] **William Graham:** Would we have access to copies?

[23] **Dr Milligan:** Yes, we can send the link through if that is helpful to you, Chair.

[24] **William Graham:** Thank you.

[25] **Mr Thomas:** They are on the Wales Audit Office website.

[26] **William Graham:** Thank you very much.

[27] **Darren Millar:** Mike Hedges is next.

09:15

[28] **Mike Hedges:** Following on from William Graham, how many councils' general reserves have been identified by the auditor general as being too high?

[29] **Dr Milligan:** I am not aware of a report that suggests that.

[30] **Mike Hedges:** I would say 'none'. I think that local authorities are dealing with a situation where you are saying, 'Use your reserves', and the auditor general is coming along and saying, in most cases, 'Your reserves are too small' or 'You need to be looking at protecting your reserves or adding to your reserves'. My second question is: given that you say that local authorities should have prepared for the reduction during the last three years, can you give an example of what you think they should have done?

[31] **Dr Milligan:** The auditor general in the report that we have before us points to Gwynedd as an example of where they have undertaken good financial planning—I think that those were the words used—but that has involved linking work that has been done there about the level of service demand to medium-term financial planning, and looking at ways of meeting that demand differently rather than continuing to provide services in the same way.

[32] **Mike Hedges:** I think that most local authorities have tried to do that, not just Gwynedd. To follow on from that question, local authorities are facing increasing demand in the home care and community care area. I would argue that the pressure on home care and community care is greater than that on hospitals, in terms of the demand of a number of people. If that demand is not met, all it is going to do is increase pressure on hospitals. Would you agree with statement? If you do, do you see that there is a problem in dealing with the community care aspect?

[33] **Dr Milligan:** The report of the Commission on Public Service Governance and Delivery pointed to the integrated care areas, which are usually referred to as being between

health and social services, as areas where there is particular potential for collaboration and stronger collaborative effort. The commission looked at the case for restructuring or a transfer of functions and ruled those out, but it said that efficiencies and more effective provision could definitely be made through much closer working in that area. Welsh Government has stimulated that by the integrated care fund that has been made available in the last budget statement.

[34] **Mike Hedges:** I know that the commission said that, but it has said lots of things without showing any evidence for it. I am glad that it came to the conclusion of not joining things together, because when general practice and primary care merged with secondary care, all it did was to move money into secondary care and into hospitals. That is a matter of fact.

[35] The last question I have is one on charges. You said that local authorities could use charges as a means of raising income. Are there charges that they cannot raise because they are set by statute or by the Minister?

[36] **Dr Milligan:** Sorry, would you mind repeating the last part of the question?

[37] **Mike Hedges:** There are charges that they cannot increase; they are set by the Minister, by statute or by some process that local authorities have no control over, or, as in the case of car parking charges, they are controlled in totality and they are not supposed to be run at a profit.

[38] **Dr Milligan:** If I may, Chair, I will turn to Debra, who is the expert in terms of local government financing and who may be able to assist on that question.

[39] **Ms Carter:** I think it is fair to say that the regime for fees and charges is a complex part of a complex whole. It is true that certain fees and charges are controlled, but it is specific to particular areas. Likewise, there are other areas where it is at the discretion of the authority. So, it is a mixed picture.

[40] **Mike Hedges:** That is the point I was trying to make.

[41] **Darren Millar:** Alun Ffred is next and then Sandy Mewies.

[42] **Alun Ffred Jones:** Byddaf yn gofyn fy nghwestiwn yn Gymraeg. Mae'r archwilydd cyffredinol yn dweud yn ei sylwadau bod disgwyliadau afreal am fanteision ariannol cydweithio, neu am y cyflymder y bydd partneriaethau yn gallu dod ag arbedion. A ydych yn cytuno â'r sylw hwnnw?
Alun Ffred Jones: I will be asking my question in Welsh. The auditor general says in his comments that there are unrealistic expectations of the financial advantages of collaboration, or the speed in which partnerships will be able to produce savings. Do you agree with that comment?

[43] **Dr Milligan:** I think that it would be nice if the supply of resource always matched the pace at which we can adapt services. Usually, a transitional period of adaptation is needed, because service change needs to be planned, tested and executed. I said in my opening remarks that the Welsh Government had attempted to offer that opportunity to Welsh local government in the three years prior to this latest budget round as a way of providing the opportunity to do that preparation and testing of new solutions. I think that there are statements in the auditor general's report that reflect that perhaps the pace of preparation has not been adequate or as much as it might have been. I think that it is always difficult before you know that there is going to be a reduction to make the preparations for that reduction, because authorities are political organisations and to start to say that things are going to change, before it is evident that they have to change, is not always the easiest thing

to do. However, there is professional preparation and service planning that underpins that political reality, and I think that it is probably that which is referred to when comments are made about the preparation perhaps not being undertaken with the pace that it might have been.

[44] **Alun Ffred Jones:** Nid wyf yn rhoi geiriau yng ngheg yr archwilydd cyffredinol. Mae e'n dweud bod disgwyliadau afreal am fanteision ariannol cydweithio. Rwy'n gofyn a ydych yn cytuno bod disgwyliadau afreal wedi bod ynglŷn â manteision ariannol cydweithio.

Alun Ffred Jones: I am not putting words in the mouth of the auditor general. He says that there are unrealistic expectations of the financial benefits of collaborative working. I am asking whether you agree that there have been unrealistic expectations in terms of the financial benefits of collaborative working.

[45] **Mr Kilpatrick:** May I just add something at this point? Three years ago, at the beginning of the spending review period that June was talking about, local government and the Welsh Government signed up to the Simpson compact, which set out a very clear set of collaborative projects that would be taken forward. So, I think that, at the beginning, there was clarity. Admittedly, some of those projects did not go forward at all because there was a proper business case that tested them and worked out the costs and benefits and took the decision. A number of those Simpson projects have gone forward. There is always an issue about the speed, I think, and that is largely because resourcing projects is not always quite as straightforward.

[46] **Alun Ffred Jones:** Mae strategaeth y Llywodraeth hyd yn hyn wedi ei seilio ar gydweithio fel ffordd o gael arbedion ariannol. A ydych chi'n dweud nad yw'r strategaeth honno wedi dwyn ffrwyth felly?

Alun Ffred Jones: The Government's strategy so far has been based on collaborative working as a means of gaining financial efficiencies. Are you saying that that strategy has not been successful therefore?

[47] **Dr Milligan:** If I may, it has not been the only strategy. It has been the enabling approach that the Welsh Government has taken to assist authorities. However, the primary responsibility for identifying the opportunities for service change and taking them lie with authorities themselves. I do not want to put words in the mouth of the auditor general; I was just looking in my notes to make sure that I was referring correctly. The piece that I was referring to, if I may, was where the auditor general describes service change as an undeveloped area across Wales, with only a quarter of authorities taking effective action. So, that was what I was seeking to reflect in my response to you.

[48] **Alun Ffred Jones:** Nid oeddwn yn gwadu'r angen am newid yn y dull o gyflwyno gwasanaethau; roeddwn yn cyfeirio'n benodol at gydweithio fel ffordd o ddarganfod arbedion ariannol. Gofynnaf eto: a yw'r strategaeth honno, boed hi'n un strategaeth ymysg llawer ai peidio, wedi profi yn aflwyddiannus?

Alun Ffred Jones: I was not denying the need for a change in the method of presenting services; I was referring specifically to collaborative working as a means of finding financial efficiencies. I ask again: has that strategy, be it one among many, proved to be unsuccessful?

[49] **Dr Milligan:** There are examples of collaborative working being adopted and having the potential to release very significant savings. So, the work that the public service leadership group has done, which has led to the formation of the national procurement service, for example, would be a good example of a collaborative approach and taking advantage of operating at the scale of Wales rather than at individual local authority level. So, there are examples of where collaboration has proved effective in enabling authorities to then realise individual savings that would be part of their overall approach to the financial

challenges, alongside things that they themselves might identify as opportunities in terms of service change.

[50] **Alun Ffred Jones:** A allwch chi roi enghraifft o'r math o gydweithio rhwng awdurdodau sydd wedi arwain at yr arbedion rydych yn cyfeirio atynt? **Alun Ffred Jones:** Can you give an example of the kind of collaborative working between authorities that has led to the savings you refer to?

