



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Craffu ar Waith y Prif Weinidog](#)

[Committee for the Scrutiny of the First Minister](#)

17/02/2017

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o’r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i’w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jayne Bryant Bywgraffiad Biography	Llafur Labour
Russell George Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
John Griffiths Bywgraffiad Biography	Llafur Labour
Mike Hedges Bywgraffiad Biography	Llafur Labour
Huw Irranca-Davies Bywgraffiad Biography	Llafur Labour
Ann Jones Bywgraffiad Biography	Llafur (Y Dirprwy Lywydd a Chadeirydd y Pwyllgor) Labour (The Deputy Presiding Officer and Committee Chair)
Dai Lloyd Bywgraffiad Biography	Plaid Cymru The Party of Wales
Lynne Neagle Bywgraffiad Biography	Llafur Labour
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Mark Reckless Bywgraffiad Biography	UKIP Cymru UKIP Wales
David Rees Bywgraffiad Biography	Llafur Labour
Simon Thomas Bywgraffiad Biography	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Jo-Anne Daniels	Cyfarwyddwr Cymunedau a Threchu Tlodi, Llywodraeth Cymru Director for Communities and Tackling Poverty, Welsh Government
Carwyn Jones Bywgraffiad Biography	Aelod Cynulliad, Llafur (Y Prif Weinidog) Assembly Member, Labour (The First Minister)

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

Graeme Francis	Clerc Clerk
Hannah Johnson	Y Gwasanaeth Ymchwil The Research Service
Kath Thomas	Dirprwy Glerc Deputy Clerk

Cynhaliwyd y cyfarfod yng Nghanolfan yr Halliwell, Caerfyrddin.
The meeting was held in the Halliwell Centre, Carmarthen.

Dechreuodd y cyfarfod am 10:58.
The meeting began 10:58.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest

[1] **Ann Jones:** Okay. Well, bore da, everybody. Good morning, everybody. I want to start off with the usual housekeeping rules. Can I say, first off, thank you to the staff of Trinity Saint David for accommodating us here? As you can see, as a committee of the Assembly, we don't travel lightly or in small. We have quite a lot of equipment to bring and quite a few demands—so, to say 'thank you very much' to the staff for accommodating us.

[2] I have to do the usual housekeeping rules for Members and for those of us in the public gallery. We're not expecting the fire alarm to go off.

Should the fire alarm go off, and it's safe to do so, take the fire exit to my right, which is by the door down there, and make your way towards the main building, by which time we will be met by members of the staff who will show us to the assembly points. At this point I usually say, if you follow me, I'll be one of the first out of the building if the fire alarm does go off. So, there we go. And just to say that, for those who need them, the toilets are, again, through that same door and onto the right-hand side.

[3] We're operating bilingually, as Members are aware. The only difference being that, if you need the translation now, you will have to use the headset. These are our friends, the headsets, the older headsets. So, what you need to do is just make sure that you've got it facing out and then switched on. Then you will hear the translation. There are no different channels; it's just a straight channel for translation. We do not have to operate the mikes. The mikes will operate themselves, but there is a requirement that, if you have a mobile phone, can you please make sure it's switched just to either an airplane mode or—? Off would be preferable, because, if it starts to annoy me, you don't want to see me when I get annoyed. So, for me, those are the main items.

[4] We've had one apology, from Bethan Jenkins, this morning, but other than that we are a—. And we're delighted to have the First Minister with us. It is the Committee for the Scrutiny of the First Minister. So, without you, we couldn't take place. Nevertheless, we're always delighted to see you.

11:00

Sesiwn Graffu ar y Gweinidog—Dull Llywodraeth Cymru o Leihau Tlodi Ministerial Scrutiny Session—The Welsh Government's Approach to Reducing Poverty

[5] **Ann Jones:** We're going to move into, if that's okay, the substantive item on the agenda, which is to scrutinise you, First Minister, on the Welsh Government's approach to reducing poverty. Before I do that, could I ask you to introduce yourself and your official for the record?

[6] **The First Minister (Carwyn Jones):** Yes. I'm joined by Jo-Anne Daniels, who is the official accompanying me today. And I am here, otherwise it would be an even more unproductive morning than otherwise it might be. But it's good to be here, of course.

[7] **Ann Jones:** Thank you very much, and thanks very much for introducing us. We've tried to take the Welsh Government's approach to reducing poverty, which is quite a wide-ranging subject, as we all know, and we've tried to break it down into some sort of areas. The first of sort of area—well, the areas we'll be looking at are the strategic direction, and then we're going to move into accountability, then onto poverty in work, evidence and evaluation, and then some of the local barriers and local issues that may affect how it all, how your poverty strategies, will work. So, Members have got a number of questions, but I was wondering whether John Griffiths, as Chair of the Equality, Local Government and Communities Committee—I think that's what your committee is, and I know that you're looking at a report—. Perhaps you would like to start with the first set of questioning, and then we'll move on from there.

[8] **John Griffiths:** Diolch yn fawr, Chair. Yes. First Minister, Wales faces many challenges in terms of socioeconomic issues. In fact, our briefing for today tells us that Wales has the joint highest poverty levels in the UK outside of London. So, I wonder if we could begin with you outlining the Welsh Government's new approach to tackling poverty and what you think will be the practical effects of that new approach.

[9] **The First Minister:** Well, first of all, the issue of tackling poverty is not entirely within the portfolio of any one Minister, but there's a lead Minister and that's the Cabinet Secretary for Economy and Infrastructure. But it is something that we want to tackle across Government. The issue we have in Wales today is not so much an issue of unemployment—unemployment's low—but it's gross domestic product and improving people's skill levels and, therefore, their employability. At the end of the day, poverty is caused by people not having enough money in their pockets. That means making sure that (a) people have the jobs, but, secondly, that people, once they are in jobs, don't suffer from in-work poverty. The way that we are approaching that is to look at schemes that deal with people's employability, to promote them, to help people reconnect with the labour market, and, ultimately, of course, to make sure that people are able to access jobs that pay more, because, by doing that, of course, they will be able to escape the in-work poverty that so many people in Wales still have to deal with.

[10] In terms of what our approach is, in 'Taking Wales Forward', Members will be aware that we have focused on increasing prosperity and reducing inequalities. We have outlined how we intend to deliver better jobs closer to home and also reduce inequalities not just within society but between

communities. What we're seeing now is a situation where, if we take the Valleys as an example, some communities are creating lots of jobs—Merthyr is one example of that—yet other communities are not doing as well. We need to take steps to avoid communities perhaps that are quite close to each other feeling that they are left out compared to communities that are doing proportionately better.

[11] There are four strategies that underpin 'Taking Wales Forward': ambitious and learning, healthy and active, united and connected, and prosperous and secure. I wanted to get away, ultimately, from the idea that tackling poverty was within the portfolio of one Minister and ensure that tackling poverty is something that requires a cross-Government approach and is therefore the interest of all Ministers.

[12] **John Griffiths:** Okay. In terms of the new approach, then, First Minister, I wonder if you could tell this committee what balance there will be in terms of tackling poverty wherever it exists across Wales and having a particular geographical focus. I think we know there are problems with poverty across Wales, but there are particular problems concentrated in certain geographical areas, and, obviously, Communities First was a programme that took that geographical basis for its operation. So, with the decision to end Communities First and a transition through to that ending, what will be the balance of the new approach in terms of recognising there are still geographical areas where socioeconomic problems are concentrated and life is more difficult for people living there than other areas of Wales?

[13] **The First Minister:** I think we have to be smarter when it comes to targeting poverty. I know that others will have had the experience of people saying to them, 'Well, if I lived in the next street, I would have all these things'. There are many, many people living in poverty who are outside of Communities First areas.

[14] So, what we're looking to do is to—. For example, take employability. If we look at the employability grant, the intention is to provide support for people in all communities, because we know there are some communities where poverty exists but not on the level that attracted the funding via Communities First. Some counties like Powys, like Monmouthshire, are pretty much untouched, yet we know that there is poverty in those counties.

[15] So, the approach that we want to take can be summarised like this: we want to make sure that the best practice that was put in place through

Communities First continues. There were some good projects that Communities First supported, but there was some inconsistency across Wales. The fundamental difficulty with Communities First was that those people who are living in poverty outside of the Communities First areas did not have the same level of support. The objective of Government now is to make sure that level of support is available to people according to their needs, rather than simply according to where they live.

[16] **John Griffiths:** First Minister, could I ask you a little bit then about the process around that and the leadership role of Welsh Government, because now we have a transition period and then a period beyond Communities First when Communities First will no longer operate? How will the Welsh Government take a leadership role to work with local authorities, to work with communities, to work with the voluntary sector, to make sure that those aspects of Communities First that are valuable, that have been working, are not lost, that they are retained—particularly in the light of some of the funding for Communities First perhaps going to local authorities on an unhypothecated basis, potentially? How can we be sure that those valuable aspects of Communities First will not be lost as we move forward?

[17] **The First Minister:** It is something that we have discussed a great deal. We don't want to lose those projects. It will be important for us to discuss these issues with local authorities and with the third sector to make sure that there is not a cliff edge that people meet when projects come to an end. So, funding has been made available to make sure that there is a smoothing of the transitional period.

[18] **John Griffiths:** Could I, just finally, Chair, if I might?

[19] **Ann Jones:** Yes.

[20] **John Griffiths:** Just as part of that, First Minister, community centres, because there are community centres that are particularly dependent on Communities First funding that have received investment from the Welsh Government and other sources. So, they're high-quality buildings, and they are delivering valuable services. But, given the reduction of funding for Communities First, their sustainability, I think, is called into question, or might be called into question. So, how can the Welsh Government ensure that the investment that's been made in those communities' facilities, and the value that they have for local communities, again, isn't lost as we move through the transition?

[21] **The First Minister:** That's something that we're working with local authorities on, with the third sector, to see the different uses that buildings can be used for, how they can look to generate their own income. Even in areas where money is scarce, there are opportunities there, and this is all part of what we'll be doing in the future to make sure that the buildings that are there are not lost for the community in the future.

[22] **Ann Jones:** Okay. I've got a number of Members around the points that have just been drawn out from John Griffiths's question, so I'll take Russell George next.

[23] **Russell George:** Thank you, Chair. Well, First Minister, I welcome your approach in this regard because I certainly do think that there were inconsistencies with Communities First, and I welcome what you say in that regard. In regard to Communities First and staffing costs, I've got some figures in front of me that suggest that a large proportion of the funding was spent on salaries. I've got some figures here on Merthyr Tydfil, a £1.5 million budget, with £1.3 million spent on staffing costs, with £250,000 for other projects. In years following that, it's the same kind of proportion. So, I'm tempted to say well, there's a lot going into staffing costs, not going to the front-line projects, but I accept totally that staffing costs are part of the project. I accept that. But it does seem disproportionate, so I'm asking: would you agree? And in terms of any new schemes going forward, would you look to change that balance?

[24] **The First Minister:** Well, I think we have to be careful in suggesting that staffing costs are somehow divorced from delivery.

[25] **Russell George:** I agree, yes.

[26] **The First Minister:** I mean, the vast majority of the costs within the NHS are staffing costs. Why? Well, they're doctors and nurses; they deliver the service. It's the same, of course, with Communities First. We have many, many people who are paid to help others. It's not so much a question of providing money for grants for buildings; when we provide money for grants for schemes in terms of employability, we do employ people to be able to take those schemes forward. Of course, it's important that there is a balance struck between ensuring that there's money available to pay for facilities, if I can put it that way, as against, of course, paying for members of staff, but, inevitably, where you have a scheme that delivers a service, staffing costs are

going to make up most of those costs, because you need those people to deliver that service.

[27] **Ann Jones:** Okay?

[28] **Russell George:** That's fine.

[29] **Ann Jones:** David Rees.

[30] **David Rees:** Thank you, Chair. First Minister, you've highlighted employability and jobs as one of the targets now in the strategy. I think the Cabinet Secretary for Communities and Children highlighted the fact that they're trying to target those furthest from employment, and that is literally sometimes physically furthest from employment as well as position of status. That means that some of our valleys and our communities are going to struggle perhaps finding employment, because they might become employment-ready but there may be difficulties to get into it. So, what's your Government looking to do to ensure that those who are furthest from employment in all senses are able to benefit from the strategy? I've now raised it with you, but the valleys and communities in my area feel left out and abandoned, to an extent, because of the impact upon public services, because of the austerity measures that do come down from Westminster. How do we help them? Because Communities First did help build those communities, and were integral with those communities. The loss of that, and not to replace it with anything that matches that type of approach, is going to hit those, and perhaps they'll feel even more abandoned and left out. So, how can we undo and deal with that?

[31] **The First Minister:** You and I have discussed this about the upper Afan valley and the feeling there that people feel that facilities are disappearing, and the geographical distance from employment and the difficulties of accessing that employment through transport. Historically, of course, for many, many years, the emphasis was on bringing investment to communities. That works to an extent, but it doesn't work for every single community. So, the next step is to make sure that it's as easy as possible for people to travel to work.

[32] Now, this is where, for example, schemes like the metro come in. The metro isn't just about railway lines. It's hugely important that communities like the Afan valley, where the railway disappeared in 1970, are connected via high-quality bus services. Now, buses are not devolved; they will be next

year. That gives us the opportunity to develop, across Wales, a network of both national and local bus routes—routes that can better serve communities and can link in, in an integrated way, with other transport systems and can provide people with the means to access work regularly. The reality is that there are many, many people whose shift patterns are very, very irregular and public transport doesn't work for them. We have to look at the way society is now, not the way society was 50 years ago.

[33] There is a huge opportunity via the metro—and it's not just confined to the southern part of Wales—but to look at how we can integrate transport across the whole of Wales to make it easier for people to actually get to work and, of course, to get to work at a price that's reasonable and affordable.

[34] **David Rees:** I'll just remind you the metro is not in my area.

[35] **The First Minister:** Yes, but the bus links that connect in to it—. We talk about the metro; it is in a defined geographical area, that much is true, but there's no reason why the Afan valley, for example, as we look at bus devolution, can't be part of a wider transport network that links into the towns further down the valley. In an ideal world, we would look to get investment to those communities, that much is true. When that's not possible, we have to make sure that people don't feel that they are too isolated to access work, even if they have the skills. That's the challenge for us in the future.

[36] **David Rees:** Another question is: how do we ensure that communities don't feel abandoned in the sense of the loss of public services? As John Griffiths highlighted, the community centres—those are the things that seem to be disappearing from many of those communities, and libraries. Miners funded the libraries because they knew education was a way out. They funded the miners' halls and facilities because they knew that was a way of supporting communities. These are being lost in those valleys and communities.

11:15

[37] **The First Minister:** That's local authority funding more than anything else, of course, but I take the point that's being made and I know there have been issues in the upper Afan valley where people have felt that they are losing facilities. I think it's hugely important that local authorities look very carefully—this is a general point, rather than specifically about the Afan

valley—at what they provide in order to make sure that they're not seen as removing facilities from communities that already feel isolated. I think some authorities have taken different approaches to others but, if we're truly serious about making sure that communities don't feel that things are disappearing slowly from their communities and that they're forgotten about, we have to make sure that those communities have those facilities. Yes, Communities First has provided some, but most have historically been provided by local government.

[38] **David Rees:** How does the Welsh Government monitor that to ensure that that parity of treatment is there?

[39] **The First Minister:** Ultimately, of course, it's local autonomy. At the end of the day, it's for local authorities to explain the decisions that they take. Yes, of course, we provide capital funding for specific projects that are bid for, but local authorities have to take decisions in terms of the services they provide and then, of course, explain those decisions on polling day.

[40] **Ann Jones:** Okay, I've got a number of Members—this list keeps getting added to. Can I remind us all that we're still on the very first question? Lynne Neagle.

[41] **Lynne Neagle:** Thanks, Chair. I know that you are well aware of my concerns about Communities First, so I won't rehearse those arguments today. I just wanted to ask about what you said about one of the problems with Communities First being that there might be people in, say, the next street who need the help but aren't getting it. Of course, there are always anomalies like that, but, geographical targeting is one way we can effectively ensure that we help as many people as we need to. So, I wanted to ask how you will ensure that, going forward, we won't dilute the impact of our anti-poverty measures in the neediest part of Wales. Also, in relation to employability, which is clearly vitally important, how will this new focus on employability help with people who are facing in-work poverty?

