



**Cynulliad Cenedlaethol Cymru  
Pwyllgor Archwilio**

**The National Assembly for Wales  
Audit Committee**

**Dydd Iau 16 Rhagfyr 1999  
Thursday 16 December 1999**

*Presennol: Janet Davies (Cadeirydd), Peter Black, Alun Cairns, Christine Chapman, Geraint Davies, Brian Gibbons, Alison Halford, Alun Pugh a'r swyddogion canlynol: Gillian Body, Swyddfa Archwilio Genedlaethol Cymru; Syr John Bourn, Archwilydd Cyffredinol Cymru a Phil Gray, Swyddog Cydymffurfio y Cynulliad.*

*Present: Janet Davies (Chair), Peter Black, Alun Cairns, Christine Chapman, Geraint Davies, Brian Gibbons, Alison Halford, Alun Pugh and the following officials: Gillian Body, National Audit Office Wales; Sir John Bourn, Auditor General for Wales and Phil Gray, Assembly Compliance Officer.*

*Dechreuodd y cyfarfod am 9.30 a.m. gyda Janet Davies yn cadeirio. Yn rhoi tystiolaeth yr oedd Yr Athro John Andrews, Prif Weithredwr, Cynghorau Cyllido Addysg Bellach ac Uwch Cymru; Mr Richard Hirst, Cyfarwyddwr Cyllid, Cynghorau Cyllido Addysg Bellach ac Uwch Cymru; Mr Jon Shortridge, Ysgrifennydd Parhaol, Cynulliad Cenedlaethol Cymru; Mr Derek Adams, Pennaeth Adran Addysg Bellach ac Uwch, Cynulliad Cenedlaethol Cymru; Mr Richard Hart, Pennaeth Adran Cyngor Cyllido Addysg Bellach ac Uwch a Mr Arwel Thomas, Archwilydd Uwch, Cynghorau Cyllido Addysg Bellach ac Uwch Cymru.*

*The meeting began at 9.30 a.m. with Janet Davies chairing. Giving evidence were Professor John Andrews, Chief Executive, Further and Higher Education Funding Councils for Wales; Mr Richard Hirst, Director of Finance, Further and Higher Education Funding Councils for Wales; Mr Jon Shortridge, Permanent Secretary, National Assembly for Wales; Mr Derek Adams, Head of Further and Higher Education Division, National Assembly for Wales; Mr Richard Hart, Head of Further Education Funding Council Division and Mr Arwel Thomas, Senior Auditor, Further and Higher Education Funding Councils for Wales.*

**Janet Davies:** Good morning. I welcome everyone to this second evidence-taking session. The purpose of this meeting is to take evidence in connection with the report by the National Audit Office on behalf of the Comptroller and Auditor General, on further education in Wales, which was published on 23 July this year.

I welcome Sir John Bourn, the Auditor General for Wales, and Gillian Body from the National Audit Office, who has just taken over the value for money part of the audit office. I have received apologies from Dafydd Wigley, who is recovering from an operation. I also welcome our witnesses: Professor John Andrews, the chief executive of the Further and Higher Education Funding Councils for Wales, and Jon Shortridge, the Permanent Secretary of the Assembly. Could you both introduce your colleagues?

**Professor Andrews:** With me is Richard Hirst, who is director of finance for the

**Janet Davies:** Bore da. Croeso i bawb i'r ail sesiwn hon o dderbyn tystiolaeth. Pwrpas y cyfarfod hwn yw derbyn tystiolaeth mewn perthynas ag adroddiad y Swyddfa Archwilio Genedlaethol ar ran y Rheolwr ac Archwilydd Cyffredinol, ar addysg bellach yng Nghymru a gyhoeddwyd ar 23 Gorffennaf eleni.

Croesawaf Syr John Bourn, Archwilydd Cyffredinol Cymru, a Gillian Body o'r Swyddfa Archwilio Genedlaethol sydd newydd gael cyfrifoldeb dros waith gwerth am arian yn y swyddfa archwilio. Yr wyf wedi derbyn ymddiheuriadau oddi wrth Dafydd Wigley, sydd yn gwella ar ôl llawdriniaeth. Croeso hefyd i'n tystion: yr Athro John Andrews, prif weithredwr Cynghorau Cyllido Addysg Bellach ac Uwch Cymru, a Jon Shortridge, Ysgrifennydd Parhaol y Cynulliad. A wnewch chi gyflwyno'ch cydweithwyr os gwelwch yn dda?