[51] **Mr Kilpatrick:** The national procurement service—

[52] **Alun Ffred Jones:** Na, rwy'n gofyn am enghraifft rhwng awdurdodau. Rydych wedi cyfeirio at y cynllun cenedlaethol, ac rwy'n derbyn hwnnw, ond rwy'n sôn am gynlluniau, fel y byddwch chi'n cyfeirio atynt, rhwng awdurdodau sydd wedi arwain at arbedion effeithlonrwydd. **Alun Ffred Jones:** No, I am asking for an example between authorities. You have referred to that national plan, and I accept that, but I am talking about plans, as you refer to them, between authorities that have led to efficiency savings.

[53] **Mr Kilpatrick:** One good example of a collaborative project that was done very well is the legal services project in south-west Wales. It is led by Carmarthen and involves Pembrokeshire, Ceredigion and a number of others. That project's success has demonstrated the ability to save money, so other public service organisations have either adopted the model or have joined with the project.

[54] **Alun Ffred Jones:** A ydym yn gwybod beth yw *scale* yr arbedion hynny? **Alun Ffred Jones:** Do we know the scale of those savings?

[55] **Mr Kilpatrick:** They are in the hundreds of thousands.

[56] **Darren Millar:** May I ask one question? I know that Mike has a small follow-up question on this as well, before I come to Sandy. Is the fact that local government does not know what shape it is going to be, given that the Welsh Government has not yet responded to the Williams commission, not a barrier to further collaboration? Local authorities are not going to be reaching out to work with other local authorities if they think that the dividing line could be the boundary between them, are they? Let us be real about this.

[57] **Dr Milligan:** The First Minister has been very clear that he intends to move with pace in terms of implementing the commission's recommendations, once the process of political dialogue that he has established is concluded.

[58] **Darren Millar:** So, what does that mean?

[59] **Dr Milligan:** It means that he has said specifically that he intends to move speedily to give clarity just as soon as that political dialogue is concluded.

[60] **Darren Millar:** So, what is your understanding of the timescale by which local government will know its future shape?

[61] **Dr Milligan:** The First Minister has indicated that he will make an announcement about the Government's response to Williams before the end of this Assembly term—before recess.

[62] **Darren Millar:** So, it will be before the summer, in terms of an announcement on the Welsh Government's view. In terms of the implementation of the Welsh Government's view, you have said that there will be pace in terms of direction, but what about the actual timetable

for that implementation?

[63] **Dr Milligan:** I do not think that it would be for me to pre-empt the First Minister's announcement on that. I just know that it is due and that he has said that he will move with pace, Chair.

[64] **Darren Millar:** Okay. Mike Hedges has a follow-up and then I will bring in Sandy.

[65] **Mike Hedges:** You have talked about the national procurement service. How does that differ from the Welsh purchasing consortium?

[66] **Mr Kilpatrick:** The national procurement service emerged from the public service leadership group structure and has identified a number of categories of common and repetitive spend across Wales, across all public service organisations. It is providing an opportunity to procure in a different way to protect local economies, potentially, as well as delivering economies of scale through larger procurements and delivering £25 million-worth of savings every year.

[67] **Mike Hedges:** May I ask the question again? How does it differ from the Welsh purchasing consortium?

[68] **Mr Kilpatrick:** I am not entirely sure what the structure of the Welsh purchasing consortium is. The NPS has been created as an amalgam of public service organisations and will be delivering significant savings every year.

[69] **Dr Milligan:** Would it be helpful, Chair, if we were to provide a follow-up note to answer that question in more detail?

[70] **Darren Millar:** That would be helpful; I do not think that we have sufficient clarity at the moment. Sandy Mewies now, and then I will come to Julie Morgan.

[71] **Sandy Mewies:** Thank you. Good morning. Can we go back to basics? There seems to be a suggestion that councils do not know what money they are going to get. Can you explain the indicative part of a budget, when councils have it, and the time they have to think about it when they are setting their own budgets?

09:30

[72] Secondly, the auditor general makes clear that some local authorities are not looking holistically at public services when they are looking at their own budgets. I think that Mike Hedges alluded to this. There are unintended consequences, sometimes, when you shift money from one area to another; it might not have an impact on just your own services, but on health, and health and social services are two prime examples of that.

[73] Is there any way that the Government can encourage clearer thinking or give guidance in that sort of area? I know that there are the local service boards; I do not know at what strength they are now. Are they operating successfully? Is this a role that they undertake? What exactly has happened there? I think that the main question is: given that local authorities, and I was a county councillor, are fiercely proud of their right to formulate their own budgets, because they will tell you that they look at what their locality's needs are, rather than look at guidance that might apply to other areas, are there ways in which you think that the Welsh Government can strengthen their budget process?

[74] **Dr Milligan:** If I take those in turn, on indicative budgets, since 2008-09, it has been the practice of the Welsh Government to publish indicative figures for local government for

the same period as the Welsh Government itself has a budget indication. So, that has been for a three-year period, in some cases, or for a one-year period otherwise. Those indicative budgets are published at the time that the draft budget settlement is laid before the Assembly each year, and there is a formal procedure around that. You know that both Standing Orders and the ministerial code require the budget process to be one that engages Members here first, and Ministers take very seriously the principle that that is not shared prior to that. That is quite an important principle of Government accounting. However, following the indications in early 2013 that there were likely to be further reductions in the UK Government's allocation of moneys to Wales, the Minister took steps to ensure that Welsh local government was aware that the indicative figures that had been given for 2014-15 in particular might not hold, because they would be impacted by decisions that the Welsh Government would have to make as a result of those spending decisions.

[75] So, I could give you some indications: as early as 23 May 2013, the Minister wrote to the Welsh Local Government Association. This was the time when she took the initiative to introduce the finance sub-group as part of the partnership council arrangements, but in writing she indicated that the indicative 2014-15 figures were not a firm basis for planning. So, within the strictures and the protocols of the budget being for the Assembly, she gave that indication—

[76] **Sandy Mewies:** There were uncertainties as to what was happening in the UK.

[77] **Dr Milligan:** Yes, there were indications that there would be further impacts on the Welsh Government's budget, which meant that indicative allocations that had been given—which up until that time had always held, so we had never changed indicative allocations—would be likely to change because of that. She wrote again on 20 June, inviting the Welsh Local Government Association to bring a paper to the finance sub-group and advising it to plan for the kind of reductions seen in England. This was a way of trying to give a sense of the seriousness of the budgetary position and the likely scale of the changes that local government might face, because we recognised, and the Minister recognised, that with an indicative allocation there, there had to be a strong signal sent to enable those in both political leadership and professional support to start to think about what the budget planning needed to look like, going forward.

[78] There were meetings then of the finance sub-group. So, there was a meeting on 8 July that the Minister for Finance also attended, so that there could be a full discussion of the budget prospects for 2014-15. There was a second meeting on 30 September of the finance sub-group, attended by the Minister for Finance, and also by the Minister for education, because of the way in which education is treated. The Minister also agreed to consider a review of the financial flexibilities available to local government as a way of further enabling it to manage through challenging times. The provisional settlement was announced on 16 October, immediately following the budget.

[79] **Sandy Mewies:** I suppose that, with regard to what I was saying to you about other sectors having an impact, there is a suggestion by the auditor general that local government should look more widely when setting its budgets. Is there any encouragement that Welsh Government could give to make it do this, or is there any provision that you could make in guidance for that? Or, considering that local authorities have specialists themselves on budgeting, is it something that they should be doing now anyway and should be encouraged to do much more in future?