[42] **The First Minister:** Historically, of course, it was always assumed that, if people had work, they wouldn't be in poverty. That's not the case. We know there are many people who are suffering poverty when they're in work. There are a number of reasons for that: cuts to in-work benefits and a slow reduction, over decades, in the relative incomes that people have. We saw, in the 1980s, well-paid jobs being replaced by badly paid jobs. We're still dealing with the legacy of that, even though the investment opportunities we

pursue now pay much better than the ones that came here in the early 1990s.

[43] What are we looking to do? First of all, support quality job opportunities and make sure that we are able to bring job opportunities to communities that are well paid. We're seeing some signs of that. We're seeing it in Merthyr with General Dynamics; we're seeing it in Merthyr with Tenneco; we're seeing it with Trago Mills; we're seeing it in Ebbw Vale with TVR. The challenge always is, of course, to make sure that prosperity is spread across as many districts as possible.

[44] Secondly, it's providing those transport connections that people need so that it's easier and cheaper for them to access employment where it's not available on their doorstep. Thirdly, of course, to work with businesses to persuade more of them of the advantages of paying a living wage. The minimum wage isn't sufficient to live on. More and more employers understand this. It's something we're building into the procurement process in terms of the ethics that we expect businesses to adhere to. If the living wage is paid, that means, of course, again, that more and more people are taken out of in-work poverty.

[45] And, of course, affordable housing; affordable housing is an issue. We know that housing costs are significant for many, many people. I think we have to be careful not to forget those people who are not in social housing, but nevertheless are in in-work poverty and who do need help from Government. So, yes, it's hugely important that we're able to provide different modes of housing for people who are not earning huge amounts of money, who are not, as I say, living in social housing, but who are still struggling. That's exactly what we're looking to do. Yes, of course, we need to provide more social housing, we understand that, but more affordable housing is hugely important, whether it's through community land trusts, whether it's through shared equity, because we know that it's very, very difficult for people to get the accommodation they need at a price that they can pay. I think it's hugely important in the future.

[46] In terms of employability, if we look at our employability plan, we do have an opportunity to support those furthest from the labour market into employment. From April 2018, there will be a new grant in place to develop that infrastructure, building on the success of Communities for Work and Lift. We'll provide support of £12 million per annum to enable local authorities to enhance support for employment for those who have barriers

that they face to access that employment. Of course, they will be able to work outside tightly defined geographical boundaries. So, the intention is to be more targeted in terms of the approach to help the people who need that help, regardless of where they live. I do take the point, of course, that sometimes you could take a community approach; that's true. But we do have to make sure that we have an approach in the future that is smarter in terms of targeting help for the people who need it the most.

[47] **Lynne Neagle:** Okay, thanks.

[48] **Ann Jones:** We've got Nick Ramsay, Mike Hedges and Huw Irranca-Davies. So, those three and then I'm going to move on, because I think we're not going to get—. So, Nick.

[49] **Nick Ramsay:** Thanks, Chair. Your opening answer seems a long time ago now, First Minister. But in that answer you mentioned Monmouthshire, which I was really pleased about, because I think too often in the past there has been a tendency, in areas that are in slightly more affluent parts of Wales, to ignore or not to deal with pockets of poverty in those areas. So, I was really pleased about the way you answered that first answer.

[50] So, can I ask you: in the case of my constituency, where in the past, Lansdown, one ward of Abergavenny, had a Communities First outpost, how do you intend, with whatever replaces Community First and EU funding, to still reach areas like that? On a broader subject, areas like mine and Russell George's and those of Assembly Members from rural areas—how are you going to keep the focus on dealing with the underlying problems of rural poverty as well? Because in many ways, those have been more insidious than urban poverty, which, although terrible and needs to be dealt with, has often been more visible than some of that secretive rural poverty, which over the last 10 years as an Assembly Member I've seen some really appalling examples of.

[51] **First Minister:** Yes, we know that rural poverty is often hidden, because there are some communities where poverty is more apparent than it is in others. That doesn't mean, of course, that there are not families or individuals who do suffer from in-work poverty or find it difficult to access jobs. That's why, of course, in terms of refreshing the approach that we've taken, we're looking at how we can assist those people who need that assistance regardless of where they live.

[52] **Ann Jones:** Okay. Mike Hedges.

[53] **Mike Hedges:** Three quick points. The first one is: First Minister, you've talked about wage rates; one of the biggest problems in my constituency is the number of hours people are working and variable hours—not the zero-hours contracts that everybody goes on about, but the fact that people are guaranteed five or six hours, and they might work five or six hours one week and 45 hours the next. Is that something—do you agree—that we need to address?

[54] The second point is: you talked, in answer to Lynne Neagle, about boundaries. I've argued for the last six years that the lower super-output areas, which are only there to collect census data, are not necessarily defining communities. That's led to some of the anomalies. It won't be for Communities First, but will you look, within Flying Start, beyond the lower super-output areas? Because one of the poorest parts of my constituency, because of an accident of data collection, doesn't get Flying Start, and some far more affluent areas, again through an accident of data collection, do.

[55] The third point is: one of the big problems with poor communities is health. Life expectancy is substantially less in the poorer areas than the richer areas, and there's always the talk in Swansea that it's 10 years between Mayhill and Mayals in Julie James's constituency. Communities First did an awful lot of good work on things like smoking cessation, diet, exercise and weight loss. I think you probably would agree that one of the things we need to do is reduce the number of people having type 2 diabetes, for example, which is putting huge stress on the health service. So, how are we going to keep on those good schemes, which are trying to make people healthier? Because healthier people are more likely to get a job and likely to live longer.

[56] **The First Minister:** In terms of the third point, these are all schemes that we want to take forward in the future anyway. We don't want them to be lost. Clearly, on smoking cessation, smoking is the No. 1 cause of ill health, more than anything else. We know that type 2 diabetes has increased because people are overweight. So, these things will be carried on in the future. We don't want to lose them. That's hugely important.

[57] In terms of Flying Start, there are no current plans to change Flying Start. If there are issues in terms of data collection that need to be re-examined, then clearly that's something that we would look at, but there was

a manifesto pledge made at the election, which we want to keep to, and that is the objective at this moment in time.

[58] In terms of lack of security of employment, if we look at unemployment figures, we've effectively got full employment. Effectively. But, behind that lies a tale of insecurity in employment and, quite often, people working hours that are irregular, and people in jobs without pensions. One of the issues that was raised—. I'm not going to raise Brexit as an issue now, but one of the issues I heard on the doorstep was people saying, 'Well, hang on a second, I remember the days when there were jobs that were secure, there were pensions, they were well paid; now, the jobs are not secure and we don't know what hours we're working from one week to the next and there's no pension at the end of it. Something's gone wrong'. It wasn't a cry for free trade agreements; it was a cry for protectionism, actually, and people wanting to see more security in their employment.

[59] How do we deal with that? First of all, I'm going to say that one of the reasons why we have that insecurity is the decline of trade union representation. We know that workplaces where there is trade union representation deliver jobs that are more secure and better paid, and that is something that we need to move forward with. Also, of course, working with businesses so that they understand that they have a social responsibility to pay a living wage and to act as good employers within their community. We, as a Government, have a responsibility to make sure, through our procurement process, that we encourage that as well. At the end of the day, I can only recite what was said to me by an Italian investor in Wales who said that, in Italy, he had manufacturing plants and he could move them somewhere else where he could produce more cheaply, but ultimately he'd be putting his own customers out of work, which I thought was an apt way of putting it. Businesses need to understand that, of course, by putting more money in the pockets of their employees, they're creating, potentially, more demand for what they produce. That's what we've got away from over the past 30 years. As I say, there was a devastating change in the 1990s, where well-paid jobs were replaced by badly paid jobs simply to keep the unemployment statistics down. Those jobs went somewhere else as soon as it was possible to go somewhere else, whether it was eastern Europe when the iron curtain was lifted, or whether it was towards the far east. Now, unless we're prepared to compete on that basis—and we're not—we're not going to get those jobs back. So, what we have done—and this is why we have the best inward investment figures we've had for the past 30 years—is focus on getting jobs that are well paid and secure, with trade union

recognition, and, of course, making sure that our people have the skills that those investors need. More of that means more people being lifted out of poverty and more communities that will see more quality jobs being made available to them within the reach of the people that live within them.

[60] **Ann Jones:** Huw—sorry, I was looking to see whether you wanted to come back.

[61] **Mike Hedges:** Not now, Chair.

[62] **Ann Jones:** No, okay. Huw Irranca–Davies.

[63] **Huw Irranca–Davies:** Thank you, Chair. First Minister, we had the forecast from the CITB the other day about construction jobs based on the infrastructure projects that were in the pipeline, and it was welcome. They were suggesting we'll be outstripping other parts of the UK by four times in terms of construction jobs over the next five years and so on. I just want to ask you whether we're missing one big golden opportunity that will do many of the things you're talking about: driving well-paid jobs and entrepreneurship into not only rural communities but into those areas of deprivation as well, but also dealing with those issues of poverty that are to do with homes—and inefficient, cold homes that people can't afford. Why don't we now move—not overnight—to the idea of having energy efficiency as part of national infrastructure projects, in the same way you're doing with other major infrastructure? The reason I say that—and I'm sure you'll say, 'We are doing great things with Arbed and Nest', and so on—is this would drive those jobs into the very areas you've been talking about and deal with some of those issues of poverty.

[64] **The First Minister:** We do see increasingly that businesses build buildings that are very good in terms of BREEAM, because they understand, as businesses, that the more efficient the building, the less cost there is in running that building in terms of energy costs. It's right to say that, through schemes like Arbed and Nest, we've also been able to provide jobs and training, because, of course, that means that there is work available for people to access. You took the words right out of my mouth in terms of how good the schemes have been, and I think that they've been hugely important in terms of dealing with fuel poverty. We're investing, in this financial year, £26.5 million in Welsh Government Warm Homes. That means, of course, through improving people's homes, they benefit but it also provides work.

11:30

[65] **Huw Irranca-Davies:** You know that and you're convinced, so I guess my question is—put the money to one side for a moment, you've chosen certain national infrastructure ideas, this one could be one that, if we went further, would hit all of those communities and would get tens of thousands of people into work because we've seen it already with solar installations and so on, how flexible that workforce is to say, 'You tell us what we need to do, we'll go in and do it'. So, I'm not saying we do it straight away, but should you be engineering that into part of your anti-poverty, rise-in-prosperity plan?

[66] **The First Minister:** Can you give me an example of what you mean by that exactly? What sort of—

[67] **Huw Irranca-Davies:** So, you would actually not simply have Arbed and Nest schemes that people could bid into, and local authorities that are switched on could engineer through their areas, and others not so much, but you'd actually say, 'Well, this is going to be our strategy; we are going to deal with energy efficiency within these homes, deal with fuel poverty, and we are going to say, right throughout the country, we are going to focus on this in a major way'. So, you could set targets, if you want to, and then we'd have to follow them, we'd have to deliver it.

[68] **The First Minister:** The way to do that is via the building regulations, of course. And we've been doing that in terms of part L of the building regulations, making sure that homes are more energy efficient. There's been a lot of emphasis on the sprinkler legislation, which I know the Chair is passionate about, as the person who introduced it into Wales. We have used the building regulations to make sure that houses are better insulated, for example, than before. The building industry has done its bit as well in terms of doing that, but we need to keep on moving when it comes to making sure that houses are more energy efficient in the future.

[69] One of the blows, of course, was the loss of subsidy for solar panels. Many people were looking to be interested in solar panels. The reality is, now, the cost of solar panels means that the pay-back period is many, many, many years. It's a shame that the subsidy went for solar panels because there was great potential there in the future.

[70] **Ann Jones:** I will talk to you about building regulations because I spent

a whole weekend reading the building regs from front to back and back to front in order to get the sprinkler legislation through. So, I can show you where to do that from. Okay, Huw?

[71] **Huw Irranca-Davies:** There was only one other question, and it's my final one. Can I ask you to think ahead a little bit in terms of where we are with exit negotiations from the EU at the moment? We have different scenarios on the table. If you go from one extreme to the other—. There is the soft, considered, well-tailored, well thought through—where we come out with something that looks workable. There is another one, which is fast and rushed and we exit under WTO rules. What are the implications of those for poverty?

[72] **The First Minister:** I think we should move away from hard Brexit or soft Brexit and talk about a sensible Brexit. The concern that I have is that we end up—. It is perfectly possible to have a Brexit that does not damage the economy. It can be done. That means no tariffs and no divergence of regulations between the UK and the EU. It's also possible to have a Brexit that fundamentally damages people's incomes, where it becomes more expensive to sell UK produced goods in the European market, which is always going to be the biggest market on our doorstep. The US is 3,500 miles away; the EU shares a land border with the UK. You can't substitute one for the other. So, my concern would be that if it becomes less easy for UK-based manufacturers to sell into the European market, that they're integrated with that market in many circumstances, they will start—not overnight, but they will start—to disinvest over time, which is something that we need to avoid.

[73] Free trade agreements done badly have the opportunity to strip out industry from the UK and export it elsewhere. So, they have to be handled with very great care, because many of the people who voted Brexit didn't vote for free trade; they actually voted for more protectionism. It's not the way they expressed it, but that's what they were looking for—we want to keep things that we already have, and that's not a free trade argument. So, there is the possibility that those at the lowest end of the income scale will suffer the most if Brexit is done badly. However, if it's done sensibly, then those people need not see an effect on their incomes.

[74] **Ann Jones:** Your final question has now just opened questions from other Members who want to come in on that, but I will bring David Rees in on this one, and then I'm conscious I want to make some progress and move on

to Simon Thomas's questions.

[75] **David Rees:** Thank you, Chair. First Minister, you came before my committee and gave us quite a detailed brief on Brexit. But, we are here in west Wales, and west Wales and the Valleys receive structural funding as a consequence of the GDA levels we've seen, and that's a very, very important area to tackle to poverty, and some projects there. How do you see the strategic direction of the Welsh Government moving, with the consequences of losing structural funding? Perhaps we haven't yet negotiated what will come from the UK Government to replace that.

[76] **The First Minister:** Well, European funding is worth £680 million a year to Wales. Farmers alone benefit from £260 million-worth of subsidies. From 2020, there's nothing; nothing is promised. What we have is a promise of funding until 2020 and nothing beyond. Now, it's possible to argue that, in fact, the level of funding beyond 2020 would not have been as high as it is now, because we want not to qualify for structural funds in the future, but there would have been a transition, and there would have been transitional arrangements in place to deal with that. At the moment, there's not even a proposal for transitional arrangements. We don't know (a) if the money will be there, we don't know how that money will be distributed in the future, and so we don't know. I mean, this is mainly—. A lot of this is capital funding, which will no longer be available. Some of it has put people in jobs, and Jobs Growth Wales is an example of that. We do need certainty as to what's happening to that funding post 2020. We don't have it yet.

[77] **David Rees:** And do we have any indication as to whether there's a regional policy direction coming from the UK Government? Because, clearly, we benefit from the regional policy of the EU. Is there going to be a discussion on regional policy at a UK level so that we can look at how we can perhaps, benefit from a needs analysis as a consequence of that?

[78] **The First Minister:** 'No' is the answer. There have been no discussions on that and no thought has been given to it. There are some fundamental issues here that have not yet been addressed by the UK Government. First of all, what happens to the money? Would there be an equivalent pot of money available across the UK to that pot that's available at the moment? No answer has been given to that. The second question is: if such a pot is available, how would it be distributed? To my mind, (a) it should be available and (b) it should be distributed along the same lines as now. Or will we have to beg for it from the Treasury? We just don't know, because they haven't applied their

minds to this yet. So, we don't know, beyond 2020, what's going to happen.