**Yr Athro Andrews:** Gyda mi mae Richard Hirst, cyfarwyddwr cyllid Cynghorau Cyllido

Welsh Funding Councils. I am accompanied by two other colleagues, who if you want detailed information, may be asked to give evidence. They are Richard Hart, who is the head of the Further Education division in the Funding Councils and Arwel Thomas, an auditor who has done a lot of work on this exercise.

**Mr Shortridge:** Sitting next to me is Derek Adams, who is head of the division with responsibility for sponsoring the Funding Council.

**Janet Davies:** Thank you. First of all I need to remind speakers to press your buttons and wait for the red light before you speak. It is important because it is the only way we get the verbatim copy of this meeting and it is particularly important in the Audit Committee that we get that. We will now have a demonstration of the translation facilities. There will also be a mid-morning break for coffee. This is quite a big report and obviously it will be a fairly weighty evidence session. The best thing is to start as soon as possible. Members will be concentrating on different areas of the report.

First of all, Professor Andrews, I refer to paragraph 2.3 of the report, which states that the sector made an overall operating deficit in the past two academic years. Now figure 7 shows that over a third of all the institutions made an operating deficit last year. Could you tell the committee what the latest forecasts are for 1998/99?

**Professor Andrews:** They are very much better indeed. The estimates that we had from institutions in the summer, when they returned their strategic plans, suggested a surplus at the end of the year of about £2 million. The end of year accounts are just coming in now; they are due to come to us by the end of this year. On the early ones that we have received, the surplus is £1 million greater than those particular colleges had forecast. If all the other colleges do at least as well as they were estimating, the surplus could be as much as £3 million. As far as the

Cymru. Mae dau gydweithiwr arall wedi dod gyda mi y gellir gofyn iddynt am dystiolaeth os ydych am gael gwybodaeth fanwl. Richard Hart yw pennaeth y Gyfadran Addysg Bellach yn y Cynghorau Cyllido ac mae Arwel Thomas, sydd yn archwilydd, wedi gwneud llawer o waith ar yr ymarfer hwn.

**Mr Shortridge:** Yn eistedd wrth fy ymly mae Derek Adams, sydd yn bennaeth ar y gyfadran sydd yn gyfrifol am noddi'r Cyngor Cyllido.

**Janet Davies:** Diolch. Yn gyntaf oll, mae angen imi atgoffa'r siaradwyr i bwysu'ch botymau ac aros am y golau coch cyn ichi siarad. Mae'n bwysig oherwydd mai dyma'r unig ffordd y gallwn gael copi air am air o'r cyfarfod hwn ac mae'n bwysig dros ben ein bod yn cael hyn yn y Pwyllgor Archwilio. Cawn weld sut mae'r offer cyfieithu yn gweithio yn awr. Bydd egwyl canol bore ar gyfer coffi. Mae hwn yn adroddiad gweddol faith ac mae'n amlwg y bydd hwn yn sesiwn derbyn tystiolaeth eithaf trwm. Y peth gorau i'w wneud yw dechrau cyn gynted â phosibl. Bydd aelodau yn canolbwyntio ar rannau gwahanol o'r adroddiad.

Yn gyntaf oll, Athro Andrews, cyfeiriai at baragraff 2.3 yr adroddiad, sydd yn nodi bod gan y sector ddiffyg gweithredu cyffredinol yn ystod y ddwy flynedd academaidd ddiwethaf. Mae ffigwr 7 felly yn dangos bod diffyg gweithredu gan dros un o bob tri o'r sefydliadau y llynedd. A allech ddweud wrth y pwyllgor beth yw'r rhagolygon diweddaraf ar gyfer 1998/99?