[80] **Dr Milligan:** It is at least in significant part a matter for their own professional officers. So, planning, in terms of budgetary planning in their own guidance, would suggest that they need to take account of all demand, the extent to which demand can be predicted, managed and met effectively, council tax plans, commitments, efficiency savings, asset, debt

and liability profiles, yield on investments, the amounts that can be raised from fees and charges for different services, other income from sales and realisation of assets and rents. There are also specific grants and many other things, and the professional guidance also encourages a strong link between financial planning and business planning—that is, connecting financial planning very much back to the identified service need. There is a lot of information available to local government and to the specialists in local government to do that in addition to the statutory framework and the statutory guidance that is already available, which sets out things around the role of the chief financial officer, the prudential code, good practice guides for local authorities, and local authority practice bulletins. There is a range of those, but in addition—I think significantly, in terms of facing these challenges, which have been foreseen—a range of external publications is available that would help authorities in scenario planning. There is the Wales Audit Office study of local government reserves, which we mentioned earlier. There is work that has been undertaken by Wales Public Services 2025, which gives an indication of the pressures on public services as a whole. There are IFS scenarios for the Welsh Government right up to 2025-26. There is an IFS study that the WLGA commissioned on trends in, and future pressures on, public expenditure in Wales, specifically focused on local government. There are Joseph Rowntree Foundation publications around the cuts—

[81] **Sandy Mewies:** I accept that there are a lot of these, but is it the case, though, that if Welsh Government was aware of something looming on the horizon—which you have already indicated would not particularly be what the UK might be bringing in, but another public sector—then Welsh Government, if that was going to impact, would give some indication to local government? Would it do that?

[82] **Dr Milligan:** Yes. There are a number of fora in which we engage with local government. So, in addition to the finance sub-group, which is the political leadership, there is the distribution sub-group, which is an official working group that looks in great detail at service need, to inform the settlement. However, the data available to that, of course, are also very important in terms of planning services. There is a Welsh Government finance leadership network, in which public service finance leaders across the piece can look at not just their own sector, but how public services are going to be affected by future scenarios. There is the Society of Welsh Treasurers—again, on the professional side—which looks at these wider reports and takes account of them. So, we do draw attention to them and we put them on the agendas for these meetings, but these are very significant reports, and they are all signalling that the pressures that we are facing now are pressures that are going to persist. Therefore, it is not about riding out a storm; it is about changing practice to meet the financial challenges.

[83] **Julie Morgan:** I want to go back to the collaborative working that we were discussing earlier, in particular the work with health that Mike Hedges mentioned, which is absolutely crucial. Obviously, we have had this £50 million as well. The fact that the number of delayed discharges is going down indicates some element of success in that area. Have you any overview of how different local authorities are dealing with the collaborative agenda with health, and whether any are not engaging? Could you give some views on that?

[84] **Dr Milligan:** I would need to offer to provide a note on the detail. There are performance data relating to delayed transfers of care. It is the case that they are going down in some areas. It is also the case that, over time, there is variability, so you see them go down and rise again. I know that a lot of work has been done locally, because it is one of the signal indicators of managing that transition across public bodies. I know that local service boards, in particular, have very much had a focus on that, because that is where the leadership of the different sectors comes together. So, there are metrics, and there is some variability even in individual local authorities' performance.

[85] Reg may wish to say a little more about the integrated care fund, because what is distinctive about that is the opportunity to try to tackle this issue at a regional level, in the same way that the regional collaborative fund has done. I believe that people have been asked to bring together collaborative bids to bring the benefits of collaboration to bear, Reg.

[86] **Mr Kilpatrick:** Going back to the Simpson agenda, one of the Government's approaches was to try to simplify some of the collaborative architecture that was in local government. That was done essentially by creating a six-regional-footprint model, which was coterminous with health boundaries. It is on that basis that we have moved forward with the integrated care fund. That particularly looks at how we can find solutions at a larger than single-local-authority level, which is how we have often done things in the past. We have had a lot of very good projects back; I know that there have been a number of ministerial statements on that, and the information about the projects is out there—we can provide that to the committee. The idea there is to look at a health board level to try to take a much more strategic approach to dealing with some of these issues.

[87] **Julie Morgan:** Do you feel that that is happening all over Wales?

[88] **Mr Kilpatrick:** On the integrated care fund, as I say, we have had a really good response from all of the six regions, all of the 22 local authorities and all of the health boards. Together, they are showing a really determined approach to making the very best use of the fund and to deal with what are intractable problems, but dealing with them in quite an imaginative and innovative way.

[89] **Julie Morgan:** The other question that I wanted to ask was about public engagement, because it is one of the areas in the auditor general's report on scrutiny on which he thinks a lot more could be done. Could you comment on how public engagement is going, because it seems to be a crucial area where the public are going to see services change and maybe lost?

[90] **Dr Milligan:** I agree absolutely. The Welsh Government has quite high expectations of local government in this regard. There is a breadth of engagement on the Welsh Government's budget, not only through the statutory processes but also in terms of the publication of full impact assessments, which are then open to consultation and scrutiny. So, there is a model there for how that can be done. There are real opportunities at a local level to have very direct engagement with the population that is being served, and there is a lot of interest in the choices that are made in terms of service provision.

[91] The Local Government (Wales) Measure 2011 introduced a requirement for wide engagement on these matters, and the Commission on Public Service Governance and Delivery also said that it believes that strengthening engagement would strengthen decision making, because transparency and accountability are reinforced. So, our view is that effective engagement helps to make sound choices, but not only that: it can open other options for service delivery because, in that engagement, there are very often alternative approaches that can be considered and brought back to the decision-making table. The Minister has recently asked all 22 local authorities how they engage during this particular budget round to see whether there are lessons that can be learned but also to share the insights of what different authorities have done. There will be a written report of that made available, but you will already be aware of some of the things that have happened. There have been innovative approaches taken in Monmouthshire and Merthyr, and Carmarthenshire, consistently, is an area where, when people are asked in public surveys whether they were engaged in the decisions made, there are high scores in the results. So, there is some good practice out there and a good basis for developing more effective engagement, which is really important when difficult choices are being made.

09:45

[92] **Julie Morgan:** However, at the moment, it is not everywhere.

[93] **Dr Milligan:** I am just trying to remember exactly what the auditor general said. He said that there were a growing number of examples of effective dialogue, but less than half.

[94] **Julie Morgan:** Less than half. Right.

[95] **Dr Milligan:** The auditor general picked out a particularly good example in the Vale of Glamorgan, which I have not mentioned, so I should reflect that here too.

[96] **Aled Roberts:** Rwyf eisiau gofyn cwestiwn ynglŷn â'r cronfeydd wrth gefn yn y lle cyntaf. Yn ystod eich tystiolaeth y llynedd, sonioch am gyfanswm o ryw £1 biliwn. Y bore yma, rydych wedi sôn am £1.4 biliwn, sef, cynnydd o ryw 40%. A oes unrhyw esboniad am hynny?

Aled Roberts: I want to ask a question about reserve funds in the first place. In your evidence last year, you mentioned a sum of about £1 billion. This morning, you have talked about £1.4 billion, which is an increase of about 40%. Is there any explanation for that?

[97] **Dr Milligan:** Yes. The figure that I used last year did not include capital reserves. Debra, would you like to just run through the reserves figures, please?

[98] **Ms Carter:** Yes. The reserves figure at the end of March 2013 was £1.05 billion of revenue reserves and then, when you include capital, it goes up to £1.4 billion.

[99] **Aled Roberts:** Nid oes cynnydd, felly, rhwng y llynedd ac eleni yn y cronfeydd wrth gefn o fewn llywodraeth leol.

Aled Roberts: So, there is no increase therefore, between last year and this in terms of reserve funds within local government.

[100] **Ms Carter:** We do not have the figures for this year, yet. What the budget figures from local authorities for 2013-14 showed was that they were planning to draw down from reserves. However, it is also fair to say that that is a feature of budget forecasts every year and the amount actually drawn down from reserves is usually either much smaller or, in fact, authorities have been putting into reserves.

[101] **Aled Roberts:** I fynd yn ôl at gronfa Simpson, rydych wedi sôn bod nifer o brosiectau wedi methu neu heb fynd yn eu blaen oherwydd nad yw'r achos busnes yn cefnogi hynny. Faint o arian a wariodd Llywodraeth Cymru dan gronfa Simpson, a beth yw maint yr arbedion o ran y prosiectau hynny a aeth ymlaen o fewn llywodraeth leol?

Aled Roberts. Returning to the Simpson fund, you said that a number of projects have failed or have not gone forward, because the business case did not support that. How much money did the Welsh Government spend under the Simpson fund, and what savings were made in terms of the projects that did go forward in local government?