[79] When it comes to UK Government regional policy, how would that work? Would they try to be more interfering in terms of what's happening in Wales? Would they try to direct us as a Government in terms what we are doing here in Wales? There is a fundamental difference of opinion between ourselves—all the devolved Governments—and the UK Government as to what happens when EU competencies return to the UK. They take the view that they rest in Westminster. We don't. We take the view that, in devolved areas, they bypass Westminster completely—they never rest there. They bypass Westminster and they end up in Wales. So, with agriculture, the Welsh devolution settlement says that agriculture is devolved, full stop. It doesn't say, 'Except those areas where the EU has competence.' It doesn't say that. So, there's a fundamental argument actually taking place at the moment on that.

[80] The second question is, and this is important in terms of poverty, because the UK needs to preserve its internal single market. I don't dispute that and I think that's perfectly sensible. 'How' is the question. The UK Government takes the view that it will do this through imposing rules on everybody else. We take the view that that's fundamentally undemocratic. If there's going to be a UK framework, it should be an agreement between all four Governments agreeing to do the same thing. They are not in that position. They seem to think the UK is as it was in 1972—a unitary state without another three Governments as part of that state. That, clearly, is a difficulty.

[81] There are some in other devolved Governments who take the view there shouldn't be any rules at all. So, there shouldn't be any state aid rules at all, which means, effectively, we'd have a trade war between the different parts of the UK. Again, I don't think that's in anyone's interest nor is it in the interest of the lowest paid in our society. If you have an internal single market and you have agreed rules, you then have to have a mechanism for dispute resolution. It cannot be the Treasury. At the moment, if you're in dispute with the Treasury, ultimately, the dispute is resolved by the Treasury. That makes no sense at all. You then have to have either a court or a tribunal whose job it is to arbitrate disputes where it's felt the rules are not being followed. Effectively, it's setting up the EU, or something similar to the EU, within the UK in order for the UK's internal single market to work.

[82] None of these issues has been resolved. They can be resolved. It's not

difficult. These things can be resolved fairly easily actually, but the UK Government has not given any thought yet to how those issues will be resolved in order to preserve the internal single market of the UK. How is this relevant to those who suffer in-work poverty? Those who earn less get hit the most when it comes to uncertainty, when it comes to uncertainty causing a lack of investment, when it comes to the possibility of a free-for-all when it comes to a lack of any kind of state aid rules within the UK. These are fundamental issues that have to be addressed—can be addressed—but have not yet been addressed.

[83] **Ann Jones:** Right, I've got a number of people now who want to come in on this, so I will let this part of the discussion run but please can you remember it is linked to how it will affect people in poverty. The wider Brexit issue is for another committee and another, probably, subject. I'll bring Simon and then Mark in, and then, if anybody else wants to come in on the EU stuff, I will come back to Simon for his general question. So, do you want to do the EU bit first?

[84] **Simon Thomas:** Diolch yn fawr, Gadeirydd. Tra ein bod ni yn trafod effaith gadael yr Undeb Ewropeaidd, ac yn benodol ar ardaloedd mwyaf difreintiedig Cymru, hoffwn i ddeall mwy gan y Llywodraeth am beth yw eich cynlluniau chi ar gyfer polisi rhanbarthol tu fewn i Gymru. Rydych chi wedi sôn am y polisiau y bydddech chi'n disgwyl i Lywodraeth San Steffan eu gwneud, ond mae datblygu economaidd hefyd wedi'i ddatganoli yn llawn ac, felly, byddwn i'n hoffi clywed mwy am eich addewid chi i'r ardaloedd fan hyn yn y gorllewin, er enghraifft—nifer ohonyn nhw yn y rhan yma o sir Gâr, Ceredigion a Gwynedd—a bleidleisiodd i adael yr Undeb Ewropeaidd. Ac, felly, beth sydd gennych chi i gynnal a sicrhau bod yna gymorth datblygu rhanbarthol yn yr ardaloedd hyn, yn benodol, wrth

Simon Thomas: Thank you very much, Chair. While we are discussing the effect of leaving the European Union, and specifically on the most disadvantaged areas of Wales, I'd like to understand more from the Government about your plans in relation to the regional policy within Wales. You have talked about the policies you would expect the Westminster Government to be making, but economic development has also been fully devolved, and, therefore, I'd like to hear more about your promise to those areas here in west Wales, for example—many of them in this part of Carmarthenshire, Ceredigion and Gwynedd—that voted to leave the European Union. And, so, what is it that you have in order to maintain and make sure that there is regional development support in these areas, especially, of course,

gwrs, gan edrych ar y cymunedau mwyaf difreintiedig?

when looking at the most disadvantaged communities?

[85] **Y Prif Weinidog:** Wel, yn gyntaf, ynglŷn â beth rydym ni wedi ei wneud fel Llywodraeth, rydym ni wedi sicrhau bod swyddi yn gadael Caerdydd. Rydym ni wedi sicrhau, wrth gwrs, bod swyddfa wedi agor yng Nghyffordd Llandudno ac yn Aberystwyth. Mae yna bobl, wrth gwrs—200, rwy'n credu—sy'n gweithio i'r Llywodraeth yng Nghaerfyrddin, yn y dref. O gymharu hyn gyda beth sydd wedi digwydd gyda'r Department for Work and Pensions, er enghraifft, yn Llanelli, mae ymrwymiad gennym ni i gadw swyddi ac i dyfu swyddi llywodraethol yma yn y gorllewin. Nid felly yw safbwynt Llywodraeth y Deyrnas Unedig.

The First Minister: Well, first of all, in terms of what we've done as a Government, we've ensured that jobs leave Cardiff. We've ensured that an office has been opened in Llandudno Junction and Aberystwyth. There are people, of course—200, I think—working for the Government here in Carmarthen, in the town. Compared to what has happened with the Department for Work and Pensions in Llanelli, for example, we have a commitment to maintain and develop Government jobs here in west Wales. That isn't the view taken by the UK Government.

[86] Ynglŷn â datblygu economaidd, wel, wrth gwrs, os awn ni i'r gorllewin ac i sir Benfro sy'n dibynnu'n fawr iawn ar dwristiaeth, rydym ni wedi sicrhau bod yna gymorth ar gael i fusnesau twristiaeth yn y sir honno. Rydym ni'n gweithio hefyd gyda Valero, er enghraifft, sy'n hollbwysig i economi sir Benfro, er mwyn iddyn nhw allu tyfu a chyflogi mwy o bobl yn y pen draw. Os edrychwn ni ar sir Gâr, mae yna gynlluniau, er enghraifft, i greu canolfan iechyd newydd yn Llanelli, sydd yn broject sy'n mynd i greu nid dim ond gwasanaethau i bobl yn y rhan honno o sir Gâr, ond hefyd, wrth gwrs, cyflogi pobl yn y pen draw.

In terms of economic development, well, of course, if we look west and to Pembrokeshire, which is very dependent on tourism, we have ensured that there is support available for tourism businesses in that county. We've worked with Valero, for example, which is crucially important for the Pembrokeshire economy so that they can grow and employ more people, ultimately. If we look at Carmarthenshire, there are plans, for example, to create a new health centre in Llanelli, which is a project that will not only provide services for people in that part of Carmarthenshire, but also, of course,

ultimately employ people too.

[87] Yn y rhan fwyaf o gymunedau gwledig, wrth gwrs, y pwyslais yw datblygu busnesau bach. Bach iawn o gymunedau sy'n mynd i gael un cyflogwr mawr. Mae bwyd a diod yn hollbwysig i economi wledig sir Gâr. Mae 90 y cant o'r cynnyrch sy'n cael ei allforio yn cael ei allforio i'r Undeb Ewropeaidd. Felly, mae'n rhaid i ni sicrhau bod hynny'n gallu parhau ar yr un termau ag yn awr. Rydym ni wedi gweld twf yn y sector bwyd a diod yn sir Gâr a siroedd eraill ar draws Cymru dros ddegawd a mwy nawr, ac maen nhw, wrth gwrs, gyda'i gilydd yn cyflogi llawer o'n pobl ni.

In most rural communities, of course, the emphasis is on developing small businesses. Very few communities will have one major employer. Food and drink is crucially important to the rural economy of Carmarthenshire. Ninety per cent of the produce exported is exported to the European Union. So, we must ensure that that can continue on the same terms as those that currently exist. We've seen growth in the food and drink sector in Carmarthenshire and other counties across Wales over the past decade and more, and together, of course, they employ very many people.

[88] **Simon Thomas:** A fydd Llywodraeth Cymru yn dal i fuddsoddi yn yr ardaloedd yna ar ôl i ni adael yr Undeb Ewropeaidd? Rydym ni'n dibynnu ar gronfeydd strategol ar hyn o bryd. A fydddech chi'n gallu cadw'r addewid i ddal i fuddsoddi yn yr ardaloedd hynny?

Simon Thomas: Will the Welsh Government continue to invest in those areas after we've left the European Union? We're depending on structural funding at the moment. Will you be able to keep that promise to continue with the investment?

[89] **Y Prif Weinidog:** Ynglŷn â faint o arian, 'na' yw'r ateb. Yn blwmp ac yn blaen, nid oes £680 miliwn gyda ni. So, ni fyddwn i'n onest â phobl petaswn i'n dweud, 'Wrth gwrs, gallwn ni ffeindio'r arian yna yn rhywle ac felly buddsoddi'r arian yna.' Dyna pam mae'n hollbwysig bod Llywodraeth y Deyrnas Unedig yn dweud wrthym ni beth yn gwmws yw'r sefyllfa ar ôl 2020. Roedd llawer yn sôn yn ystod yr ymgyrch na

The First Minister: In terms of the scale of the funding, the answer has to be 'no'. Plainly speaking, we don't have that kind of money available—that £680 million. It would be dishonest of me to say to people, 'Well, of course, we can find that money from somewhere and invest it in the same way.' That's why it's crucially important that the UK Government tells us exactly what the situation is going to be post 2020.

fyddem ni'n colli ceiniog. Felly, mae'n Many were saying during the hollbwysig nawr bod hynny'n dod yn campaign that we wouldn't lose a wir, ac nad ydym yn colli'r arian yna i penny. Well, it's crucially important gyd mewn tair blynedd. now that that is delivered, and that we shouldn't lose all of that funding in three years' time.

[90] **Ann Jones:** Mark Reckless.

[91] **Mark Reckless:** Some of the money from the EU for agriculture and rural development does go to people who are in poverty, or to farmers who are very much at the margin. I think we would both wish to see a higher proportion, potentially, of that happen if that money is to continue. I just wondered, though—when you speak about the UK Government, you said just now that it had a view that these powers from the EU go to Westminster, and it's then for Westminster to decide if they get devolved on. I know there are UK Ministers who've given that impression, or said that at points in time, but I haven't heard you previously characterise that as the formal position of the UK Government.

[92] I'd also like to ask you about two issues with how the discussions with UK Government are going. First, you as First Minister are taking a strong lead in these post-Brexit negotiations, and I'd just like to ask: does that involve you having bilateral discussions with particular Cabinet Ministers at Westminster, for instance, in the DEFRA area, given that you're leading on that for Wales? Second, you've proposed a move to a council of Ministers and a development of the current JMC, but we have, I think, a much closer integration between Wales and England, and Scotland surely has a very different outlook on this. The Government wants to leave the UK—it wants independence from the UK. Should we limit the bilateral relation we have on England to agree these things through the UK Government by reference to what Nicola Sturgeon may want?

11:45

[93] **The First Minister:** No, I don't see that Wales's voice should be in any way weaker than that of Scotland. The great danger is that if Scotland is given more leeway, the message is that if you threaten independence, the UK Government listens to you. If you believe in the union of the UK, then you get ignored. I don't think that's the message that the UK Government would, I believe, want to give. I don't accept in any way, shape or form that it's for the

UK Government to determine how farming subsidies are paid in Wales, or who they're paid to. I don't accept in any way, shape or form that it's for the UK to determine what we can do in terms of the businesses that we support.

[94] The problem is that the UK Government is also the Government of England. There is a clear conflict of interest there that has to be resolved. So, for example, if we were to have a set of state-aid rules in the UK, and we decided to put a lot of money into Cardiff Airport, Bristol might object. They would say, 'Well, the rules have been broken'—are we then saying that it's the Treasury that decides whether they have been or not? The Treasury's based in London. I mean, it's not an open process.

[95] There is a template for this, because when I was rural affairs Minister back in the early part of the last decade, we would regularly meet on a monthly basis and agree the UK's line at the forthcoming European Council of Ministers. It worked very well. Everybody felt part of the process, there was no grievance, and that template, I think, can be applied in the future. I do not think the UK will manage, will survive constitutionally, if London takes over from Brussels. It's that simple. I think there has to be a co-operative approach between the four Governments in the devolved areas. Of course, there are some areas that aren't devolved. Consumer protection—of course that's something for the UK Government. I'm not looking, personally, for consumer protection to be devolved. But I would be extremely concerned if the UK Government decided that it should set policy as far as farming is concerned, because I know that in Whitehall—and this has been the case regardless of whichever party's in power—they see large arable and large dairy as the future. They do not see hill farms as in any way productive. I'd be hugely concerned if we were being told, 'Well, you can't support your hill farmers in the way that we would want'.

[96] How do you resolve this? Well, the first thing to do is for the Treasury to say that the money that's available now will be available in the future, and it will be distributed in the same way. A Barnett share would hit us very hard. We're not, obviously, funded on a Barnett consequential as far as farming is concerned. Then, of course, it would be for each Government to apply the subsidies in the way that that Government saw fit, but it would make sense for there to be an agreed framework between the Governments so that there would be certain rules we'd all observe. Rules that are imposed would not be respected. I'll say that now. Rules that are agreed would have to be respected. I think the UK will be stronger for that. I don't think this is a major undertaking. I think all of this can be done easily within two years. All we

need to do is to replicate the process that once existed at agricultural level. We need to agree on who the trade dispute resolution body is. Is it the Supreme Court? Is it another court? Agree on it—that's it—move on. Otherwise, we end up in a situation where there are no rules at all, and that opens a potential trade war between different nations in the UK, or we have rules that everyone tries to ignore. I don't think that that provides the right stability or structure for the UK in the future, but I absolutely would not accept that the Scots have a right to have a greater degree of autonomy than Wales does. Not at all.

[97] **Mark Reckless:** Very quickly, Chair—I think I saw you, First Minister, nodding when I was asking whether there was a willingness for you, personally, to negotiate with individual Cabinet Ministers, for instance in DEFRA, and whether that was going to be helpful to arrange in a post-Brexit—?

[98] **The First Minister:** I've held bilaterals with the Prime Minister. She is not wholly forthcoming in terms of what her view is. Those will continue. I've had meetings with David Davis. They've been good meetings. It's possible to have a discussion and to understand his position. I found them very useful meetings. The JMC(EN) is an unhappy occasion. I don't go to them; Mark Drakeford does. If David Davis is there and is chairing the meeting, it makes a difference; but, unfortunately, he's not always there and the meetings are not always as productive as they might be. I'll put it diplomatically. There are tensions. The Scottish Government has a particular journey that it wishes to take, which, as a Government, we don't share. Northern Ireland is difficult because of the tensions that exist within the Northern Ireland administrations and will continue after 7 March, potentially, regardless of what happens.

[99] One thing I have to say is that we have been sensible in the way that we've approached this. We've produced a White Paper that we thought through and we believed provided a way forward for the whole of the UK. It's not the policy, clearly, of the Welsh Government to advocate independence. There surely has to be a recognition of that by the UK Government. Otherwise, as I've said, the danger is that the more unreasonable you appear to be in public, the more you get listened to. I don't think that's good for the UK or for the UK Government.

[100] **Mark Reckless:** Would you personally sit down with Andrea Leadsom, for instance, in the DEFRA area and try and hammer out an understanding, or

is that something that—?

[101] **The First Minister:** Well, that would be a matter for Lesley Griffiths as the Cabinet Secretary. They all have their individual roles that they pursue, but, of course, the overall discussions I would lead.

[102] **Mark Reckless:** Thank you.

[103] **Ann Jones:** Okay. I am going to have to make some progress, and we're still within the strategic direction. So, I'm going to come to Simon, who's got a general question and then some specifics. I am then going to move on to accountability and Lynne Neagle. So, Simon.