**Yr Athro Andrews:** Maent yn llawer gwell yn wir. Yr oedd yr amcangyfrifon a gafwyd gennym oddi wrth sefydliadau yn yr haf, pan ddychwelasant eu cynlluniau strategol, yn awgrymu y bydd gwarged o tua £2 filiwn erbyn diwedd y flwyddyn. Mae cyfrifon diwedd y flwyddyn yn dechrau dod i law yn awr; maent i fod i ddod i law erbyn diwedd y flwyddyn hon. O'r rhai cynnar a dderbyniwyd gennym, mae'r gwarged yn £1 filiwn yn uwch na'r hyn a ragwelwyd gan y colegau hynny. Os bydd pob coleg arall yn gwneud cystal ag yr oeddent yn amcangyfrif,

number of colleges that will make deficits are concerned, at the time of the estimates there were 11 colleges estimating that they would make a deficit. However, six of those were estimating deficits of relatively small figures—they were less than £100,000. So it is quite possible that when we get the final accounts, we will find that the number of colleges reporting deficits this last year will be down. It could be in the range of five, six or seven colleges.

**Janet Davies:** So you are expecting an improvement on the previous situation?

**Professor Andrews:** I am much more sanguine about the situation as it is now than as it was a year or two years ago.

**Janet Davies:** Jon, what role do you have in ensuring that the financial health of the sector is maintained?

**Mr Shortridge:** I have a series of roles. As accounting officer, my main role is to ensure propriety, regularity and value for money. Under that heading, obviously I am looking to ensure that the financial provision which is made available to the Funding Council, and through it to the institutions, is used to best effect. I have a whole series of systems in place to give me the assurance on that. However, financial health is not just that. Clearly, if there is not sufficient financial provision being made available to the sector, then that can undermine the quality of the service that it provides, so we obviously do monitor very carefully the outputs in the sector in relation to inputs. Going back to your earlier question, one of the things we did learn in around 1996 was that actually the overall level of provision was causing financial stress to a number of institutions. It was to a significant extent for that reason that, as a result of the comprehensive spending review, the overall provision for the sector was increased.

**Janet Davies:** Thank you. Before I bring

gallai y gwarged fod cymaint â £3 miliwn. Cyhyd ag y mae nifer y colegau y bydd ganddynt ddiffygion yn y cwestiwn, ar adeg yr amcangyfrifon yr oedd 11 o golegau yn amcangyfrif y byddai ganddynt ddiffyg. Fodd bynnag, yr oedd chwech o'r rhain yn amcangyfrif diffyg am symiau cymharol fach—yr oeddent yn llai na £100,000. Felly mae'n ddigon posibl pan fydd y cyfrifon terfynol gennym y byddwn yn canfod bod gostyngiad yn y nifer o golegau sydd yn nodi diffyg eleni. Gallai fod rhwng pump, chwe neu saith o golegau.

**Janet Davies:** Yr ydych yn disgwyl gwelliant ar y sefyllfa flaenorol felly?

**Yr Athro Andrews:** Yr wyf yn llawer mwy calonnog am y sefyllfa sydd ohoni ar hyn o bryd nag yr oeddwn am y sefyllfa fel ag yr oedd hi flwyddyn neu ddwy yn ôl.

**Janet Davies:** Jon, pa rôl sydd gennych i sicrhau bod iechyd ariannol y sector yn parhau?

**Mr Shortridge:** Mae gennyf gyfres o rolau. Fel swyddog archwilio, fy mhrif rôl yw sicrhau priodoldeb, rheoleidd-dra a gwerth am arian. O dan y pennawd hwnnw yn amlwg yr wyf yn ceisio sicrhau y caiff y ddarpariaeth ariannol sydd ar gael i'r Cyngor Cyllido, a thrwy'r Cyngor i'r sefydliadau, ei defnyddio yn y ffordd orau bosibl. Yr wyf wedi sefydlu cyfres o systemau i'm sicrhau o hynny. Fodd bynnag, nid hyn yn unig yw iechyd ariannol. Mae'n amlwg os nad oes darpariaeth ariannol ddigonol ar gael i'r sector, yna gall hynny danseilio ansawdd y gwasanaeth a ddarperir ganddo, felly yr ydym yn monitro allbynnau'r sector yn ofalus iawn o'u cymharu â'i fewnbynnau. Wrth ddychwelyd at eich cwestiwn cynharach, un o'r pethau a ddysgwyd gennym tua 1996 oedd bod y lefel gyffredinol o ddarpariaeth yn peri pwysau ariannol i nifer o sefydliadau. Oherwydd y rheswm hwnnw i raddau helaeth, o ganlyniad i'r arolwg cynhwysfawr o wariant, cynyddodd y ddarpariaeth gyffredinol ar gyfer y sector.