[102] **Mr Kilpatrick:** It is important to say that none of the Simpson projects failed. Part of the Simpson compact was about identifying transformational change projects and testing them. It was a very important collaborative piece of work with local government to make sure that those projects that were taken forward would actually deliver some meaningful services. For example, we have done quite a lot of very good work in regionalising emergency planning services. In terms of the budget that was attached to Simpson, the support for the projects was generally found within existing resources. So, for my department, our Simpson support would be found from within our normal staffing, and the same in local government. I can provide a detailed note. In fact, we published a report on the Simpson compact at the partnership council last December, I think, which will give you a full breakdown of all of the

projects, the progress that was made, the extent of the savings made and the savings as well. Perhaps I could provide that to the committee.

[103] **Aled Roberts:** Rwy'n meddwl y **Aled Roberts:** I think that that would be byddai hynny'n ddefnyddiol. useful.

[104] **Darren Millar:** Does it include information on aborted projects as well—projects that failed?

[105] **Mr Kilpatrick:** It includes a commentary on every project that was included in the Simpson compact from the beginning.

[106] **Darren Millar:** Okay, I think that that would be useful.

[107] **Aled Roberts:** Gwnaethoch sôn bod **Aled Roberts:** You mentioned that the y Gwasanaeth Caffael Cenedlaethol yn National Procurement Service intends to bwriadu cynhyrchu arbedion o £25 miliwn y generate savings of £25 million per year. I flwyddyn. Rwyf yn cofio partneriaeth caffael I remember the north Wales procurement y Gogledd, lle'r oedd addewidion ar arbedion partnership, where there were commitments dros nifer o flynyddoedd, ac eto, o ran on savings over a number of years, and yet, in terms of realising those commitments, not gwireddu'r addewidion hynny, ni welwyd many savings were seen by local lawer o arbedion gan lywodraeth leol. Felly, government. So, could you say whether the a allech chi ddweud a yw'r arbedion o £25 the savings of £25 million is a commitment or nodyn ar gael ar yr arbedion sydd wedi eu will there be a report or note available on the gwireddu hyd yn hyn? savings that have been realised so far?

[108] **Mr Kilpatrick:** The savings figure was an estimate, which was prepared in conjunction with local government as part of the business case process. I cannot tell you today exactly how many savings have been delivered, but I can certainly send a note to the committee, explaining progress over the last year.

[109] **Darren Millar:** I have a couple of Members want to come in on this specific issue: Mike first and then Alun Ffred.

[110] **Mike Hedges:** You talked about regionalising emergency planning. Was emergency planning not regionalised before? Swansea was in a region with Neath Port Talbot and Bridgend, so what further changes have taken place?

[111] **Mr Kilpatrick:** The approach taken by Simpson was to look at this in the six collaborative footprint areas.

[112] **Mike Hedges:** So you have just merged two, in the case of our area.

[113] **Mr Kilpatrick:** Well, there was a Wales-level approach, which looked at how emergency services could be dealt with more effectively at a regional level in terms of being able to respond in a more strategic way, and not only that, but in terms of being able to make a much better use of the existing capacity, skills and capability, because, as with other services—trading standards is a good example, where, in any single authority, the amount of capacity is quite limited—a larger and more regional approach will give people more career opportunities, but will also pool and use skills and experience much more effectively.

[114] **Mike Hedges:** I do not disagree with that, but Swansea, Neath Port Talbot and Bridgend make up between one-fifth and one-sixth of Wales already.

[115] **Darren Millar:** Yes, we took significant evidence on this when we did our short inquiry into emergency planning and contingency issues. Alun Ffred, you had a follow-up question.

[116] **Alun Ffred Jones:** Wel, rwyf jest eisiau mynd yn ôl at argymhellion comisiwn Williams. A oes unrhyw amcangyfrif wedi'i wneud o arbedion posibl petai argymhellion Williams yn cael eu gwireddu?

Alun Ffred Jones: Well, I just want to go back to the Williams commission recommendations. Is there any estimate of possible savings if the Williams recommendations were realised?

[117] **Mr Kilpatrick:** The report itself includes estimates of savings if the local authority merger process were undertaken and they were published as part of the Williams commission report.

[118] **Aled Roberts:** A oes gennych unrhyw sylw ar y feirniadaeth a wnaed o waith y comisiwn ar arbedion, sef nad oes llawer o sail iddo?

Aled Roberts: Do you have any comment on the criticism that has been made of the commission's work on savings, namely that there is not much of a basis to it?

[119] **Mr Kilpatrick:** The savings figures have been provided by the Williams commission. To the extent that we will be bringing forward any legislation in the future, there would be a full impact analysis would be prepared on that basis, but I do not have any comment in detail on the Williams methodology.

[120] **Aled Roberts:** A oes unrhyw waith wedi'i wneud gan Lywodraeth Cymru i gadarnhau'r ffigurau sy'n cael eu cynnwys o fewn adroddiad Williams?

Aled Roberts: Has any work been done by the Welsh Government to confirm the figures that are included in the Williams report?

[121] **Mr Kilpatrick:** As I say, to the extent that we will bring forward, in due course, a response to Williams and then any legislation that would relate to merging authorities, if that is what Ministers choose, we would prepare a full regulatory impact analysis to go alongside that.

[122] **Aled Roberts:** Mae datganiad i'w wneud cyn diwedd y tymor hwn, ond nid oes gwaith wedi cael ei wneud ar y ffigurau sy'n ymddangos o fewn adroddiad Williams, felly, gan Lywodraeth Cymru.

Aled Roberts: There is a statement to be made before the end of this term, but no work has been done on the figures that appear in the Williams report, therefore, by the Welsh Government.

[123] **Dr Milligan:** The Williams commission, the Commission on Public Service Governance and Delivery, was an independent commission, and its—

[124] **Aled Roberts:** Nid dyna'r cwestiwn. Nid wyf yn sôn am p'un a oedd yn gomisiwn ar ran Llywodraeth Cymru neu'n gomisiwn annibynnol. Yr hyn yr wyf yn gofyn yw: cyn i Lywodraeth Cymru wneud datganiad ynglŷn â'r ffordd ymlaen o dan gomisiwn Williams, a oes unrhyw waith wedi'i wneud ar y ffigurau sy'n ymddangos o fewn yr adroddiad?

Aled Roberts: That is not the question. I am not talking about whether it was a commission on behalf of the Welsh Government or an independent commission. What I am asking is: before the Welsh Government makes a statement on the way forward under the Williams commission, has any work been done on the figures that appear within the report?

[125] **Dr Milligan:** We will be doing preparatory work to support the announcements that Ministers make in terms of the way forward that they take, and that will include, as Reg has

indicated, bringing forward, in the appropriate way, through a regulatory impact assessment, any costings for the proposals that Ministers put before the Assembly.

[126] **Jenny Rathbone:** I think that there is a real danger that Williams is seen as somehow the white charger that comes in and saves us all. However, if there is no evidence that all councils are gripping the state of the challenge, we will simply just bundle old practices into new structures. So, you have one local authority quoted in the auditor general's report as saying that it has a clear framework to monitor performance

[127] 'and performance data is widely reported, but weaknesses in the quality and evaluation of data mean that the Council is unable to robustly challenge performance or decide what it needs to do differently to improve.'

[128] That is a local authority that has signed off that statement and presumably not said in it how it is going to change things so that we do actually have robust data. There is a lot of evidence in the auditor general's report that local authorities are simply not marshalling the evidence that they need on how they need to take their programmes forward. So, when Reg Kilpatrick talked about Simpson and how some projects did not go ahead because they did not add up financially, and others did go ahead, surely there is a third category of people who signed up for the Simpson contract and then have done nothing about it. Do you accept that argument? That is, that there are some local authorities who do not want to change, do not want to collaborate and want to go on doing things like they have always done them.

[129] **Dr Milligan:** I do not know the answer as to whether there are those for which that is the intent. If that is their intent, then they are accountable for it. Part of the answer, I think, to the performance issues that you raise lie in scrutiny and the work that is being done through the Centre for Public Scrutiny, but also supported now by the Wales Audit Office and the reports that have been undertaken. Bringing the performance data that are available—and there are a great deal of data available about local service provision and about the levels of public satisfaction, both at a collective level and individual local authority level—under the gaze of democratic scrutiny is identified by everyone who comments, whether it be the Commission on Public Service Governance and Delivery or the auditor general himself, as a way of improving the decision making that is made in the way that you suggest. So, there are recommendations in a report that the auditor general has just published, which includes—

[130] **Jenny Rathbone:** We are going to be looking at that later. I do not think that we need to waste time on this, because we can all agree that good scrutiny is definitely a way of shining the spotlight on how we could do things differently and engaging local communities.