[104] **Simon Thomas:** Diolch, Fel yr ydych chi'n ei ddweud, rydym ni newydd fod yn trafod tlodi am dri chwarter awr nawr ond rydw i dal ddim cweit yn deall, a dweud y gwir, beth yw, bellach, ddiffiniad y Llywodraeth o dlodi a beth yw amcanion y Llywodraeth o'r dulliau gorau i fynd i'r afael â thlodi. Felly, ddeng mlynedd yn ôl—wel, ddim cweit deng mlynedd yn ôl, ond pan ddaethoch chi yn Brif Weinidog, rwy'n cofio bod yna dri Gweinidog â gwaith gwrthdlodi fel rhan o'u cyfrifoldebau nhw. Bellach nid oes un. Rydych chi wedi esbonio pam, ond nid oes un. Nid oes sôn am dlodi. Nid yw'r gair 'tlodi' yn ymddangos yn y rhaglen lywodraethu o gwbl. Felly, rydych chi wedi mynd o sefyllfa lle'r oedd yna gyfeiriad penodol at y gwaith hwnnw i rywbeth sydd yn llai penodol ac—fel y byddai rhai yn ei ddadlau—wedi'i lastwreiddio ac wedi gwanhau yn y Llywodraeth. Felly, yn gyntaf oll, er mwyn inni ddeall, beth, bellach, yw eich diffiniad chi o dlodi?

Simon Thomas: Thank you, Chair. As you say, we've been talking about poverty for three quarters of an hour now but I'm still not entirely sure what the Government's definition of poverty is, and what the Government's objectives are in relation to the best methods to get to grips with poverty. So, some 10 years ago—or not quite 10 years ago, but when you became First Minister, I remember there were three Ministers who had antipoverty work as part of their responsibilities. By now we don't have any. You have explained why, but we don't have one at all. There's no mention of the word 'poverty' in the programme for government at all. So, you've gone from a position where there was specific reference to that work to something that is far less specific and—some might argue—was rather diluted, and perhaps now exists on a weaker level within the Government. So, first of all, in order for us to understand, what is your definition of poverty by now?

[105] **Y Prif Weinidog:** Wel, ynglŷn â diffinio tlodi, mae yna ddiffiniad swyddogol ynglŷn â—. Mae'r bobl sydd yn byw mewn tlodi yn cael 60 y cant o'r cyflog arferol ar ôl ystyried costau tai neu lety. Ynglŷn â beth rŷm ni'n ei wneud fel Llywodraeth, yn gyntaf i gyd, wrth gwrs, mae'n wir i ddweud taw'r Ysgrifennydd Cabinet dros yr economi sydd yn arwain ar hyn, o achos y ffaith ein bod ni'n gwybod bod creu swyddi da a chodi cyflog pobl yn ffordd allweddol i ddelio â thlodi. Ond mae delio â thlodi yn eiddo i bawb yn y Cabinet ac i finnau fel Prif Weinidog. Mae'r gwaith ynglŷn â delio â thlodi yn cael ei reoli gan Swyddfa'r Cabinet. Nhw sydd â'r cyfrifoldeb i sicrhau bod y gwaith hwn yn dod at ei gilydd a fi, wrth gwrs, ar ddiwedd y dydd, fel Prif Weinidog, sydd yn gyfrifol, ac rwy'n deall hynny.

The First Minister: Well, in terms of defining poverty, there is an official definition. People live in poverty if they receive 60 per cent or less of the median wage, having taken into account the costs of accommodation. Now, in terms of what we're doing as a Government, first of all, it's true to say that the Cabinet Secretary for the economy leads on this agenda, because we know that the creation of good jobs and increasing people's incomes are a key way of dealing with poverty. But dealing with poverty is a job for everyone in Cabinet, as well as for me as First Minister. The work of dealing with poverty is managed by the Cabinet Office. They ensure that everything is done properly, and I, as First Minister, am ultimately responsible for that, and I fully understand that.

[106] Rŷm ni wedi symud o siarad am dlodi i siarad mwy am sicrhau bod mwy o gyflog ar gael i bobl a chymunedau, o ystyried y ffaith taw'r ffordd orau mas o dlodi yw sicrhau, yn gyntaf, fod swydd gan rywun—a chael gwared ar y rhwystrau sydd ynglŷn â hynny—ac, yn ail, fod pobl yn cael mwy o arian yn y swyddi hynny. Dyna pam, wrth gwrs, mai'r Ysgrifennydd Cabinet dros yr economi sydd wedi arwain ar hwn.

We have moved from speaking of poverty towards talking about ensuring that people and communities' incomes are increased, understanding that the best way out of poverty is to ensure that people have access to employment, and removing barriers to employment, and, secondly, ensuring that people receive better salaries in those jobs. That's why it's the Cabinet Secretary for the economy who has led on this.

[107] Ynglŷn ag ym mha ffordd rŷm ni'n mynd i symud hwn ymlaen, ac ym mha ffordd rydym ni'n mynd i

In terms of how we can progress this and how we can measure progress, well, we can measure this, of course,

fesur hwn, wel, mae yna fodd o fesur hwn, wrth gwrs, yn y Ddeddf a wnaeth ddelio â chenhedloedd y dyfodol—*indicators* cenedlaethol sydd yn rhan o hynny. Wrth ddefnyddio'r ffyrdd hynny o ystyried y ffordd ymlaen ac ystyried canlyniadau beth ym ni'n ei wneud, byddwn ni'n gallu mesur yn gwmws faint mor effeithiol yw'r polisiau rym ni'n eu datblygu.

through the well-being of future generations Act. There are national indicators contained within that Act, and in using those means of considering the way forward and the outcomes of our activities, then we can measure exactly how effective the policies we are developing are.

[108] **Simon Thomas:** Rydw i'n poeni bod y diffiniad rydych chi wedi ei roi o dlodi yn seiliedig ar gyflog a pherthnasedd cyflog gyda chostau byw. Mae'n gwneud dau beth sydd yn anodd, yn enwedig mewn ardaloedd gwledig. Yn gyntaf oll, nid yw e'n cydnabod tlodi sydd yn deillio o ddiffyg mynediad i wasanaethau, diffyg trafnidiaeth—eich bod chi'n styc yn y tŷ, ddim â char, ddim yn gallu mynd i gyrchu am swydd neu fynd i'r GP neu fynd at wasanaethau lleol. Nid yw e'n cydnabod chwaith beth oeddech chi'n ei drafod ryw hanner awr yn ôl, sef bod yna dlodi mewn gwaith difrifol. Pen draw'r dynesiad newydd sydd gyda chi yn y rhaglen lywodraethu sydd yn sôn am greu ffyniant—wel, y ffordd fwyaf hwylus o greu ffyniant yw, a dweud y gwir, sugno pobl o'r ardaloedd cefn gwlad lle nad oes modd creu swyddi o'r math yma a'u hannog nhw i symud i ddinasoedd a threfi mawr ac allan o gefn gwlad. Felly, yn y cyddestun yna, sut ydych chi'n gallu sicrhau wrthym ni fod y gwaith yr ych chi nawr yn ei wneud fel

Simon Thomas: I am concerned that the definition you give of poverty is based on salary and how salary links with living costs. I think that does make two things difficult, especially in rural areas. Firstly, it doesn't recognise poverty that comes from lack of access to services, lack of transport—maybe you're stuck at home, you don't have a car and can't go to try for jobs or go to your GP or access local services. It doesn't also acknowledge what you were discussing some half an hour ago, which is that there is in-work poverty, which is a very serious issue. The new approach that you have, in the programme for government, which talks about creating prosperity—well, the easiest way of creating prosperity is to look at people in those areas where we can't create these types of jobs and encourage those people to move to large towns and cities and out of rural areas. So, in that context, how can you assure us that the work that you're now doing as a Government, which is in the name of creating

Llywodraeth, sydd yn enw creu ffyniant, ddim yn mynd i arwain at bobl yn gorfod symud o'u cynefin er mwyn cadw swyddi? Wrth gwrs, mae yna bethau ymhlyg ynglŷn â dyfodol yr iaith Gymraeg mewn nifer o ardaloedd ynghlwm wrth gwestiwn fel yna.

[109] **Y Prif Weinidog:** Dau beth: yn gyntaf i gyd, wrth ystyried y ffaith bod cymaint o bobl yn byw mewn tlogdi er eu bod nhw'n gweithio, mae hynny'n dangos i fi bod yn rhaid inni sicrhau bod y sgiliau gyda nhw er mwyn eu bod nhw'n gallu cael mwy o gyflog yn y pen draw.

[110] I bobl sy'n byw mewn ardaloedd gwledig, mae yna gynllun datblygu gwledig, wrth gwrs, a nod hwnnw yw nid dim ond helpu ffermio ond helpu busnesau bach i dyfu yn y pen draw a chyflogi pobl yn lleol.

[111] **Simon Thomas:** Ond mae hwnnw'n mynd gyda gadael yr Undeb Ewropeaidd, onid yw e?

[112] **Y Prif Weinidog:** Wel, ynglŷn â'r arian, ond nid yw'r nod yn mynd. Rydym ni'n moyn sicrhau bod yna gymorth ar gael i fusnesau yn yr ardaloedd hynny. Busnesau bach, efallai, yw rhai ohonyn nhw, ond maen nhw'n cyflogi llawer o bobl gyda'i gilydd. I sicrhau bod cymorth ar gael yn y pen draw, mae'n rhaid sicrhau bod Llywodraeth y Deyrnas Unedig yn sicrhau bod y cymorth ariannol yna ar gael yn y dyfodol

prosperity, is not going to lead to people having to move from their local areas in order to keep their jobs and get jobs? Of course, it's also related to the future of the Welsh language in many areas.

The First Minister: Two things: first of all, in considering the fact that so many people live in poverty despite being in work, that does show me that we have to ensure that they must have the skills so that they can enhance their earnings, ultimately.

For people living in rural areas, there is a rural development plan, and the aim of that is not just to help agriculture, but also to help small businesses to grow and to develop and employ people locally.

Simon Thomas: That goes with Brexit, doesn't it?

The First Minister: Well, in terms of funding, but the objective isn't removed. We want to ensure that there is assistance available for businesses in those areas. Some of them are small businesses, perhaps, but if you bring them all together, they employ a number of people. We need to ensure that support is ultimately available, and we must ensure that the UK Government ensures that that financial support is

hefyd.

available for the future, too.

[113] Yr ail ffordd i ddatrys hwn yw sicrhau ei fod yn rhwyddach i bobl deithio i'r gwaith—ddim yn or-bell—ar gludiant cyhoeddus. Y broblem sydd gyda ni ar hyn o bryd yw, ynglŷn â'r system cludiant bysiau—*free for all*, fwy neu lai, yw hi. Ocê, mae rhai gwasanaethau yn cael eu sybsideiddio gan gynghorau lleol, ond y realiti yw ei fod e lan i gwmnïau i redeg gwasanaethau ac, wrth gwrs, nid oes dim rheolaeth o gwbl. Mae'n rhaid i hynny newid, ac, ar ôl blwyddyn nesaf, un o'r pethau rŷm ni'n ystyried yw ym mha ffordd y gallwn ni sicrhau bod gwasanaethau ar gael i bobl wledig, ac nad ydyn nhw'n gorfod dibynnu ar system lle nad oes dim rheolaeth o gwbl. Bydd hynny'n gorfod newid.

The second way of resolving this is to ensure that it is easier for people to travel to work—not too far—on public transport. The problem we have at the moment is, in terms of the bus network, it's a free for all, more or less. Yes, some services are subsidised by local councils, but the reality is that it's up to companies to run those services and there is no regulation. That has to change, and after next year, one of the things that we are considering is how we can ensure that services are available for people in rural communities, and that they shouldn't have to rely on a system where there is no regulation at all. That will have to change.

[114] Wrth gwrs, yn sir Gâr, a hefyd Ceredigion, mae system Bwcabws. Mae hwnnw'n mynd i gael ei estyn i mewn i sir Benfro hefyd yn y pen draw. Rwy'n credu bod hynny'n fwy hyblyg o ran pobl yn gallu mynd i'r gwaith gyda system sydd yn eu siwtio nhw o ran y ffordd maen nhw'n gallu teithio i'r gwaith. Felly, bydd yna gyfleoedd mawr, ar ôl gweld bysiau yn cael eu datganoli y flwyddyn nesaf, i sicrhau y bydd pobl sydd yn byw mewn ardaloedd gwledig yn cael y gwasanaeth sydd eu heisiau arnyn nhw er mwyn iddyn nhw allu mynd i mewn i'r gwaith, ac nid bod mewn sefyllfa lle mae'r bws cyntaf yn cyrraedd y dref fawr, efallai, am 9.30

Of course, in Carmarthenshire, and also in Ceredigion, the Bwcabws system is available. That is going to extend into Pembrokeshire, too. I think that that provides more flexibility in people being able to access employment in a way that suits them in terms of their travel arrangements. So, there are major opportunities, once we have seen the devolution of powers over buses next year, to ensure that people living in rural areas do have access to the service that they need to actually access employment, and not be in a situation where the first bus gets to the town at 9.30 a.m., which is too late for them to get to work. So,

a.m., ar ôl yr amser maen nhw'n gorfod mynd i mewn i'r gwaith. So, mae yna gyfleoedd mawr fanna, ar ôl blwyddyn nesaf, sydd ddim wedi bod gyda ni o'r blaen.

there are major opportunities there, after next year, that we haven't had in the past.

[115] **Simon Thomas:** Nid yw'n glir i mi eich bod chi eto wedi—yn enwedig yng nghyd-destun cefn gwlad—cymryd i lwyr ystyriaeth cynifer o bobl sydd yn dibynnu ar fusnesau unigol, y nifer o bobl sy'n hunan-gyflogedig, yn enwedig ym maes amaeth a thwristiaeth, ac yn fasnachwyr unigol ac ati. Mae unrhyw raglen economaidd sydd yn edrych o safbwynt cyflogaeth, sy'n tueddol o droi o gwmpas cyflogaeth gan brif gyflogwyr y sector cyhoeddus ac ati yn mynd i golli'r agwedd yna. Nid wyf yn gwybod os ydych chi eisiau ateb jest hwnnw, achos mae gen i un gwestiwn arall, os caf i, jest yn fwy penodol hefyd. Diolch.

Simon Thomas: It's clear to me that you have not yet—especially in the context of rural areas—fully considered how many people are dependent on individual businesses that exist there, the number of people who are self-employed, especially in agriculture and tourism, and who are sole traders and so on. Any economic programme that looks at employability, which tends to turn around employability by the big employers in the public sector, and so on, is going to miss that aspect. I don't know if you'd like to just answer that, because I have one other question, if I may, which is more specific also. Thank you.

[116] **Y Prif Weinidog:** Wel, mae'n wir i ddweud na all unrhyw strategaeth sydd yn canolbwyntio'n hollol ar fuddsoddiad mawr ddim estyn i bob cymuned yng Nghymru. Rŷm ni'n deall hynny. Rŷm ni wedi gweld y llwyddiant, wrth gwrs, ynglŷn â thynnu buddsoddiad i mewn i ardaloedd sydd fwy neu lai yn drefol, ond rŷm ni yn deall, wrth gwrs, pa mor bwysig yw'r busnesau bach gyda'i gilydd sy'n cyflogi cymaint o bobl yng nghefn gwlad. Mae rhai busnesau, wrth gwrs, sydd yn hollbwysig mewn trefi gwledig hefyd, fel yn y Drenewydd, lle mae yna un

The First Minister: Well, it is true to say that any strategy that focuses entirely on major investment can't reach all communities in Wales, and we understand that. We have seen some success in attracting investment to areas that are semi-urban, but we do understand how important the small businesses are that collectively employ so many people in rural areas. There are some businesses, of course, that are crucial in rural towns also, such as in Newtown, where there is one crucial employer in that town and it's good to see that the future of that place

cyflogwr hollbwysig yn y dref honno ac mae'n braf i weld bod dyfodol y lle hwnnw wedi cael ei sicrhau yn y pen draw. Ond, na, nid ydym ni'n dweud bod busnesau bach, gwledig, ddim yn bwysig—maen nhw yn. Maen nhw yn, a'r bobl sy'n gweithio i'w hunain, er mwyn sicrhau bod yna swyddi ar gael i bobl sydd yn byw yn yr ardaloedd gwledig.

has eventually been secured. But, no, we're not saying that small, rural businesses are unimportant—they are very important. They are very important, as well as people who are self-employed, because they ensure that there are jobs available for people living in rural areas.