**Janet Davies:** Diolch yn fawr ichi. Cyn imi

anyone else in, I will just mention to the public that if you are having problems hearing, you will find that the English comes over on the headsets much louder sometimes and you may find it easier to hear using them, even if people are not speaking Welsh. I can see from some expressions that it is not particularly easy to hear what is being said.

**Brian Gibbons:** My first question is to Mr Shortridge. The document refers to—and you touched on this yourself—the increase in funding that the sector hopes to receive through the comprehensive spending review this year and the next two years. Could you say what this increase is?

**Mr Shortridge:** I do not have the actual figures with me. I do not know whether Derek does.

**Mr Adams:** Yes. The increase this year, in 1999-2000, is a nearly 6 per cent increase in real terms. Total resources last year were £178.6 million. This year they are £199.6 million. Next year, provided that the budget is confirmed in due course, it will rise to £213.6 million. In 2001-02, it will be £228.6 million so that there should be a further increase in real terms in 2000-01 against the student number targets that we have set, and a standstill in 2001-02.

**Brian Gibbons:** So this is the Funding Council grant?

**Mr Adams:** Yes, indeed.

**Brian Gibbons:** I do not know whether Professor Andrews or Mr Shortridge is the correct person to ask, but if we look at figure 4, we see that about three quarters of the college income comes from the funding grant and that there are other sources of income and that some colleges are fairly dependent on other sources of income, for example, one college in one of the papers gets over 20 per cent of its income from EU sources. What are the projections on these extra sources of income to these colleges in terms of EU

ddod â rhywun arall i mewn, hoffwn sôn wrth y cyhoedd os ydych yn cael problemau yn clywed, bod y Saesneg weithiau i'w glywed yn llawer uwch trwy'r clustffonau, ac efallai y byddai hi'n haws ichi glywed trwy eu defnyddio, hyd yn oed os nad yw pobl yn siarad Cymraeg. Gallaf weld yn ôl wynebâu rhai pobl nad yw'n hawdd iawn clywed yr hyn a ddywedir.

**Brian Gibbons:** Mae fy nghwestiwn cyntaf ar gyfer Mr Shortridge. Mae'r ddogfen yn cyfeirio at—ac yr ydych wedi crybwyll hyn eich hun—y cynnydd mewn cyllido y mae'r sector yn gobeithio ei dderbyn trwy'r arolwg cynhwysfawr o wariant eleni ac yn y ddwy flynedd nesaf. A allwch chi ddweud beth yw'r cynnydd hwn?

**Mr Shortridge:** Nid yw'r union ffigurau gennyf. Ni wn a ydynt gan Derek.

**Mr Adams:** Ydynt. Mae'r cynydd eleni, yn 1999-2000, bron yn gynydd o 6 y cant mewn termau gwirioneddol. Cyfanswm yr adnoddau y llynedd oedd £178.6 miliwn. Eleni, y ffigyr yw £199.6 miliwn. Y flywyddyn nesaf, os cadarnheir y gyllideb maes o law, bydd yn codi i £213.6 miliwn. Yn 2001-02, y ffigyr fydd £228.6 miliwn fel y dylai fod cynydd pellach mewn termau gwirioneddol yn 2000-01 yn erbyn y targedau nifer myfyrwyr a osodwyd gennym, ac ni fydd y ffigyr yn codi yn 2001-02.

**Brian Gibbons:** Ai grant y Cyngor Cyllido yw hwn?

**Mr Adams:** Ie, yn wir.

**Brian Gibbons:** Ni wn ai'r Athro Andrews neu Mr Shortridge yw'r person iawn i ofyn iddo, ond os edrychwn ar ffigwr 4, gwelwn fod tua thri chwarter o incwm y coleg yn dod o'r grant cyllido a bod ffynonellau eraill o incwm ar gael a bod rhai colegau yn weddol ddibynnol ar ffynonellau eraill o incwm, er enghraifft, mae un coleg yn un o'r papurau yn derbyn dros 20 y cant o'i incwm oddi wrth ffynonellau'r GE. Beth yw'r rhagamcanion ar gyfer y ffynonellau incwm ychwanegol eraill hyn i'r colegau hyn yn

funding, income generation and so forth?

nhermau arian y GE, creu incwm ac ati?