[131] **Dr Milligan:** As is providing the right information for scrutiny. That was one point I wanted to highlight: it is about the information that the scrutiny process has available to it.

[132] **Jenny Rathbone:** I absolutely accept all of that, but I think that if you have a cabinet that is not looking at all of the information, particularly external information, and not thinking about ways of doing things differently, then we will continue to have services that simply shrink. One of the things that causes me concern, as I chair the European Programme Monitoring Committee, is the reports that we are receiving that fewer and fewer local authorities wish to take part in the European territorial co-operation programme, which is large sums of money, where local authorities could be testing new ways of doing things and learning from what local authorities in other parts of Europe are doing. The reports that we get are that people do not want to do this; because they now have less budget they do not feel that they have the time, the resources, or the will to do it. I feel that it is indicative of people just getting into the bunker and hoping that the problem is going to go away.

[133] We have talked about one or two things that are low-hanging fruit, I would say, such

as legal services being amalgamated. Why, for example, do we still not have a pan-Wales payroll system? It is all done electronically these days. It could be located in the most deprived community in Wales. We are on the first step really, are we not, in terms of undertaking these things?

10:00

[134] **Dr Milligan:** There is more to do.

[135] **Jenny Rathbone:** Fundamentally, it is about councils being reluctant, in a recession, to come up with solutions that mean people having to change jobs, lose jobs or go to another organisation to do those jobs. How do we overcome that, given that, as the auditor general says, the longer we leave it the more difficult the problem becomes?

[136] **Dr Milligan:** There is no doubt that tight financial circumstances engender a feeling of constraint, and you describe that very well; therefore, people do what they have done and try to maintain that. It is less difficult, once the challenges have become real, to take the innovative opportunities that are there in the preparatory and planning stage. However, I think that the enabling work that the Welsh Government will continue to do is about that spark of innovation—just keeping prompting the sense that things can be done differently and supporting those authorities, highlighting those authorities where that has been captured and led and sharing what has been done there as a way of encouraging others to do it, so that those who are feeling more constrained and are unable to see solutions in their own situation can then see them somewhere else in Wales, or somewhere more widely. The path is then eased, if you like, to the decisions that need to be taken to transform services.

[137] **Jenny Rathbone:** So, what correlation is there, if any, between those local authorities that find it most difficult to envisage different ways of doing things and the pattern of deprivation across Wales?

[138] **Dr Milligan:** I do not know the answer to that question.

[139] **Jenny Rathbone:** Okay. Obviously, the concern could be that the communities that have the greatest challenges in terms of the wellbeing of their communities may be the ones that are having the most difficulty. I do not know, but it is a question that we need answered, simply because, in terms of—. They are all unitary authorities, so they all have to worry about the health agenda. The report on England that Grant Thornton wrote indicated that unitary authorities were in danger of simply collapsing under the weight of the demand for social care for the elderly.

[140] **Dr Milligan:** On the reports that I mentioned earlier when I was describing some of the external work that is available to local government, I think that I made reference to the Joseph Rowntree Foundation studies, which are very focused on looking at the work of local government in deprived areas and drawing together practice, not just in Wales but from the programme of work that the Joseph Rowntree Foundation is undertaking across the UK to look at the impact of the recession and financial austerity in those communities and on local services. So, there is work that is specific to socioeconomic circumstances; indeed, in Wales, the Bevan Foundation is, similarly, doing work that is focused in those areas. So, there may be something further to look at in terms of the degree of difficulty felt by authorities, although feeling is a sort of recognition of how constraints are then affecting morale, perhaps, and the opportunities that there are for innovation. There are innovative things also happening in some of the most deprived communities, but, yes, it is challenging.

[141] **Jenny Rathbone:** That is good, but how do we get others with a similar population thinking that they might want to have a bit of that? The biggest challenge for me is that, while

we have examples of good practice, the auditor general's report is indicating that these are still a minority of individuals and local authorities.

[142] **Darren Millar:** Ffred, you wanted to come in on this point.

[143] **Alun Ffred Jones:** Yn dilyn sylwadau Jenny Rathbone a Mike Hedges ynglŷn â'r pwysau cynyddol sydd ar wasanaethau cymdeithasol, rydym yn gwybod hefyd bod y Llywodraeth am warchod y gwario ar addysg. Felly, mae'r rhan fwyaf o gyllideb llywodraeth leol naill ai o dan bwysau anferthol neu yn cael ei gwarchod. Ble ydych chi'n credu felly y dylai llywodraeth leol chwilio am yr arbedion anferth sydd eu hangen dros y blynyddoedd nesaf?

Alun Ffred Jones: Just following on from the comments made by Jenny Rathbone and Mike Hedges about the increasing pressure on social services, we also know that the Government wants to protect the spending on education. Therefore, the majority of the local government budget is either under huge pressure or is being safeguarded. Therefore, where do you think that local government should look for the enormous savings that are needed in the forthcoming years?

[144] **Dr Milligan:** That is a matter for the individual local authorities. The Welsh Government has been clear in setting out its priorities for spending. It is encouraging work around shared outcomes across public services in localities. Where that work is done in local service boards, for example, where joint need assessments are now being undertaken to inform single integrated plans, which is a much more simplified way of undertaking partnership and planning, the outcomes that those local services boards are coming up with tend to be around education and social services. So, when you look at the range of outcome indicators that have been selected at the local level, and compare them with the outcomes that are signalled in the programme for government and reflected in the Welsh Government's own budget, there is a very strong correlation. There are shared outcomes de facto in the work that has been done across public services at local level and the outcomes that have been espoused and followed through in the Welsh Government's budget. It is a matter of prioritisation, and then a matter of service change to make the money go as far as it can, once you take account of your priority outcomes for the national or local population according to the responsibilities that you have.

[145] **Darren Millar:** Jenny, do you have a final question?

[146] **Jenny Rathbone:** Finally, to follow up, obviously, the Welsh Government has no control over who local communities elect to represent them on local authorities, but officials in the Welsh Government have a direct relationship with officials in local authorities. What pressure can you put on the senior officials in our local authorities to ensure that they absolutely understand the data and the implications that they provide for their elected representatives, and that that is clearly stated so that elected representatives have all of the information that they need?

[147] **Dr Milligan:** The Welsh Government has continually increased its efforts to try to bring together small datasets to make them available in a more digestible form. There is no shortage of information about local authority service provision; the statistical basis is huge. What the Government has done more recently is to provide data cut by regional areas to give a sense of the population of that area. You would say, 'Well, they would know that', but actually it is brought together in one place so that, for example, members of local authorities and members of health boards who all work in that area, who share the same population and who will be working on their needs analysis, have the same base level of data. So, those regional compendia data have been published.

[148] Additionally, we are publishing local authority performance data, which are then

discussed in the groups in the partnership council, and provide a stimulus to discussion, at least, about the differences, because we are showing the information in those reports by quartile performance. So, at a glance, those around the table can see how their authority is performing against others. The auditor general's report discusses more sophisticated ways beyond simply the publishing of information around unit cost benchmarking; it is getting beneath the level of asking why it takes much longer for a disabled facilities grant in one part of Wales than another. You can get underneath that and ask, 'What process is being undertaken? How much does that cost in staff processing time?' Some of the lean methodology working takes authorities into that area.

[149] By making available the comparative data, it comes back to scrutiny and back to the questions that elected members and the public will ask of an authority that appears not to be delivering that as effectively or efficiently as elsewhere. We are making that available, not just to those with whom we work professionally within local government—because that has a value—but also to citizens and to members, whether they are on executives or in a backbench role in local authorities for scrutiny purposes.

[150] **Jenny Rathbone:** So, you are actually targeting information where there is a clear indicator of the need to change.

[151] **Dr Milligan:** We are drawing from the very large set of data that is very difficult to get your head around and see a pattern—

[152] **Jenny Rathbone:** I understand that, yes.

[153] **Dr Milligan:**—to produce a much narrower set of data, which can then be published. That becomes a starting point for people who are on their own journey.

[154] **Jenny Rathbone:** So, what you are saying is that you have got somebody in your Welsh Government team who is actively picking up the phone and pointing out to local authority X that—

[155] **Darren Millar:** This will have to be your very last question. So, in terms of how you communicate that, you have less than a minute to answer, Reg.