12:00

[117] **Simon Thomas:** A gaf i droi at rywbeth penodol iawn ar gyfer cefn gwlad, ac yn y gorllewin, a dweud y gwir? Nid oes hanes o Gymunedau'n Gyntaf fan hyn, a dweud y gwir, ac yn sicr ar ôl y tro diwethaf i chi newid Cymunedau'n Gyntaf, mae'r ardaloedd cefn gwlad—yr ychydig oedd gyda ni—wedi diflannu. Ac, felly, ers rhai blynyddoedd bellach, rydym ni wedi dibynnu o ran cynlluniau gwrth-dlodi yn y gorllewin ar arian gwirfoddol, a dweud y gwir, gydag amser gwirfoddol ac arian loteri yn bwysig iawn. Gallaf i feddwl am dri chynllun o dop fy mhen sydd wedi'u hariannu gan y loteri—ddim gan y Llywodraeth o gwbl—sydd yn hollbwysig i fynd i'r afael â thlodi yn y cymunedau hynny. Clywsom ni gan un cyn y cyfarfod yma, gan Plant Dewi a oedd yn ymwneud â mamau ifanc; mae yna gynllun loteri, JigSo yn Aberteifi, sy'n ymwneud ag ardaloedd difreintiedig iawn yn y parthau hynny; ac mae yna un penodol wedi dod i ben y mis diwethaf, o'r enw Unity, a oedd yn

Simon Thomas: Can we turn to something very specific then, in relation to rural Wales, and especially in west Wales? There is no history of Communities First in this area and certainly, after the last time you changed the Communities First scheme, the rural areas—or the few we had—have disappeared. So, for many years now, we've depended in terms of anti-poverty programmes in west Wales on voluntary money, to be honest, and the time given by volunteers, with lottery money, of course, being very important to us. I can think of three schemes off the top off my head that are lottery funded—not by the Government at all—that are extremely important in relation to tackling poverty in those communities. We heard from one before this meeting, from Plant Dewi, which is related to young mothers; there is a lottery scheme called JigSo in Cardigan, which is in relation to very underprivileged communities in that area; and there is one specifically that came to an end last

ymwneud â Sipsiwn a Theithwyr yn sir Benfro. Heb fod cynlluniau loteri o'r fath nid oes darpariaeth Llywodraeth—dim o gwbl. Yn arbennig yng nghyd-destun cymunedau fel y Sipsiwn a Theithwyr sydd yn gymunedau daearyddol—hynny yw, maen nhw wedi ymgartrefi mewn ardaloedd penodol; a dweud y gwir, nid oes ond dewis ganddyn nhw i ymgartrefi mewn ardaloedd penodol achos dyna sut mae'r system yn eu gyrru nhw—a oes gennych chi unrhyw gynllun yn y system newydd rydych chi wedi'i hamlinellu i fynd i'r afael â chymunedau penodol megis y Sipsiwn a Theithwyr, a megis hefyd mamau ifanc mewn trefi bach cefn gwlad lle nid oes modd i rai o'r rhaglenni cenedlaethol yma fynd i'r afael? Dyna beth yw gwerth rhai rhaglenni sydd yn ddaearyddol eu natur. Heb fod gennych chi unrhyw raglenni fel yna, rydych chi'n mynd i amddifadu rhai sectorau bregus iawn, iawn.

month, called Unity, which was involved with Gypsies and Travellers in Pembrokeshire. Without such lottery schemes there is no provision from the Government—nothing at all. So, especially in the context of communities such as Gypsies and Travellers, which are geographical communities—that is, they have made their homes in specific areas; to be honest, they don't have any choice but to live in specific areas because that is how the system drives them—do you have any schemes within this new system that you've outlined to tackle specific communities like Gypsies and Travellers, also maybe young mothers in small rural towns, where there is no way for some of those national programmes to tackle the issues? That's the value of some programmes that are geographical in nature, and if you don't have any programmes like that you are going to make sure that some sectors miss out.

[118] **Y Prif Weinidog:** Wel, ein nod ni yw sicrhau bod yna gymorth ar gael yn eang ar draws Cymru. Os edrychwn ni ar y grant ynglŷn â chyflogaeth, mae hwnnw, wrth gwrs, yn mynd i gefnogi—a Ceredigion yn enghraifft arall—pobl sy'n byw yna yn y siroedd hynny a oedd yn ffaelau cael y cymorth yna o'r blaen. Ynglŷn â rhai o'r cymunedau sydd wedi cael eu sôn amdanynt yn fanna, a gaf i ofyn jest i Jo-Anne i ddod i mewn ar hynny?

The First Minister: Well, our aim is to ensure that there is support available broadly across Wales. If we look at the employment grant, that is going to support—and Ceredigion is an example—people who live in those communities that wouldn't have had that support in the past. In terms of some of the communities that have been mentioned, can I ask Jo-Anne to come in?

[119] **Ms Daniels:** We've always acknowledged that there needs to be a mix of programmes across Wales in terms of those that are place-specific and those that are available due to the characteristics of the individuals. It's fair to say that the majority of programmes that are aiming to tackle poverty aren't area based—so, for example, Families First or the pupil deprivation grant are needs based and it's important that they support people wherever they live. It's also worth highlighting that there are a number of programmes that don't necessarily automatically come under the tackling poverty banner that are equally important—so, for example, the Supporting People programme, which works to address homelessness and housing needs. Many of those programmes will be targeting individuals with the kinds of characteristics, and often protected characteristics, that you are identifying. In terms of Gypsy and Traveller communities, for example, we have a significant capital programme where we are looking to ensure that we have sufficient sites, and there's the new legal duty on local authorities to ensure that sufficiency, ensure that there's good and decent accommodation for Gypsy and Traveller communities right across Wales. And we have, I think, a thriving voluntary sector in Wales that we should be very proud of. We continue to provide support for county voluntary councils, and through the Wales Council for Voluntary Action, to strengthen the voluntary sector and to ensure that they're able to access a greater diversity of funding to ensure their sustainability.

[120] **Simon Thomas:** Could I just press on that? Because I don't think, to be frank, it really answered my question. I accept what you're saying, but what we are talking about here are communities that are even further removed from accessing those services. So, if you're a young mother stuck on an estate somewhere in the middle of Carmarthenshire, you can't access services: you can't get on the bus; there are no bus services in the evening; you can't access childcare; there's no Families First and there's no local crèche. Or, if you're stuck on a Gypsy and Traveller site in Pembrokeshire, down towards Kilgetty, say, again your access to those services is even further removed: you don't know about them. We've had projects that have gone in and have worked face to face. You have to employ people to do it—it's intense in that sense. But when those projects are removed, there is no infrastructure support and I don't think the ordinary voluntary sector, if I can put it that way, is designed to do that. That are superb projects that do it, but my question is: what is Government going to do? Because your programme seems to be addressing large-scale kinds of approaches—we haven't talked about city deals yet—but large-scale infrastructure

approaches, large-scale employability approaches, and I am very concerned that you're not going to be actually going into some of these very deprived communities, or including these very isolated and excluded groups of people.

[121] **The First Minister:** Well, if we look at the city deals first of all, here is the Swansea city deal and that includes Carmarthenshire and Pembrokeshire. So, perhaps 'city deal' is not the full—

[122] **Simon Thomas:** But, to be frank, it doesn't include the Gypsies and Travellers in Pembrokeshire. They're not going to get anything out of the city deal. What are you doing as a Government? Because you've got an anti-poverty agenda, what are you doing directly for those communities?

[123] **The First Minister:** We've been working, of course, with the Gypsy and Traveller communities over the years. We've had people who have worked with them to gain their trust, particularly, over the years, but two things that were mentioned there: first of all, transport, and secondly, childcare. With transport, as I've said before, we have an opportunity from next year to provide the sort of transport services that people need in order for them to access employment in a way that wasn't possible before. When it comes to childcare, one of the main pleasures of this Government is to take forward a childcare pledge. It's in relation to a particular age group, that's true, but what we would like to see is that in parts of Wales where there is no provision, what we will be providing will stimulate that provision, make it sustainable, and ensure that provision is made available to a wider age group. So, the childcare pledge is good for families, but it's also a way of looking to stimulate the market in areas where childcare is not yet available.

[124] **Ann Jones:** Okay.

[125] **Simon Thomas:** I'm sure other members want to—

[126] **Ann Jones:** Well, they do, but I am now going to move on. I want to move on to accountability, and there are other issues around poverty and work, and local issues, and local barriers that we want to discuss. I am going to move on, so you'll have to find ways of coming in on those subject headings, if you want to. I'm going to move on: accountability, Lynne Neagle.

[127] **Lynne Neagle:** Thanks, Chair. First Minister, you've said that tackling poverty is a cross-cutting issue, but that you are ultimately responsible. We

have previously had a child poverty strategy, and a tackling poverty action plan, both of which had milestones and targets in. Is it your intention to publish one of those, either a child poverty one or a tackling poverty one, for the duration of this term?

[128] **The First Minister:** Well, we've got no plans to develop a new child poverty strategy for Wales because the 2015 strategy is underpinned by a strong evidence base and we're still delivering on that strategy. We have developed four cross-cutting strategies. They will reflect—I mentioned them earlier on—how we can respond to the needs of our citizens in Wales, including the needs of those who are living in poverty. What they will do is they'll set out in more detail the actions we'll take to give everyone in Wales the opportunity to flourish at every stage of their lives, including, of course, those people who are living in poverty. It's too early yet to decide whether there would be an added benefit of having a separate document that sets out tackling poverty actions in itself, in a stand-alone way. My concern with these things is always that if you produce something that's separate to the overall strategy, it tends to sit in silo and I don't want that. I want to make sure that tackling poverty is something that sits very firmly at the heart of Government and isn't seen as something that sits on the periphery.

[129] **Lynne Neagle:** So, how will we ensure that we actually make progress then? You referred to the future generations Act. Are we going to actually see some robust targets that we're going to work to?

[130] **The First Minister:** Well, targets in the area of poverty are difficult because we don't have control of all the levers that deal with poverty. We know that many of the levers sit at the level of the UK Government. That doesn't mean, of course, we shouldn't be measured and that we shouldn't measure. So, the intention is to use the national indicators that are in the wellbeing of future generations Act to measure progress at an all-Wales level. For example, those might be indicators on employment, educational attainment, including, of course, the attainment of pupils who are eligible for free school meals, and the number of people who are not in education, employment or training. So, the Act gives us the opportunity to measure what we are doing against the indicators that are contained in the Act.

[131] **Lynne Neagle:** Okay. And one of the things that's happened since the election is that the tackling poverty expert advisory group has been disbanded by Ken Skates, whereas his predecessor, Lesley Griffiths, described it as a key mechanism for engaging with stakeholders and experts.

Are you able to expand on the reasons for that and how, without that group, Welsh Government will ensure that we are keeping abreast of the views of people who are on the coal face with this?

[132] **The First Minister:** Yes. Each individual Minister has a responsibility to do that, as I do as First Minister. As I say, 'Taking Wales Forward' is a strategy that all Cabinet Ministers have an input into and are responsible for delivering. Of course, we have a number of different ways in which we can engage with people to understand what works and what doesn't work, but from my perspective the core of this has been making sure that all Ministers understand that they are all jointly responsible, including me, for tackling poverty and there will be measures through the national indicators to see how well we are doing.

[133] In terms of the tackling poverty external advisory group, it did come to an end in November last year. Obviously, we will continue to seek the views of key experts and organisations as we move forward. I can say that the Cabinet Secretary for Economy and Infrastructure is undertaking a review of the groups across his portfolio, identifying gaps and duplication. He's asked other Cabinet Secretaries to do the same thing. Following that review, then a decision will be taken as to what the best way is of engaging with those stakeholders who are able to give us the views that we need to hear.

[134] **Lynne Neagle:** Okay, thank you.

[135] **Ann Jones:** John, you've got a supplementary on that.

[136] **John Griffiths:** Yes. As you say, some of the levers are not within the ambit of Welsh Government and rest with the UK Government, but there are some practical things that Welsh Government can do. I think, in terms of accountability and leadership, when you look at the work of the Joseph Rowntree Foundation and the Bevan Foundation, they talk about maximising the income of people in poverty and reducing their outgoings, and practical ways of doing that, I think, are very important. So, if you look, for example, at unclaimed benefits—welfare benefits, pension credit and many other benefits—there is still this estimate that is often quoted of £2 billion a year in terms of unclaimed benefits, plus the economic benefits if those benefits were claimed and spent in the local economies. So, it's a huge amount of money. At the same time, people in poverty are not always on the best energy deals, they don't always have their financial affairs in the best order, and they're sometimes prone to irresponsible lending and so on. It does

seem to me that there are a lot of practical steps that can be taken. We've got Citizen's Advice, we've got housing associations employing people to give this advice to reduce the arrears that exist, as well as obviously helping the tenant. So, I'm interested really in what Welsh Government's leadership role is and accountability is here, to look right across Wales at who's delivering what in these terms and what co-ordination needs to take place to ensure that we have consistency and quality right across Wales.

[137] **The First Minister:** It's quite right to say that, for many people—for most people, I suspect—they don't relentlessly pursue the best deals when it comes to their own use of fuel. For many people, it's a challenge to organise their lives from a financial perspective. So, the question is: what are we doing about it as a Government? We've got the financial inclusion strategy that was published in March of last year. The delivery plan was published in December. It sets out the actions and measures that are required to increase financial inclusion across Wales. It does highlight the need, obviously, to work closely with partner organisations, those that deliver the services on the ground—some public sector, some private sector, some obviously in the third sector—those who are well placed to deliver financial inclusion and financial capability.

[138] What the delivery plan does is capture the important role that financial inclusion plays in supporting other priorities within Government—child poverty, the strategy for older people, the draft employability plan and also the strategic equality plan. That's the strategy. That's the delivery plan. What are we doing in order to help those on the ground? We have, of course, the front-line advice services grant and the Better Advice Better Lives project funded in order to make sure that those who are best placed to offer the kind of support that people need have the financial means to offer that support.

[139] **John Griffiths:** Just particularly on welfare benefits, First Minister—

[140] **Ann Jones:** You are pushing it now—quick.

[141] **The First Minister:** Of course, front-line services are able to signpost people in the right direction. A lot of people who are in work don't think they can claim benefits because they're in work.

[142] **John Griffiths:** There's still that £2 billion figure floating around.

12:15

[143] **The First Minister:** Yes, some people don't think they're eligible. Some people feel too intimidated to apply. Some people won't because, for various reasons, they don't want to. But they need to be able to know where to access the advice to signpost them to a position where they can claim those benefits. For example, the front-line services grant is one way of ensuring that those organisations that can signpost people have the means to do so.

[144] **Ann Jones:** Okay, I'm in a fairly good mood, and David Rees has promised he's going to be very brief.

[145] **David Rees:** It will be brief, Chair.

[146] **Ann Jones:** Thank you.

[147] **David Rees:** John Griffiths asked the question as to the accountability of the Welsh Government to ensure that its strategies and policies are delivered. As you answered earlier on to one of my questions, some of those are deliverable by local authorities, and local authorities may face their electorate in five years. Now, surely it's the responsibility of the Government to ensure that you don't wait five years for an authority to face its responsibilities? If you're finding that authorities are not delivering or there are challenges and they are creating more challenges for those poor areas, will the Welsh Government take action, because it is important that—. The RSG is based upon a needs base but we're not always ensuring that the local authorities are also distributing on a needs base. So, how are you going to ensure that and how will you take action?

[148] **The First Minister:** The difficulty is getting the balance between local autonomy and driving forward Government objectives. That balance has traditionally been achieved via the RSG providing the autonomy and specific grants providing the means by which particular policy objectives can be taken forward. Ultimately, if we were to start telling local authorities what they should be providing locally at that level of detail, it does take away that local autonomy, which councils are responsible for and are answerable for. I would want to see, obviously, every local authority in Wales provide the level of services that it can. These are tough financial times. We all know that—ourselves as a Government and local authorities—but it is hugely important that local authorities do look to provide the widest service that they can across the communities that they represent.

[149] **Ann Jones:** Okay, I'm going to move on to the poverty and work section. I've got Nick Ramsay, Jayne Bryant and Dai Lloyd in this section, and Mike Hedges now as well. So, Nick.

[150] **Nick Ramsay:** Thanks, Chair. First Minister, in terms of poverty and work, the Government can't do everything to reduce poverty; the private sector has to play a role as well. How are you working with anchor institutions, particularly in the city region areas of Wales, to help develop their procurement procedures? And, leaving aside the role of hospitals and education providers and other publicly funded areas in terms of medium-sized local businesses—and I'm thinking of businesses such as hotels, for instance, in towns in my constituency—those have been pretty badly or are badly hit by the business rate revaluation. I know that will come up in the topical questions, but that's the situation at the moment. Those companies are responsible for procuring a large amount of local goods, employing a large number of local people and keeping the economy of our local areas going round. So, are you concerned about the effect of the business rate revaluation on them, and what advice are you going to give them to make sure that they carry on being those anchor procurement centres at the heart of local economies?

[151] **The First Minister:** Having seen the headlines in some of the papers with regard to what's happening in England this morning, I certainly wouldn't want to see that happening here. Yes, there are some businesses that are seeing increases in their business rate—we know that—but the revaluation exercise is cost neutral. Those who may see an increase clearly are concerned and I understand that. Those who are seeing a decrease are quiet—it's in the nature of these things. Well, of course, the announcement has been made on business rate relief, and certainly I hope that that provides some comfort for those businesses who will see increases.

[152] On in-work poverty, we know that intervention can only take us so far, but that doesn't mean, of course, that we should sit back and do nothing. We know that work is the most sustainable route out of poverty. We know that in-work poverty is becoming a bigger part of the picture, so work is not always enough, which is why we talk about better jobs closer to home. We do have a strong relationship with the private sector, and we are working with them to tackle that hugely important issue. Promoting the adoption of the living wage and responsible working practices are hugely important. We will soon publish a code of practice on ethical employment in supply chains, and that will contain a range of commitments encouraging organisations to adopt

fair employment practices, including the Living Wage Foundation's living wage, and we're continuing to explore what more we can do.

[153] In terms of working with the anchor institutions, again, we have a good relationship with them. We are progressing to pilots, which are two different methods of procurement policy interventions. The first pilot is focused on uniform and clothing made in Wales for the public sector. The second is focused on signage—buying signs and looking to support those jobs in Wales that manufacture signs; that's quite a big business, of course, given the need for them. So, procurement and ethical procurement is something that we're very much working towards, and that code of practice will be published soon. And, of course, we'll continue to work with private sector employers to make sure that they understand how important the living wage is.

[154] **The Deputy Presiding Officer:** Okay, thank you. Jayne.

[155] **Jayne Bryant:** Thank you, Chair. As the population ages, we know there'll be a need for more carers, and that's not just those carers caring for loved ones who are unpaid, but those in the care sector. Those who work on the front line are often on minimal rates of pay, typically with no guaranteed working hours. Do you see social care as a priority sector for Welsh Government employability work, and how can we support the social care workforce so that they feel valued, skilled and rewarded for their essential work, but also, crucially, so that it's seen as a worthwhile career for carers in the future?

[156] **The First Minister:** Hugely important, we know that. We know that the sector has not historically been the one that offers the highest paid jobs—we understand that—where there have been recruitment issues in the sector, and where a fair percentage of the workforce is from other countries. But we do recognise the importance of the care sector not just in terms of what it delivers as a service, but to the economy as a whole. I know that both the Cabinet Secretary for Economy and Infrastructure and the Cabinet Secretary for Health, Well-being and Sport have asked officials to look at how we might make a bigger contribution to supporting the development of the social care sector in Wales. The Lift programme, for example, was launched in 2014. I asked Ministers to see how that programme could support key sectors, and a key commitment was made at that time to provide training and employment opportunities in the social care sector. And, indeed, by the end of last year, 253 training and employment opportunities have been taken up by Lift

participants in the social care sector.

[157] Finally, the Communities4Work innovation fund does provide an investment of £1.7 million to help Communities4Work participants and, obviously, one of the projects that has been taken forward is ‘Step into Care’. That’s specifically targeted at unemployed young people, offering them the chance to find a job in the social care sector. So, yes, it’s important that the jobs are made available, but of course we will continue to press the importance of the living wage in the sector as well.

[158] **Ann Jones:** Okay, thank you. Briefly on this.

[159] **David Rees:** Just on that point, yesterday there was a list of companies that were identified as not meeting those levels of minimum wage to their employees, and there were several in Wales, and some of them were in the care sector. What can you do to ensure that companies such as those don’t get contracts from publicly funded bodies, so that the people they’re employing—and who are going to end up in poverty as a consequence of their low wages—end up dealing with people who will give a decent wage to people to do a decent job?

[160] **The First Minister:** Well, this is where the code of practice comes in. That’s going to be hugely important in guiding the way in which decisions are taken, but we want to see—. We are a living-wage employer, but we want to make sure that that is true, eventually, of every local authority in Wales and, indeed, through the services that they procure. It’s one thing, of course, for a local authority itself to be a living-wage employer, but if they are using contracted-out services, it’s important that those services are staffed by people who are also being paid the living wage. The social care sector is a skilled sector and an important sector. It can’t afford to be seen as a low-cost, low-pay sector, if we’re going to have the social care system that we would all want to see, and that’s why we’ll continue to push the living wage in the social care sector and continue to provide opportunities for people to work in it.

[161] **Ann Jones:** Okay, thank you. Dai Lloyd.

[162] **Dai Lloyd:** Diolch, Gadeirydd, a **Dai Lloyd:** Thank you, Chair, and diolch am eich cadeirio aeddfed y thank you for chairing in such a bore yma. Rwy’n mynd i fynd ar ôl yr mature fashion this morning. I’m un math o drywydd a’r un y mae going to look at the same sort of

Jayne Bryant wedi bod yn sôn amdano fe. Pan fyddwn ni'n sôn am dlodi ac yn sôn am yr arian sydd ar gael i chi fel Llywodraeth, neu ar gael i bobl Cymru, wrth gwrs, mae'r bloc rydym ni'n ei gael fel Cynulliad, ac wrth gwrs, rydym ni wedi clywed am arian y loteri ac elusennau ac ati, ac, wrth gwrs, mae yna ffrwd arall o arian rydym ni wedi clywed amdani hi hefyd, sef budd-daliadau. Nid oes rheolaeth gennym ni dros hynny. Wrth gwrs, mae pobl Cymru yn derbyn budd-daliadau, er nad ydy'r holl system yna wedi'i datganoli, yn naturiol, fel yr ydych chi'ch gwybod. Ond, o fewn hynny, mae yna wendidau, achos rydym ni'n sôn am dlodi a gwaith, ac wedyn, wrth gwrs, mae yna rai pobl sydd yn sâl. Nid ydyn nhw'n gallu gweithio, ac wrth gwrs mae yna nerfusrwydd a phryderon ynglŷn â lefel y budd-daliadau y maen nhw yn ei chael. Ac, wrth gwrs, mae yna wastad newidiadau yn y system—nid af i i mewn iddyn nhw rŵan—sydd yn golygu bod yna anhrefn yn aml, a lot o oedi yn y system, a bod pobl yn dioddef tlodi achos eu bod nhw yn sâl.

issue that Jayne Bryant has been talking about. When we talk about poverty, of course, and when we talk about the funds available to you as a Government, or available for the people of Wales, I should say, there's the block we have as an Assembly, and of course we've heard about lottery funding and charities, for example, but there is another funding stream, of course, which is benefits. We don't have any control over that. Of course, people in Wales receive benefits, although, of course, benefits are not devolved, as you're aware. But there are weaknesses in that regard, because we talk about work and poverty, and there are some people who are unwell and are therefore not able to work, and there is a nervousness and concern there about the level of benefits that they receive. And of course, there are always changes in the system—I won't go into that now—which mean that there is often confusion and a lot of delay in the system, and people are in poverty because they are unwell.

[163] Ar ben hynny, mae pryderon ynglŷn â'r sawl sydd yn gofalu, yn enwedig gofalwyr sydd yn oedolion ifanc. Hynny yw, mae'r ffaith eu bod nhw yn gorfod gofalu am aelodau eraill o'r teulu ddim yn eu galluogi nhw, felly, i fynd allan i weithio. Mae hwythau hefyd yn cwympo rhwng dwy stôl, felly, ac mae yna nifer o

In addition to that, there are concerns about carers, especially carers who are young adults. The fact that they have to perform caring duties in relation to other members of their families doesn't enable them go out to work themselves. They, too, are falling between two stools, and there are many other similar

esiampiau tebyg, wrth gwrs, ac nid yw lefel y budd-daliadau wastad yn ddigon uchel. Y cwestiwn cyntaf ydy: pwy yn eich Llywodraeth chi sydd yn gweiddi ar ran y bobl yma, sydd yn dioddef ar sail system sydd ddim wedi'i datganoli yn y bôn, ond mae yna anghyfiawnder yna sydd wedyn yn esgor at dlodi?

[164] **Y Prif Weinidog:** Wel, Carl Sargeant fel Gweinidog sydd â'r prif gyfrifoldeb, ond rŷm ni'n gwybod bod pobl wedi colli mas o achos y ffaith bod budd-daliadau wedi cael eu torri. Rŷm ni'n gwybod bydd incwm sawl teulu yng Nghymru yn cael ei dorri o achos hynny. Chwe chan miliwn o bunnoedd y flwyddyn yw canlyniad y toriadau sydd wedi digwydd lan i nawr, ac wrth gwrs, rheini sydd yn ennill y lleiaf sydd yn cael eu bwrw y mwyaf. Fe welsom ni hyn, wrth gwrs, gyda'r treth ystafell wely yn enwedig, lle roedd pobl yn colli arian er nad oedd dewis gyda nhw ynglŷn â lle roedden nhw'n byw.

[165] Rŷm ni'n moyn sicrhau—. Ac mae'n wir i ddweud, i rai bobl, nid yw gwaith yn opsiwn. Mae hynny'n iawn, ond mae'n rhaid i Lywodraeth y Deyrnas Unedig, felly, ystyried eu sefyllfa nhw, gan ddeall nad yw rhai pobl yn gweithio ond eu bod nhw'n gweithredu gwasanaeth sydd yn safio arian i'r system gyhoeddus, o achos y ffaith eu bod nhw'n gofalu am rywun. Felly mae'n rhaid sicrhau bod y system budd-daliadau yn cydnabod y ffaith bod hynny yn digwydd, gan

examples, and the level of benefits, perhaps, is not high enough. The first question is: who in your Government is advocating for these people who are suffering because of, ultimately, a non-devolved system, but where there is injustice that leads to poverty?

The First Minister: Well, Carl Sargeant is the Minister with lead responsibility in this area, but we do know that people have lost out because of benefit cuts. We know that the incomes of many families in Wales will have been cut as a result of that. The total figure is £600 million per annum, and it's those earning least who are hardest hit in these cases. We saw this, of course, with the bedroom tax particularly, where people were losing money although they had no option in terms of where they actually live.

What we want to do—. It is true to say, of course, that for some people, work simply isn't an option. That's true to say, but the UK Government, therefore, has to consider the position of those people. They must understand that some people don't necessarily work, but they do provide a service that saves money to the public purse because of their caring responsibilities. We must therefore ensure that the benefits system recognises that, as it doesn't do so at

nad yw'n gwneud hynny nawr.

the moment.

[166] **Dai Lloyd:** Yn bellach i hynny, gan fynd ar ôl pwynt yr oedd Jayne wedi'i grybwyll eisoes, roeddem ni'n sôn yn fanna am ofalwyr answyddogol o fewn y teulu, ond, wrth gwrs, mae'r sector gofal cymdeithasol ei hun hefyd yn cael ei danariannu. Gallem ni fod yn sôn yn nhermau'r cyflogau sydd ar gael ac ati, ond, yn y bôn hefyd, achos efo fy het fel meddyg teulu rŵan, rwyf yn ymwybodol iawn ein bod ni'n hollol ddibynnol yn y gwasanaeth iechyd ar y sector gofal cymdeithasol. Os ydy hwnnw'n ddiffygiol, neu mae yna ormod o fylchau yn lleol, mae'n tansilio ein gwaith ni yn y gwasanaeth iechyd, a bydd mwy o bobl yn gorffen lan yn yr ysbyty ac mae yna oedi hir cyn i chi ddod allan o'r ysbyty wedyn achos nid yw'r gofal ar gael yn y gymuned. Ar ddiwedd y dydd, mae'n system gymhleth pan fyddwch chi'n gweithredu fel elusen neu fel cwmni preifat neu yn statudol i ddarparu gofal cymdeithasol. Ond, ar ddiwedd y dydd, nid oes jest dim digon o arian yn y sector gofal cymdeithasol. Nawr rwy'n gwybod bod pobl yn dweud nad yw e cweit mor syml â hynny ond, yn y bôn hefyd, mae o mor syml â hynny achos beth sy'n digwydd ydy rydych chi'n disgwyl i elusennau yn enwedig ond hefyd cwmnïau bach preifat ddarparu gofal cymdeithasol lle nad ydyn nhw'n gallu fforddio gwneud hynny ac maen nhw'n mynd i'r wal yn gynyddol. Rydym ni wedi gweld

Dai Lloyd: Further to that, and going after a point that Jayne has already mentioned, we were talking there about unofficial carers within the family, but, of course, the social care sector itself is also underfunded. We could talk in terms of the salaries that are available, and so on, but the fact is that, if I put my GP hat on for a moment, I'm very aware that we are very dependent in the health service on the social care sector. If there are deficiencies there, or too many gaps on a local level, it undermines our work in the health sector, with more people ending up in hospital and great delays then before you come out of hospital because the care isn't available in the community. At the end of the day, it's a complex system when you're operating as a charity or a private company or on a statutory basis to provide social care. But, at the end of the day, there just isn't enough money in the social care sector. Now I know people say that it's not quite that simple but, actually, it is that simple because what happens is that you expect charities especially but also small private companies to provide social care where they can't afford to do so and they go bankrupt very easily. We've seen charities going bankrupt over the last few months in Wales because the level of funding available to pay for their services is not sufficient to provide the service and carry on operating as they do. So, at

cwmnïau elusennol yn enwedig yng Nghymru yn mynd i'r wal dros y misoedd diwethaf achos nid yw lefel yr arian sydd ar gael i'w digolledu nhw am eu gwasanaeth yn ddigon i ddarparu gwasanaeth a chario ymlaen i weithredu fel hynny. Felly, ar ddiwedd y dydd mae yna angen dybryd i gael mwy o arian yn y sector gofal cymdeithasol. Nid wyf yn gwybod sut ydych chi fel Llywodraeth yn gallu wynebu'r her sylfaenol yna.

the end of the day, there is a desperate need to have more funding in the social care sector. I don't know how you as a Government can face that basic challenge.