[156] **Mr Kilpatrick:** The Local Government (Wales) Measure 2011 created democratic services officers in each authority. They support the scrutiny function. We work very closely with them to promulgate our performance information and also to help them to understand how to use it most effectively. We have invested about £660,000 over the past couple of years in our scrutiny development fund, which is doing exactly what you are talking about—presenting performance information to members so that they can ask exactly the right questions of services.

[157] **Darren Millar:** That was in less than a minute, so congratulations, Reg. [*Laughter.*] That takes us nicely on to the next item on our agenda, so we will bring this part of our meeting to a close. Thank you very much, June Milligan, Debra Carter and Reg Kilpatrick for your evidence. You will get a copy of the transcript of today's proceedings to correct any factual inaccuracies. Thank you very much indeed.

10:12

Craffu mewn Llywodraeth Leol Scrutiny in Local Government

[158] **Darren Millar:** Moving on to item 3 on our agenda, scrutiny in local government, the auditor general has recently published an improvement study, 'Good Scrutiny? Good Question!', a scrutiny in local government report and some additional resources on scrutiny good practice. This links in nicely with the piece of work that we are doing on local authority finances. So, over to you, auditor general, to give us a briefing. Thank you.

[159] **Mr Thomas:** I have two very quick points before I pass over to Alan. First, I remind you that there is a follow-up piece of work to that which you have been discussing with June Milligan. My auditors are currently looking at the accounts of local authorities this year. We will be bringing back a report in the autumn that will look at how authorities are managing financial sustainability—their reserves, and so on—given the evidence that we have presented. It is part of a general set of themed approaches that I am taking to local government audit work. We looked earlier at public engagement, and the third area that has been referred to is scrutiny. With these approaches, we are trying to use our work to engender change, rather than just simply producing a report. As a result of that, the approach that we took to audit on scrutiny was actually quite distinct and different.

[160] **Mr Morris:** I would like to highlight a couple of main points from the report. I will not go through the findings in details as you have the report. The overall finding was that scrutiny practice is improving, but that more needs to be done to make sure that it is of a consistently high quality and makes an effective contribution to policy and decision making. You have touched this morning on the importance of scrutiny in terms of the financial issues and how well scrutiny contributes to that analysis, understanding the importance of scrutiny, as well as the executive, making good use of the right information to be able to ask the right questions and to understand matters. The importance of scrutiny has been highlighted this morning.

[161] In the course of this work and the activity that has followed it, a number of people have asked, 'Can we afford scrutiny in these difficult financial times?' The answer has been, 'It's more important than ever'. It is a key tool in terms of achieving value for money and you cannot afford not to have effective and robust scrutiny when you have to make really difficult financial decisions. So, that has been part of the debate around the report.

10:15

[162] As the auditor general mentioned, we took a different approach with this report. It was a very interactive piece of work. We involved members of scrutiny committees in the delivery of the study. So, rather than us going in, collecting evidence and producing a report as in the traditional audit way, in this case, we engaged with members and we got them to self-assess their own scrutiny activity. We then asked them to visit a neighbouring council and provide feedback to it. Then, the neighbouring council would visit them and provide feedback. Having gone through that process, they reflected on their own practice and drew out what they had learned. We found that that was a very effective process in getting engagement. It was a real audit process that has helped to drive improvement.

[163] We also had a very successful conference last autumn. There were high-quality speakers, it was very well attended, and there was a lot of interest. I think that the interest in the conference was partly a side effect of the involvement of members and scrutiny officers in the study. That has helped to generate activity and work beyond the completion of the audit. In the last few days, we have also published resources online, which draws together all of the tools, resources and information. Again, that is part of supporting local authorities to drive

forward the scrutiny agenda.

[164] Perhaps I should also mention that, a fortnight ago, the Gwent local authorities organised their own regional follow-up event to maintain momentum. They had a good turnout of officers and members for this event in Newport. Again, it shows that there is a renewed and growing interest in, and understanding of, the importance of scrutiny, which has not been consistently the case in recent years.

[165] What we found in the study is that it is improving, but that there is a lot more to be done. We identified the key improvement areas as: better planning of scrutiny activity, and making sure that resources are focused on the areas of greatest need; strengthening some of the skills—questioning, chairing and so on—that are key to effective scrutiny; and clarity of roles. In some authorities there was still a lack of clarity about what the role of scrutiny is and what the role of the executive is. When executive or cabinet members are called in, is there a clear understanding that they are being called in to be questioned, in the way that you do that here? That understanding is perhaps not as clear in many local authorities as it might be.

[166] There were also some messages about better alignment of scrutiny committees' activity with that of external auditors and regulators—how they interact with us and the other inspectorates to make sure that we use each other's information and activity. So, they are the key areas for improvement, but we are seeing continuing momentum on the back of the study, which is very positive.

[167] **Julie Morgan:** What you say about the understanding of scrutiny and the different roles is very interesting. That is probably difficult here, as well as in the local authorities. It is particularly difficult in small bodies to differentiate between the roles and feel free of your party affiliations if you are questioning someone from your own party, say. I think that that is an issue that needs to be explored more. It is easier in a big place like the House of Commons, where there are a lot of Members. However, it is particularly difficult in small local authorities. I do not know whether you have any comments about that.

[168] **Mr Morris:** You are absolutely right. In a small authority, the same officers have to put different hats on. One moment they are supporting scrutiny activity, but they are also part of management. They do not have the capacity to have a dedicated large scrutiny team to do that research on their behalf. It is tricky for some officers, but there are places where it is done effectively. For members, I think that it is a bit clearer. You have a cabinet or an executive with an executive role, and then you have the scrutiny members. Yes, political dimensions come into play. However, ideally, scrutiny members should try to put that to one side. If they are well provided with the information, and well supported with the questioning and so on, they should be able to robustly challenge in a constructive way and try to leave politics to one side, to the extent that that is possible for politicians. They should see their role as challenging in a way that supports improvement, and that should be welcomed by the executive where it works most effectively.

[169] **Julie Morgan:** Yes, I am sure that that is absolutely right; ideally, that should happen. However, I have heard a lot of people in local authorities say that they wished they were back to the old-style committee structure, where there was not this division. I do not know whether you have come across that at all.

[170] **Mr Morris:** Indeed. That has been part of the reason why it has taken some time for scrutiny to mature and for the understanding to develop. Many members and officers have harked back to the old days of the committee when everybody knew exactly what they were doing. Scrutiny has created a slightly more complex dynamic, and it has taken a while for that to bed in. We are seeing a number of authorities where it has bedded in well, and scrutiny provides a really constructive challenge and support, improvement, change and so on. There

is increasing evidence that that message is beginning to get through and is effective. However, it is still a mixed picture.

[171] **Julie Morgan:** I think that it is essential.

[172] **Mike Hedges:** I wrote earlier this year about scrutiny. I will not go through all I wrote, but there are two points I want to raise: pre-decision scrutiny, which was ruled out by the Welsh Government previously; and the second thing is the need for an independent research facility for councillors undertaking scrutiny. You mentioned earlier about the same people providing advice. Why would somebody provide me with advice for me to be critical of them? It would not be in their best interests to say, 'Well, actually, I mucked this up' or 'I should have done this differently' or 'We should have done these things differently'. It is in nobody's best interest to go and put a hair shirt on and hold themselves responsible for something when there are people on both sides. The natural thing for local authority officers is to be supportive of the executive rather than of scrutiny. Do you agree that we need some sort of research facility, either in a single local authority, or maybe for a group of local authorities together, in order to help? What about pre-decision scrutiny, which is basically what the old committees used to do?

[173] **Mr Morris:** I will take your second point first about the support. Yes, it is important that scrutiny members have that support. The challenge is, particularly with small local authorities, how much resource you can attach to dedicated scrutiny support that is independent of the executive. That is a challenge that has faced them. There are ways of doing it; we have touched on collaboration this morning. Could more be done for authorities to work collaboratively on scrutiny support, so that you have officers from another local authority who are contributing to that research who are entirely independent? There may be more constructive and more innovative ways of doing this, which have perhaps not really been looked at in any detail yet. There are ways of doing it, but it is inevitably a challenge to resource that scrutiny activity. We have some figures in our report on the amount of scrutiny. Inevitably, that will vary between the very small local authorities and the very large ones, where there is a bigger resource base from which to draw upon. Particularly for the smaller authorities, it is a challenge to dedicate more than one or two scrutiny officers to that activity.