12:30

[167] **Y Prif Weinidog:** Mae'n anodd o achos y ffaith rŷm ni wedi gweld toriadau mor fawr yn dod o San Steffan. Er hynny, wrth gwrs, rŷm ni'n gwybod bod taliadau y pen yng Nghymru, neu faint o arian sy'n cael ei hala yng Nghymru ar ofal cymdeithasol, yn fwy y pen nag yn Lloegr. Ond mae yna heriau, rwy'n deall hynny. Mae yna heriau ynglŷn â'r sector ei hunan. Rydym ni, wrth gwrs, fel Llywodraeth wedi rhoi addewid ynglŷn â faint o arian bydd pobl yn gallu cadw cyn eu bod nhw'n gorfod talu at gostau gofal cymdeithasol eu hunain. Ond hefyd mae yna broblem strwythur fan hyn. O siarad gyda rhai pobl sy'n gweithio yn Ysbyty Treforys, maen nhw'n delio gyda saith system wahanol, mwy neu lai, o ofal cymdeithasol. Mae'n rhaid i hynny newid. Wel, rŷm ni'n gwybod nad yw ail-strwythuro awdurdodau lleol yn mynd i ddigwydd ond mae'n hollbwysig—a bydd hwn yn rhywbeth sy'n orfodol ta beth—bod cynghorau

The First Minister: It is difficult because of the fact that we have seen such major cuts coming from Westminster. But, of course, we do know that per capita payments in Wales, or the amount spent in Wales on social care, is greater per capita than in England. But there are challenges, I understand that. There are challenges in terms of the sector itself. We, as a Government, of course, have made a pledge in terms of how much money people will be able to keep before they have to start paying for their own social care costs. But there is a structural problem here too. In speaking to some people working in Morriston Hospital, they're dealing with seven different systems of social care, more or less. That has to change. We know that there is going to be no restructuring of local authorities but it is crucially important—and this will be something that is mandatory any way—that local authorities do

lleol yn gweithio gyda'i gilydd er mwyn gweithredu un gwasanaeth, sy'n ei gwneud hi'n rhwyddach i'r ysbyty. Maen nhw'n gallu sicrhau bod y gwasanaeth yn fwy cadarn yn y pendraw a dyna'n gwmws beth rydym ni eisiau ei wneud, sicrhau—er bod yr awdurdodau yn mynd i aros fel awdurdodau—bod gwasanaethau yn cael eu gweithredu ar lefel ranbarthol yn y pendraw ac nid ar lefel sy'n rhy fach i sicrhau bod y gwasanaeth yn ddigon cadarn i weithredu drwy'r amser.

collaborate in order to deliver a single service, which makes things easier for the hospital. They can ensure that the service is ultimately more resilient and that's exactly what we want to do, ensure—although the local authorities will remain in place as local authorities—that services are delivered at a regional level ultimately, not at a level that's too small to ensure that the service is resilient and robust enough to provide an effective service.

[168] **Ann Jones:** Okay. Thank you. Mike Hedges.

[169] **Mike Hedges:** Would you agree, First Minister, that the wider problem with poverty in Wales is the balance of the Welsh economy? Example: ICT, according to the Office for National Statistics, shows us performing at roughly half that of which we should if we were common to the rest of Britain. We know ICT is something that can move anywhere geographically, even to Simon Thomas's rural areas mentioned earlier, though it does have a tendency to cluster. I've seen the success of the Welsh Government's life sciences programme, which has dragged Wales up in terms of that high-performing sector. What I'm asking is: will the First Minister look at doing the same thing for ICT as has been done for life sciences, because that would have a dramatic effect in getting people out of poverty?

[170] **The First Minister:** Yes. I mean, broadband is key to this. To me, superfast broadband is the equivalent of the railway lines in the nineteenth century. I've said that before. If you're connected, you're connected to a market. Twenty years ago, people had no choice but to move if they were going to work in ICT. Now that isn't the case across many parts of Wales. People can live almost anywhere in Wales and yet still be able to do the job that they would want to do. We know the market wouldn't have delivered that, but we know there are many, many businesses who are wholly dependent on having that broadband speed in order for them to function, otherwise they'll move to a more urban area, which is the last thing that we want to see. What we find with investors particularly is that they don't look at Wales necessarily, they'll look at a particular part of Wales. With Aston Martin

it was St Athan or somewhere else in the world. It was never going to be anywhere else, because St Athan had the building, they were content that they could get the skills that they needed. We couldn't say to them, 'Well, can you look somewhere else instead?' That's not the way it worked. At the heart of it, there are two things: first of all investors say, 'Can you guarantee that there's a skills pipeline? Will we get the people we need?' It's harder to be able to reassure them in a rural area than an urban area. We can do it, but it's a harder task, because they'll say, 'Well, there are fewer people here, there are fewer graduates, and, so, as a result—and, as a result, will we get the people we need?' We can do it, because we can give them other examples of other businesses like them who have managed to do that.

[171] Secondly, it's a matter of targeting people who are at the time of their life when they want to move. It's very difficult to persuade people in their twenties and thirties to move to a rural area. The older they get, the more likely they are to want to move, and so we are able to draw people who are perhaps—you know, they might've left Wales years ago and want to come back and live and want to come back and work in Wales, and we can give them the opportunities to do that. But at the heart of it is the digital infrastructure. If rural Wales were thought of as a place where the infrastructure was rickety, where broadband speeds weren't fast enough, then that just makes rural Wales unattractive as a place to invest, which is why we've invested so much in Superfast Cymru, so that we can say, 'Actually, the digital infrastructure in rural Wales is as good as you're going to get anywhere in Europe, and that's why you can base yourself in many places in rural Wales, because you've got the infrastructure around you'.

[172] **Mike Hedges:** But a lot of ICT—the great products—are literally things like Hewlett-Packard, which grew out of somebody's garage in California. It really is about growing these indigenously ourselves. We've done really well with life sciences and I think that people generally accept the Welsh Government's success in that area. What I'm looking for is the same sort of growth out of ICT as well, which could give the same push to getting people out of poverty.

[173] **The First Minister:** The big change in the past decade has been the willingness of our young people to be more innovative. They've always been innovative, but have never really been encouraged to be so. We're seeing amongst young people a far greater sense of confidence to take an idea forward and to develop it as a business. What we're not yet in a position to do is to persuade all of them that, if they've set up in business and they've

failed, it's not somehow a judgment on them. What I found in California, particularly in Silicon Valley, is that many of the tech businesses there that are successful are run by people who actually set up businesses before, maybe two or three times, and the businesses failed, but it's not seen as a badge of shame, if I can put it that way. In California—. Chapter 11 helps in America, in terms of the bankruptcy laws, but what I found there was, if you set up in business and it didn't work out, you learnt from it, you moved on. People weren't saying 'told you so'. Bottling a bit of that and bringing it back is what we need to do and we are seeing signs of it amongst young people who don't fear that they will be judged if they set up a business and, through no fault of their own, the business doesn't work out, and then have the confidence to start again, try again, and eventually succeed. There's a cultural difference that exists in that part of California, for example, that we need to be able to push more in Wales.

[174] **Ann Jones:** Russell George.

[175] **Russell George:** There's a high level of businesses that are finding it difficult to recruit people with the right skills. We know we've had poor PISA results; we know we need to do better in education. But in regard to how Government can support pupils from deprived backgrounds to be trained in the skills that employees need—so, this is linking the skills that employees need with attainment for those from deprived backgrounds and how they're going to support that.

[176] **The First Minister:** In terms of school, the pupil deprivation grant has helped with that, as, to an extent, has Schools Challenge Cymru, but, for many young people, their ability to access skills will be shaped by their ability to access further education. In order for them to access that, they need to be sure that they're going to be supported, which is why we kept the education maintenance allowance. There are so many young people who are in further education who are there because the EMA provides them with the means to stay there and to acquire the skills that they need.

[177] So, there are two ways to approach this: firstly, ensuring that young people are financially supported to stay in FE, and, secondly, of course, to make sure that further education colleges do provide the skills that are required. And they have a good record of doing that. I well remember, not long after I became First Minister in 2009, going to Coleg Menai where they were, at that point, setting up courses to ensure that local youngsters had the skills that were needed by the nuclear industry, even though Wylfa B was

still many years away—they had that foresight. So, we know that FE colleges, working with employers, are absolutely key to making sure that, when there is a potential investment—perhaps some years hence—that local people have the skills to get the jobs, and also in terms of working with Government to identify areas where there are skills shortages to make sure that people have those skills in the future.

[178] **Ann Jones:** Okay. I'm going to draw this part of the agenda item—which is only agenda item 2, let me tell you all, in case we—to a close. Then, I'm going to move on and allow 20 minutes now for topical issues.

12:38

**Sesiwn Graffu ar y Gweinidog: Materion Amserol a Phynciau o
Bwysigrwydd Lleol
Ministerial Scrutiny Session: Topical Matters and Key Issues of Local
Importance**

[179] **Ann Jones:** I have four topical questions, and then there are some local issues that Members have wanted to raise as well. So, we'll take those in. There are a couple of issues, though, First Minister, on the poverty that we've received from some stakeholders that we would like to write to you on, which we will discuss when we send our report to you. So, if we could do that, that would be good. So, we're going to move on to the topical matters now. As I say, I've got four Members that have indicated. I'm going to try and do this in the same way—. The First Minister probably feels he's being questioned all—but I'm going to try and do it based on how we do it in the Chamber with questions to the First Minister. So, we're not going to ramble on. We're just going to try and do the four questions quite quickly.

[180] **The First Minister:** Is that aimed at me, Chair?

[181] **Ann Jones:** Sorry?

[182] **The First Minister:** Was that aimed at me? [*Laughter.*]

[183] **Ann Jones:** Is it at this point where the Chair usually says, 'If the cap fits, wear it'? But, no, I won't on this occasion. I'll be very good. So, I've got four questions. I'm going to start with Mark Reckless. So, we're going to Mark Reckless, Russell George, and then Simon Thomas has got two.

[184] **Simon Thomas:** They are linked.

[185] **Ann Jones:** They are linked, but we'll have them as two. And then we've got some local issues around—. Nick, you've got one on the rail franchise. Jayne, you've got one on transport, unless it's—.

[186] **Jayne Bryant:** It's been answered.

[187] **Ann Jones:** It's been answered. That's fine. So, we've only got one from Nick Ramsay, on transport, on the rail franchise. So, Mark Reckless, if you can take the first one, then.

[188] **Mark Reckless:** First Minister, when you argued in favour of the legislative consent motion for what's now the Wales Act, you said that it was a balanced decision, with arguments both ways. One of the key arguments you made in favour of the Wales Bill becoming an Act was that the Sewel convention would become incorporated in law, as was the case in Scotland, and that would give us significant protection for devolved powers. Has that plank of your argument been struck away by the Supreme Court judgment as goes to this area?

[189] **The First Minister:** Well, the Supreme Court said that it wasn't a legal issue but it was constitutionally important and a fundamental part of the constitution. So, if, for example, the Sewel convention is ignored in the future, then that is a very serious constitutional issue. At the heart of this, of course, is the fact that Parliament is sovereign and can do, effectively, what it wants. So, from the Supreme Court's point of view, they would see it, legally, as, 'Well, actually, because Parliament is sovereign, this can't be a justiciable issue of itself'. But, for me, it's hugely important that, where the Sewel convention is enshrined in an Act of Parliament, it's respected by Parliament.

[190] **Mark Reckless:** But wouldn't you have expected the Supreme Court to ultimately enforce the law? I thought you were emphasising a distinction between Sewel being merely a convention for us, but being enshrined in law for Scotland. Hasn't the Supreme Court said, 'Actually, that distinction isn't valid', in the way I think perhaps you'd emphasised in the LCM vote?

[191] **The First Minister:** It hasn't gone as far as I would have hoped, no, is the answer. I would have hoped that the Supreme Court would have recognised that Sewel is a law that should be respected. They haven't gone that far. Nevertheless, the fact that Sewel is enshrined now in the Wales Act

does give it greater weight, but, no, not the weight that I would have expected when the LCM went through.

[192] **Mark Reckless:** Thank you.

[193] **Ann Jones:** Okay. Russell George on business rates.

[194] **Russell George:** Yes. Thank you, Chair. Members received a statement this morning with regard to the targeted high street rates scheme for 2017–18. That was very welcome. I have to say that I did read it on the media first. So, there is an issue here of significant announcements being made, I think, to the Senedd rather than through embargoed press releases, but, all said, I welcome the statement this morning. Now, many businesses were significantly, of course, affected by the revaluation, in particular areas significantly. So, I want to know who is going to define ‘high street’, because that’s mentioned in the statement today. Because I’ve got cases where businesses that I would regard as just off the high street have been significantly affected. So, is that definition going to be decided by Welsh Government or by local authorities? I’ll also say that I very much welcome the additional funding and the statement, but is there going to be significant time to allow local authorities time to plan and implement a scheme in time for 1 April?

[195] **The First Minister:** Local authorities have known that this has been coming for a while. So, this won’t come as a surprise to them. The use of the term ‘high street’ is not meant to apply to a street, or, in particular, one street. Clearly, what we’re looking to do is to help small businesses to deal with increases, if they’ve had those increases, but we wouldn’t seek to define in every part of Wales exactly where the high street lies in a particular town. Rather, it’s aimed at a particular type of business that may have seen increases in business rates.

[196] **Russell George:** I’m grateful for that. And to know exactly who it is targeted at—. I certainly had a town council contact me this morning and they have been significantly affected by the revaluation. So, are they are going to be able to be helped? And also, if I can specifically ask, just for clarity: are all businesses with a rateable value of under £50,000 that have had an increase in their rateable values going to be eligible for support from the scheme?

[197] **The First Minister:** Well, the detail of the scheme will be made clear.

We have said—we have offered the value of the scheme. We've given an indication of what the scheme is designed to do. But the detail will become available over the next few weeks.

[198] **Russell George:** Okay.

[199] **The First Minister:** I understand that the detail needs to be made available as quickly as possible.

[200] **Ann Jones:** Okay. The first of your two, then, Simon.

[201] **Simon Thomas:** Diolch, **Simon Thomas:** Thank you, Chair. I have two questions that are timely and local, so I hope that's suitable. Across the way from where we are now, you will see signs saying 'Canolfan Yr Egin', which is the new home for S4C when it comes to Carmarthen, but it's a wider plan than just for S4C. Now, of course, the people of the town, and the people of west Wales in general, are looking forward very much to see S4C moving here, but the plan itself is part of a wider plan as a development by the coleg and the Swansea bay city region, of course. I'm sure that we would have seen on the news if you had come to Carmarthen with an announcement on the Egin—we would have heard by now. So, I'm not expecting you to make an announcement today. But are you in a position to tell us in what way the Government will consider supporting the Egin to make sure that it does come into existence? And also, are you in a position to guarantee that there will no cutting down on other funding from the Government on support for the Welsh language in

gefnogaeth i'r Gymraeg er mwyn talu am Yr Egin? order to pay for the Egin?

12:45

[202] **Y Prif Weinidog:** Rwy'n cofio pan roedd hyn yn cael ei drafod gyda fi. Y rheswm pam roedd Caerfyrddin wedi cael ei dewis oedd o achos y ffaith— dyna beth cafodd ei ddweud wrthyf i—na fyddai cost o gwbl i'r pwrw cyhoeddus. Nawr wrth gwrs, mae'r sefyllfa wedi newid. Mae'n rhaid i mi ddweud, roeddwn i wedi cefnogi cais ynglŷn â Dyffryn Aman, achos y ffaith yr oeddwn i'n meddwl ei bod yn hollbwysig i fynd i rywle lle'r oedd y Gymraeg o dan bwysau difrifol. Ond yr ateb oedd, 'Wel, mae Caerfyrddin yna, mae'r safle yna, nid yw'n mynd i gostio dim byd'. Mae hynny wedi newid. Nawr, mae yna drafodaethau yn cymryd lle ar hyn o bryd rhwng y brifysgol, a hefyd swyddogion, ac felly mae'r trafodaethau yn dal i barhau, ond, wrth gwrs, rydym ni'n gobeithio bod mewn sefyllfa cyn bo hir lle mae'r sefyllfa hon yn gallu cael ei datrys. Nid y coleg a ddywedodd hyn, mae'n rhaid imi fod yn glir; nid y brifysgol a ddywedodd hynny wrthyf i, ond S4C ei hunan.

[203] **Simon Thomas:** Sori, ni chlywais i hynny.

[204] **Y Prif Weinidog:** Nid y brifysgol a ddywedodd wrthyf i na fyddai cost pan roedd y trafodaethau hyn yn cymryd lle, ond S4C ei hunan.

The First Minister: I recall when this was discussed with me. The reason Carmarthen had been chosen was because of the fact that there would be no cost to the public purse. That's what I was told. And now, the situation has changed, of course. I have to say, I had supported a bid put in for the Amman valley, because I thought it was very important that it went to an area where the Welsh language was under serious pressure. But the answer was, 'Well, Carmarthen is there, the site is there, it's going to be cost neutral'. But the situation has now changed. Negotiations are ongoing with the university and the officials, but we hope to be in a situation before too long when this situation can be resolved. And may I say it wasn't the university that told me this? It was S4C itself.

Simon Thomas: Sorry, I missed that.

The First Minister: It wasn't the university that told me that it would be cost neutral during the negotiations; it was S4C itself.

[205] **Simon Thomas:** A gaf i jest fod y glir, felly? A ydych chi fel Llywodraeth, mewn egwyddor, yn dal i gefnogi'r syniad o symud S4C allan o Gaerdydd i Gaerfyrddin?

Simon Thomas: Could I just to be clear then, please? Are you as a Government, in principle, still supportive of the idea of moving S4C out of Cardiff to Carmarthen?

[206] **Y Prif Weinidog.** Ydyn, mewn egwyddor.

The First Minister: Yes, we are, in principle.

[207] **Simon Thomas:** Diolch yn fawr. Mae'r ail gwestiwn yn dilyn o hynny. Un o'r rhesymau rydym ni eisiau S4C yn rhywle fel Caerfyrddin yw i roi swyddi da i bobl leol, ac i fod yn rhan o'r ymgyrch yr ydych chi wedi'i gyhoeddi fel Llywodraeth o greu miliwn o siaradwyr Cymraeg erbyn 2050. Rwy'n croesawu hynny'n fawr iawn. Ond mae eisiau creu'r economi sy'n gallu cynnal y cymunedau hynny lle mae'r Gymraeg yn cael ei siarad. Ar 3 Awst y llynedd, 2016, roedd eich Aelod Cynulliad chi dros Lanelli hefyd yn croesawu'r ymgyrch hwn i greu miliwn o siaradwyr Cymraeg, ac fe ysgrifennodd e yn y *Llanelli Star* ar y diwrnod yna:

Simon Thomas: The second question is following on from that. One of the reasons we would like to have S4C in somewhere like Carmarthen is to give good jobs to local people, and also to be part of the campaign that you have announced as a Government to create a million Welsh speakers by 2050. I welcome that very much. But we do need to create the economy that can which can sustain those communities in which Welsh is spoken. On 3 August 2016, your Assembly Member for Llanelli also welcomed this campaign to create a million Welsh speakers, and he wrote in the *Llanelli Star*:

[208] 'In practice this involves converting schools that currently have Welsh and English language streams running side-by-side, into Welsh-medium schools.'

[209] Rydw i'n cytuno'n llwyr gyda fe. Dyna'n gwmws, wrth gwrs, y mae Cyngor Sir Gâr wedi ei wneud mewn ffordd hollol ddemocrataidd yn achos Ysgol Llangennech. A ydych chi bellach mewn sefyllfa i roi eich cefnogaeth y tu ôl i'r amcanion o droi ysgol Llangennech o ysgol ddwy iaith

I agree completely of course with that. And that's exactly what Carmarthenshire County Council have done in an extremely democratic way in the case of Ysgol Llangennech. Are you now in a position to give your support to those objectives of turning Ysgol Llangennech from a

gyda dwy ffrwd i mewn i ysgol cyfrwng Cymraeg?

dual-stream school into a Welsh-medium school?

[210] **Y Prif Weinidog:** Nid ydw i'n beirniadu'r penderfyniadau y mae'r cyngor sir yn eu gwneud. Beth sy'n fy nhrwblu i ynglŷn â Llangennech yw bod rhwyg wedi digwydd yn y gymuned a phethau wedi cael eu dweud nad ydym ni wedi eu clywed ers blynyddoedd mawr. Mae hynny'n rhywbeth sy'n fy nhrwblu i'n fawr iawn. Ni fyddwn i'n moyn gweld hynny'n digwydd eto. Felly, yn strategol, wrth gwrs, rydym ni'n gefnogol o'r iaith Gymraeg, ac yn gefnogol o'r cynlluniau strategol y mae'r awdurdodau lleol yn eu creu, ond mae'n hollbwysig i sicrhau bod cynghorau yn gwneud eu gorau glas er mwyn sicrhau bod pawb yn y gymuned yn deall yn gwmws beth sy'n digwydd. Ond nid ydw i'n credu y byddai unrhyw un yn moyn gweld yr un peth yn digwydd eto mewn unrhyw gymuned arall yn Nghymru â beth sydd wedi digwydd yn Llangennech ynglŷn â'r rhwyg sydd wedi digwydd yn y gymuned ei hunan.

The First Minister: I don't criticise the decisions taken by the county council. But what troubles me about Llangennech is that there has been a split in the community and some things have been said that we haven't heard for very many years. And that is something that I find very troubling indeed. I wouldn't want to see such a situation happening again. So, strategically, of course, we are supportive of the Welsh Language and are supportive of the strategic plans drawn up by the local authorities, but it is crucial to ensure that councils do their very best in order to ensure that everyone in the community understands exactly what is happening and why. I don't think anyone would want to see the same thing happening again in any other community in Wales, in terms of the split that has happened in the community itself.

[211] **Simon Thomas:** Rydw i'n cytuno'n llwyr bod rhwyg wedi digwydd, ac mae yna bobl benodol wedi bod yn corddi er mwyn creu rhwyg, ac mae'n anffodus iawn gweld hynny. Ond onid ydych chi'n dweud wrth gynghorau lleol dros Gymru i gyd—? Mae yna faterion tebyg yn sir Powys, er enghraifft, er mwyn creu ysgolion Cymraeg. A ydych chi'n

Simon Thomas: I agree, of course, that there has been a divide in the community, and some people have been very keen to create that sort of division, and it is very unfortunate to see that. But don't you tell all councils across Wales—? Similar things have happened in Powys, for example, where people want to create Welsh-medium schools. Are

dweud wrthyn nhw, 'Rŷm ni'n hoff iawn o'r strategaeth; rŷm ni'n moyn 1 miliwn o siaradwyr Cymraeg, ond os gwnewch chi benderfyniad amhoblogaidd yn lleol, ni wnawn ni ddim eich cefnogi chi'?

you telling them, 'We're very happy with the strategy and we want 1 million Welsh speakers, but if you make a decision that is unpopular locally, then we won't support you'?

[212] **Y Prif Weinidog:** Wel, na. Mae'n rhaid cofio hefyd fod yna rôl gyfreithiol fan hyn gan Lywodraeth Cymru. Mae'n bosib, lle mae yna benderfyniad yn cael ei wneud gan gyngor lleol, y bydd yna rôl felly i Weinidogion—

The First Minister: Well, no. We must also bear in mind that the Welsh Government has a legal role here. It is possible that, where a decision is taken by a local authority, there is a role, then, for Ministers—

[213] **Simon Thomas:** Mae'r rôl yna wedi diflannu. Mae'r rôl yna wedi diflannu o dan y Ddeddf Addysg (Cymru) 2014 a aeth drwyddo pan oedd y Cadeirydd yn rhan o'r pwyllgor bryd hynny. Mae'r rôl bellach wedi diflannu.

Simon Thomas: That that role has disappeared. That role disappeared under the Education (Wales) Act 2014 that went through when the Chair was on the committee at that time. The role has now disappeared.

[214] **Y Prif Weinidog:** Rwy'n gefnogol o'r egwyddor o sicrhau bod yna fwy o lefydd ar gael drwy gyfrwng y Gymraeg ar draws Cymru. Rwyf hefyd yn deall bod penderfyniadau yn gorfod cael eu gwneud, weithiau, mewn rhai rhannau o Gymru lle mae'r iaith o dan bwysau mawr. Ond y pwynt rwy'n ei wneud yw: fe fyddwn i'n gobeithio, yn y pen draw, na fyddai'r sefyllfa yn codi eto lle mae pethau yn cael eu dweud mewn ffordd nad ydym wedi gweld ers y 1970au. Nid ydw i'n gweld yr iaith yn rhyw fath o bêl-droed gwleidyddol—nid oes neb yn. Felly, byddwn i'n gobeithio na fydd y sefyllfa yn Llangennech yn

The First Minister: I'm supportive of the principle of ensuring that there are more places available for Welsh-medium education over the length and breadth of Wales. I also understand that decisions do sometimes have to be made in some areas of Wales where the Welsh language is under huge pressure. But the point I would make is this: I would hope, ultimately, that a situation wouldn't arise where things are said in a way which we haven't seen since the 1970s. I don't see the Welsh language as a political football, and I don't think anyone else does either. No-one does. So, I would hope that the situation in

codi eto, ond nid ydw i'n beirniadu'r Llangennech wouldn't arise again, awdurdod lleol ynglŷn â'r but I don't criticise the local authority penderfyniad y maen nhw wedi'i for the decision it took. wneud.

[215] **Ann Jones:** Okay, thank you. Nick Ramsay.

[216] **Nick Ramsay:** Thanks, Chair. First Minister, rail services in Carmarthenshire are predominantly provided, currently, by Arriva trains. The same is true in my neck of the woods in south-east Wales. Can you update us as to where we are with the franchise situation and the future approaching handover, whatever operator it may be? On Tuesday in First Minister's questions, I asked you if any preliminary work had been done on the rolling stock side of things, and although I'm in many ways repeating that question, I wasn't quite clear by your answer on Tuesday.

[217] You said that the issue of rolling stock will be predominantly for the new franchise, and whilst I understand that, my question on Tuesday was: given that it take four years to bring on line new rolling stock, if that is left totally to the start of the new franchise date, then it's going to be some considerable time before any new rolling stock comes on line, and that's clearly not what people are expecting when that handover happens. So, could you be clear again—what exactly do you envisage being the situation with rolling stock with that new franchise? Are we going to be looking at refurbished carriages, which then could be in use for a considerable length of time? That's not going to be the fresh start that people are expecting, is it?

[218] **The First Minister:** We'll have the franchise from next year. The tendency has been to use 40-year-old carriages that have been mildly refurbished in order to run the services. That's not acceptable in the future. It can't happen in the future, of course, because the traction methods will be different across different parts of the network. Heavy rail will be there. There will be some light rail in the future, potentially. Some of it will be electrified; some of it won't. So, actually, it won't be possible to run one particular item of rolling stock across the entire network. The difficulty is this: whether we say to a potential franchisee, 'You've got to invest now, but actually, in a couple of years' time, you're going to need different vehicles'. Potentially it could be done through a leasing system, that's true, but the intention is, when the franchise begins, that we then, at that point—at the very latest, at that point—have new rolling stock that reflects the different traction methods that will be used to propel that rolling stock along different part of the

network. So, yes, we're not talking here about a franchise that sticks with diesel. It's becoming increasingly more difficult to actually procure diesel trains, because it seems a fairly elderly technology by now. Dual-mode trains are available. So, there's bound to be new rolling stock—not just because part of the system will be electrified and there will be different systems in place along the south Wales metro, but because we want to see better rolling stock anyway.

[219] **Nick Ramsay:** Can I just—?

[220] **Ann Jones:** Very briefly, then, yes.

[221] **Nick Ramsay:** Very briefly. I fully understand, and I think you've clarified a lot of what I asked on Tuesday. Are you prepared, then—once this handover happens, once we have the new franchise in place—that there are going to be pretty tight negotiations and timescales with the new companies to make sure that these new types of transport are available pretty quickly?

[222] **The First Minister:** They know this already. They know that there will be changes in the franchise. There is a process that has to be respected and, obviously, we'll respect that process. We've got very experienced people working on this from our perspective. We're looking at the not-for-profit model. We've been prevented by the UK Government from looking at a public sector arm's-length body running the franchise, even though Scotland can. We've moved away from the bizarre scenario that was being suggested a year or so ago that trains would have to stop at Welsh stations so people could change onto English trains, which made no sense at all. That, fortunately, has disappeared. At one point, the Department for Transport was saying only services that terminated and began in Wales could form part of the franchise. That would have taken out every single service north of Merthyr except the Conwy valley line. That never made any sense and we've moved on from that. But the underlying objective of the franchise is to deliver better services and better rolling stock. It's one thing to have a service; it's another thing to have a service that's pleasant to actually travel on. Of course, in some parts of Wales we're looking more towards a metro system to deliver through a mixture of transport modes, using a mixture of different methods of traction.

[223] **Ann Jones:** The final and last topical question is from John Griffiths.

[224] **John Griffiths:** As Brexit continues to unfold, First Minister, it strikes

me that one of the real gains from devolution has been the profile of Wales in the wider world and the extent to which Wales has become connected more strongly to the wider world. Lots of good things have happened in terms of Wales's presence in the world: Wales for Africa and much else. But quite a lot of our relationships with other countries are through the UK's membership of the European Union and some of the structures that exist. I just wonder if, in preparing for Brexit, Welsh Government is looking at that connectedness and those relationships and to what extent can they continue Wales's relationship with the European Union and European Union countries post Brexit, and what sort of structures might help.

[225] **The First Minister:** Some of the structures are European but they're not based on EU membership. As has been said before, we're not leaving Europe: we're leaving the EU. The issue that I'm wrestling with at the moment is: how do we now look to increase our presence in Europe? We've been running our investment team from Brussels for the whole of Europe. That's not going to be possible to do in the future. We have to look at strategic cities in Europe where we have to base people. The challenge for us always, given the resources that we have, is: do you look to increase numbers in an existing office or do you put one person in a new office? It's a challenge that we've talked to Ireland about, because they have a similar challenge, but on a greater scale, being a sovereign state. We do look to work closely with UKTI and that relationship works very, very well, but there are some cities in the world where it's hugely important to have a Welsh Government representative because they are able to form their own relationships with both Government and businesses in that country. If we look at North America, North America has been completely reorganised. I wanted to make sure that North America was run from Washington. The presence in Washington has been increased. That means we've got stronger intergovernmental links there. We have a Friends of Wales caucus in Congress that's been very useful for us in terms of the political links. Then we have our offices in New York, Chicago, San Francisco and Atlanta. The next question is: where do we go next? Canada doesn't have an office at the moment. Do we look at Canada? Do we look at other cities? But what we find—and what we're going to find with Brexit—is that we're going to have to work harder in Europe and have a presence in many cities in Europe that we haven't had a presence in for some time, otherwise we get forgotten about.

[226] The profile of Wales has never been higher. I'd like to say it's to do with Welsh Government entirely, but the Euros helped that. The Euros were a tremendous way of selling Wales around the world and the amount of

publicity we've had off the back of that and interest in people coming to Wales has been phenomenal. What I will say to people is—. They say, 'Well, what's changed in Wales?' Well, we've got the Champions League final coming in June. We would never have had that in a month of Sundays pre devolution, because nobody would have been around to push for it. No-one would have bid for it, in reality. No-one would have provided the support for us to host an event of that size. It's the biggest single event we'll ever have hosted in Wales. It's challenging. We'll get there, but Cardiff is the smallest city that's hosted it. We are now able to host some of the world's biggest events in a way that, 20 years ago, would have been unthought of. And that all helps in terms of Wales's profile. It shows we're able to host these big events and it creates interest in Wales. What I've always said is that if people have never heard of you, they're not going to visit you. If they've never heard of you, they're never going to invest. But if people have heard of you, they're going to say, 'Well, I might want to go to Wales. Let's go there, as a tourist, spend money, stay in a hotel, go to a restaurant,' and some of those people will look to invest in the future. So, that profile is hugely important in terms of creating jobs in future.

13:00

[227] **Ann Jones:** Okay. Well, it's spot on one o'clock, so can I draw this very public meeting to a close? Can I thank you, First Minister, and your official, for your answers? It was a very, very wide-ranging topic, and I'm sure we've only just scratched some of the surface, although you may think that we've gone in depth into some areas. As you know, we will send a copy of the transcript to you, but also there are a couple of issues that we will probably want to write to you on as well, raised among the local issues. So, if that's acceptable, we'll do that. Thank you very much for your attendance.

[228] I'd like to thank the public as well. You've been a really good audience, and we're not used to having the public so close to us in our new building, so you sometimes forget. But thank you very much, and I hope you've enjoyed it and have been able to see some of the ways that we work in your Assembly on your behalf.

**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**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o weddill y exclude the public from the
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in
17.42(vi).*

*accordance with Standing Order
17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[229] **Ann Jones:** With that, under the Standing Orders of the National Assembly, which is 17.42, I will ask the committee to resolve to meet in private for the remainder of the meeting while we discuss our next stages. So, if that's agreeable, we'll move that. Thank you very much.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 13:00.

The public part of the meeting ended at 13:00.