[174] **Mike Hedges:** And on pre-decision scrutiny?

[175] **Mr Morris:** On pre-decision scrutiny, we are talking about overview and scrutiny committees in local government, so they do have that overview role as well. It is, in our view and the view of local authorities, an important part of that role, not just to call in and challenge and hold to account the executive, but also to contribute, in an independent way, to the background of decisions before they are made. So, that is clearly a role of overview and scrutiny committees in local government and one that works effectively in a number of authorities, but not across the piece.

[176] **Jenny Rathbone:** Mike and Julie have articulated some of the concerns I had about this report, in that it did not actually address the elephant in the room directly in the report, which is around this issue of conflicting loyalties and the reluctance of cabinets to support scrutiny as opposed to looking at ways of evading scrutiny. The small number of decisions that have been called in by local authorities in your report is quite a worrying statistic, because it tells you that those who are not in the cabinet are not working very hard on thinking about whether a decision is the right one.

[177] I want to ask you specifically about what I thought was a very useful point on page 14:

[178] 'We found that councils where officers were invited to attend for specific items as

‘witnesses’ to answer questions, rather than attending whole meetings almost as an ex-officio member of the committee, helped to encourage more effective and targeted questioning and to reinforce the distinct roles of scrutiny committee members, senior officers and executive members.’

[179] I absolutely agree with that. If you have officers making themselves members of the committee, in effect, and being the loudest voice, then the councillors either never get to have their voices heard or are never forced to think independently about what it is they are supposed to be doing there. How do you think that could be taken forward as a matter of process, that officers are not considered members of committees and that they are brought to the table as and when they are needed?

[180] **Mr Morris:** Part of the answer to that is the kind of activity we saw in the course of our work, where members went to observe other committees and shared information with colleagues from other authorities. So, seeing how it works in other authorities and, perhaps, experiencing a situation where officers are dealt with in that way really opened the eyes of members who had not operated in that way to the benefits of doing that. On that kind of sharing of information, we are hoping to see more of that as a legacy to this report, where it was not just a one-off, and they will periodically, in the way that this committee does, visit other organisations and observe them, which will help to build upon that learning. The wider point about the strength of scrutiny and the role of officers also applies to members. We see some authorities where it is unclear who the executive members are and who are the scrutiny members. They are all sat around the table and there is a just a general debate and it is not entirely clear who is scrutinising who. Again, that distinction of roles is important there. It might well be appropriate for a cabinet member to be there throughout the meeting because it is his or her area of responsibility. However, it should be absolutely clear who they are, why they are there and that they are separate in some way from the rest of the committee.

[181] **Mr Thomas:** One of the things that I was most impressed with— If you recall, you agreed that I could get some extra funds in order to help embed the reports on good practice. This particular conference, which we sponsored, was oversubscribed. It really was oversubscribed. What was encouraging was that it was oversubscribed by councillors who wanted to come. Councillors wanted to find out, and because we had worked this whole study around what councillors needed, the message that I drew from it was that, yes, we can point out good practice here and there, but what is absolutely critical is that as councillors are appointed, particularly after an election, specific work is done, possibly not by that council, but more generally, to bring new councillors up to speed on what is required and what is good practice in terms of scrutiny.

[182] **Alun Ffred Jones:** Mae gennyf dri chwestiwn, neu yr oedd gennyf dri chwestiwn. A oes gennych ffigurau ynglŷn â phresenoldeb mewn pwyllgorau craffu? Yn ail, faint o ymgysylltu â defnyddwyr gwasanaeth sy'n digwydd yn y pwyllgorau craffu hyn? Yn drydydd, beth yw prif nodweddion craffu da?

Alun Ffred Jones: I have three questions, or I had three questions. Do you have any figures about attendance in scrutiny committees? Secondly, how much engagement with service users happens in these scrutiny committees? Thirdly, what are the main characteristics of good scrutiny?

[183] **Mr Morris:** A allaf ddod yn ôl atoch ynghylch presenoldeb? Mae'n bosibl bod gwybodaeth gennym. Nid yw yn yr adroddiad ei hun, ond, os yw'n iawn, dof yn ôl atoch â mwya o wybodaeth am bresenoldeb.

Mr Morris: May I come back to you regarding attendance? It is possible that we have the information. It is not in the report itself, but, if I might, I will come back to you with more information on attendance.

[184] **Alun Ffred Jones:** Iawn, diolch yn

Alun Ffred Jones: Okay, thank you.

fawr.

[185] **Mr Morris:** O ran defnyddwyr gwasanaethau, mae'n ddarlun cymysg. Rydym yn gweld hyn yn gweithio mewn rhai llefydd, ond nid yw'n gyson. Un o'r argymhellion yr ydym yn ei wneud yw bod angen mwy o dynnu defnyddwyr i mewn a thynnu aelodau o gyrff sy'n cynrychioli defnyddwyr i mewn fel rhan o'r broses graffu. Mae tipyn mwy i'w wneud, ond mae'n ddarlun cymysg ac rwy'n credu bod angen datblygu'r gwaith tipyn yn fwy.

[186] **Alun Ffred Jones:** Byddai cael tystiolaeth gan bobl sy'n derbyn y gwasanaeth ac yn defnyddio'r gwasanaeth, o bosibl, yn rhoi darlun ychydig yn wahanol i'r darlun y byddech yn ei gael gan swyddog.

[187] **Mr Morris:** Yn hollol, a byddai hynny'n cryfhau'r wybodaeth sydd gan yr aelodau craffu, ar un llaw i ofyn y cwestiynau anodd i'r swyddogion ac aelodau'r cabinet, ond hefyd i wella'u dealltwriaeth o beth sy'n gweithio yn y gwasanaethau eu hunain—yr hyn mae pobl yn ei gael o'r gwasanaeth allan yn y maes. Felly, mae'n bwysig iawn, ond mae'n rhywbeth sydd angen ei ddatblygu. Rwy'n credu bod hyn yn taro yn ôl i bwynt a gafodd ei godi yn y sesiwn ddiwethaf ynglŷn â pha mor effeithiol yw awdurdodau lleol yn gweithio gyda'r cyhoedd a defnyddwyr gwasanaethau. Cyhoeddom ni adroddiad tua thair blynedd yn ôl a'r canlyniad oedd bod tipyn o gyfathrebu, ond i ba raddau maen nhw'n mynd ymhellach na chyfathrebu a chysylltu ac yn tynnu pobl mewn i fod yn rhan o gynllunio ac i roi gwybodaeth mewn i benderfyniadau o flaen llaw? Mae tipyn yn fwy i'w wneud ac nid wyf yn sicr faint o gynnydd sydd wedi cael ei wneud eto. Mae tipyn mwy i'w wneud.

[188] **Alun Ffred Jones:** Nodweddion craffu da oedd fy nhrydydd pwynt.

[189] **Mr Morris:** Mae atodiad yn yr adroddiad sy'n cynnwys beth yw *characteristics of effective engagement*. Mae'r rhain wedi cael eu creu, ochr yn ochr, gan y *study* a'r Centre for Public Scrutiny yn gweithio gyda swyddogion craffu dros Gymru a'r WLGA. Mae pobl wedi gweithio gyda'i gilydd i greu'r rhestr hon o beth yw

Mr Morris: In terms of service users, it is a mixed picture. We see it working in some areas, but not consistently. One of the recommendations that we make is that there is more of a need to bring in users and bring in members of organisations that represent users as part of the scrutiny process. There is much more to do, but it is a mixed picture and I think there is a need to develop it much more.

Alun Ffred Jones: Having evidence from people who receive the service and use the service would perhaps give a different picture to the picture that you would get from an official.

Mr Morris: Exactly, and that would strengthen the information that scrutiny members have, on the one hand to ask the difficult questions to the officials and the cabinet members, but also to improve their understanding of what is working in the services themselves—what people are seeing in the services at grass-roots level. So, it is very important, but it is something that needs to develop. I think that this harks back to a point made in the previous session regarding how effective local authorities are in working with the public and service users. We published a report about three years ago and the outcome was that there was quite a lot of communication, but to what extent do they go further than communication and engagement to bring people in to be part of the planning and to provide information for decisions beforehand? There is much more to do and I am not certain how much progress has been made yet. There is much more to be done.

Alun Ffred Jones: My third point was on the characteristics of good scrutiny.

Mr Morris: There is an annexe to the report that includes the characteristics of effective engagement. These have been created, side by side, by the study and the Centre for Public Scrutiny working with scrutiny officers across Wales and the WLGA. People have worked together to create this list of what good characteristics are and it is now

nodweddion da ac mae honno 'nawr yn cael ei gweithredu gan swyddogion craffu dros Gymru gyfan.

being implemented by scrutiny officers across the whole of Wales.

10:30

[190] **Aled Roberts:** A yw barn swyddfa'r archwilydd wedi newid yn ystod y pum mlynedd diwethaf? Roedd cynghorau a oedd yn defnyddio craffu fel ffordd o ddatblygu polisi ac, fel yr oedd Mike yn dweud, byddent yn craffu cyn penderfynu. Rwy'n cofio bod pwysau i ddileu hynny a gwneud y craffu ar ôl y penderfyniadau—gan swyddfa'r archwilydd, a dweud y gwir. Felly, a yw'r farn honno wedi newid?

Aled Roberts: Has the opinion of the Wales Audit Office changed over the last five years? There were councils that used scrutiny as a way of developing policy and, as Mike said, they would undertake scrutiny before making a decision. I remember that there was pressure to get rid of that system and to do the scrutiny after the decisions—well, the pressure came from the auditor general's office. So, has that opinion changed?

[191] **Mr Thomas:** Yn sicr, o ran y farn sydd gennym ar hyn o bryd, mae'n bwysig ein bod yn defnyddio craffu ar gyfer paratoi a hefyd i edrych yn ôl. O wneud y gwaith paratoi, ie, cyfrifoldeb yr *executive* a'r cabinet yw llunio penderfyniadau, ond sut ydych yn sicrhau eich bod yn edrych i weld beth yw barn defnyddwyr a phopeth fel hynny ynglŷn â'r arferion ar hyn o bryd, ac a yw felly wedi seilio penderfyniadau ar gyfer y dyfodol ar dystiolaeth? Wedyn, mae angen edrych yn ôl i weld beth yw agweddau'r polisi, sut mae'n cael ei weithredu, a beth y gallwn ei wneud i wella hynny. Rwy'n ei weld fel un broses yn llwyr.

Mr Thomas: Certainly, in terms of the view that we have at the moment, it is important that we use scrutiny for preparation and also to look back. If you do the preparatory work, yes, it is the responsibility of the executive and the cabinet to come up with the decisions, but how do you ensure that you look at service users' views and everything like that in terms of features of current practice, and whether they have therefore based decisions for the future on evidence? Then, you need to look back at the characteristics of the policy, how it has been implemented, and how you can improve it. I see it as one complete process.

[192] **Mr Morris:** Jest i ychwanegu, tua phum mlynedd yn ôl, rwy'n credu bod llawer llai o eglurder ynglŷn â ble oedd y llinell rhwng bod yn rhan o ddatblygu polisi a chraffu ar y polisi wrth iddo gael ei ddatblygu. Lle'r ydym wedi beirniadu yn y gorffennol yw lle yr ydym wedi gweld pwyllgorau craffu yn bod yn rhan o greu polisi, bron, ar ran y cabinet. Mae llinell lle mae'n bosibl iddynt gael rôl cyn y penderfyniadau, i ofyn cwestiynau a gwneud argymhellion, o bosibl, ond wedyn dylai fynd drosodd i'r cabinet i wneud y penderfyniad. Nid oedd hynny'n glir ym mhobman yn y gorffennol. Rwy'n credu ei bod hi'n fwy clir 'nawr nag ydoedd.

Mr Morris: Just to add to that, around five years ago, I think there was less clarity about where the line was between being part of policy development and scrutinising policy as it was being developed. Where we have been critical in the past is where we saw scrutiny committees being part of policy creation almost, on behalf of the cabinet. There is a line where it is possible for them to have a role before the decisions are made, in asking questions and making recommendations, possibly, but then it should be turned over to the cabinet to make the decision. That was not always clear in the past. I think that it is clearer now than it was.

[193] **Aled Roberts:** A yw'n realistig o dan y system hon i ddisgwyl bod swyddogion craffu, sydd, rhan amlaf, yn weithwyr canolig mewn unrhyw strwythur, yn gallu cyflwyno'r annibyniaeth honno? O'm profiad i, lle'r

Aled Roberts: Is it realistic under this system to expect that scrutiny officers, who are mostly middle-grade workers in any structure, can present that independence? From my experience, where there was an

oedd agwedd lle'r oedd craffu am fod yn feirniadol o unrhyw ddatblygiad, yn amlach na pheidio, roedd uwch-swyddogion a oedd yn pwysu ar y swyddogion craffu hynny. Rwy'n cwestiynu, i ryw raddau, a yw'r system hon mor dderbyniol â'r argraff sy'n cael ei rhoi yn yr adroddiad hwn. O'm profiad i, nid wyf yn gweld hynny gyda'r system hon o ran ei chost, lle mae'r gost wedi cynyddu yn aruthrol o ran y taliadau sy'n cael eu gwneud i aelodau cabinet, ac yn yr adroddiad hwn, erbyn hyn, mae'r rhan fwyaf o gadeiryddion y pwyllgorau craffu yn ennill dros £30,000 y flwyddyn, ac rwy'n gweld bod yr atebolrwydd, i ryw raddau, a'r ffordd y mae'r cyhoedd yn cael ei gynnwys yn y penderfyniadau yn waeth o dan y gyfundrefn hon nag ydoedd gynt.

[194] **Mr Morris:** Mae'r cwestiwn ar rôl y swyddog yn un anodd, yn enwedig mewn awdurdod bychan. Gallwch weld pa mor anodd y mae'n gallu bod i swyddog, sy'n rhan o'r broses graffu ond hefyd yn atebol i uwch-swyddog sydd efallai ar yr ochr arall i'r bwrdd mewn rhai cyfarfodydd. Felly, mae'n sefyllfa anodd. Dyna'r drefn sydd gennym.

[195] Pa mor effeithiol ydyw o ran cost? Cwestiwn da. Mae tipyn o gost yn mynd i mewn iddo. Mae comisiwn Williams wedi gwneud nifer o argymhellion ynglŷn â'r ffordd y gallem gryfhau craffu, ac efallai y byddai'n haws i awdurdodau sy'n fwy o faint greu rhywbeth sy'n fwy annibynnol y tu mewn i gyrff sydd â mwy o gapasiti.

[196] **Darren Millar:** We are going to have to draw this discussion to a close. Obviously, we have a copy of a report that opens the lid on this whole scrutiny issue. I think that it ties in nicely to the piece of work that we are doing on local government, actually, particularly when we come to take evidence from the WLGA and the political leaders in local authorities later in the year. Perhaps we can incorporate some questions on the scrutiny function in the piece of work that we are doing on local authority finances, rather than having a separate, stand-alone inquiry. Are Members content with that approach? I see that you are. I think it is sensible. Thank you very much indeed; I appreciate it.

10:35

aspect where scrutiny needed to be critical of any development, more often than not, there were senior officers who were placing pressure on those scrutiny officers. I would question, to some extent, whether this system is as acceptable as the impression being given in this report. From my experience, I do not see that with this system in terms of cost, where the cost has increased immensely in terms of the payments being made to cabinet members, and in this report, by now, a majority of scrutiny committee chairs are earning over £30,000 a year, and I see that the accountability, to some extent, and the way in which the public is included in decisions is worse under this new regime than before.

Mr Morris: The question of the role of the officer is a difficult one, particularly in small authorities. You can see how difficult it can be for an officer, where the officer is part of the scrutiny process, but is also accountable to a senior official who is perhaps on the other side of the table in some meetings. So, it is a difficult situation. That is the system that we have.

How effective is it in terms of cost? That is a good question. Quite a lot of cost is tied into this. The Williams commission has made a number of recommendations about how we could improve scrutiny, and, maybe in larger authorities, it would be easier to create something that is more independent within bodies that have more capacity.

**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**

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

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

[198] Does any Member object? There are no objections, so we shall move into private session.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:35
The public part of the meeting ended at 10:35*