**Mr Shortridge:** I think I would have to look primarily to John for that.

**Mr Shortridge:** Credaf y byddai'n rhaid imi gyfeirio at John ar gyfer hynny.

**Professor Andrews:** For example, if we take the year we were just in, where the Welsh Office grant to the Council is just under £200 million at £199.6 million, the prediction of the sector as a whole is for an income of about £260 million, in other words, an extra £60 million beyond the £200 million which will come from the Welsh Office. That will be a whole range of things, of which the European social fund would be the single most significant amount. Also, full cost recovery work, income from training and enterprise councils. Some colleges would have income for higher education students in the college, and increasingly now, income from training and consultancy work. So, a whole range of things.

**Yr Athro Andrews:** Er enghraifft, os edrychwn ar y flwyddyn sydd newydd ddod i ben, pan oedd grant y Swyddfa Gymreig i'r Cyngor rhyw ychydig o dan £200 miliwn sef £199.6 miliwn, rhagamcan incwm y sector yn gyffredinol yw tua £260 miliwn, hynny yw, £60 miliwn yn ychwanegol at y £200 miliwn a ddaw oddi wrth y Swyddfa Gymreig. Byddai hynny'n amrediad eang o bethau a'r gronfa gymdeithasol Ewropeaidd fyddai'r swm unigol mwyaf sylweddol ohonynt. Yn ychwanegol, gwaith adfer cost lawn, incwm gan gynghorau hyfforddiant a menter. Byddai gan rai colegau incwm ar gyfer myfyrwyr addysg uwch yn y coleg, ac yn fwyfwy bellach incwm o waith hyfforddi a gwaith ymgynghorol. Felly amrediad o bethau.

**Brian Gibbons:** That would suggest, then, just on proportions, that colleges are becoming slightly less dependent on the direct funding grant at the moment.

**Brian Gibbons:** Byddai hynny'n awgrymu felly bod colegau yn dod yn llai dibynnol ar y grant cyllido uniongyrchol ar hyn o bryd, yn ôl cyfrannau yn unig.

**Professor Andrews:** That is true, although within that European social funds and, to a lesser extent, European regional development funds are a very significant factor.

**Yr Athro Andrews:** Mae hynny'n wir, ond o fewn hyn, mae cronfeydd cymdeithasol Ewropeaidd, a chronfeydd datblygu rhanbarthol Ewropeaidd, i raddau llai, yn ffactor arwyddocaol iawn.

**Brian Gibbons:** So colleges will feel that they are heavily dependent on that and their continuing financial viability is conditional on that continuing?

**Brian Gibbons:** Felly bydd colegau yn teimlo eu bod yn ddibynnol iawn ar hynny a bod eu hymarferoldeb ariannol presennol yn amodol ar hynny'n parhau?

**Professor Andrews:** It is particularly true for a small number of colleges. We have been saying to these colleges not to rely on European social funds for their core activities and their core expenditure but to regard it as additional, above and beyond their core ongoing activity. I think it is fair to say that most of the colleges, if not all, have recognised that and are in a position that if they do lose on the ESF funding, they can cope with it.

**Yr Athro Andrews:** Mae'n arbennig o wir ar gyfer nifer fach o golegau. Yr ydym wedi bod yn dweud wrth y colegau hynny am beidio â dibynnu ar gronfeydd cymdeithasol Ewropeaidd ar gyfer eu gweithgareddau craidd a'u gwariant craidd ond iddynt ystyried bod hyn yn ychwanegol at a thu hwnt i'w gweithgaredd craidd presennol. Credaf ei bod yn deg dweud bod y rhan fwyaf o'r colegau, os nad y colegau i gyd, wedi cydnabod hynny a'u bod mewn sefyllfa pe baent yn colli cyllid cronfeydd cymdeithasol Ewropeaidd, y gallent ymdopi â hynny.

**Brian Gibbons:** Bearing that in mind, how many institutions do you expect to be operating at a deficit at the end of 2002?

**Professor Andrews:** On the forecast that we have at the moment, three institutions are forecasting deficits in that final year. The deficits they forecast are relatively small. They are all within the margin of forecasting estimations.

**Alun Pugh:** You have told us that there is a substantial real-term increase in the resources going into the sector if the budgets are approved. I understand that there is also a substantial increase in the numbers of enrolment predicted as well. I believe there is a 1 per cent efficiency gain or cost cut—call it what you will—factored into all the calculations. How able is the sector to respond to that challenge, in your view?

**Professor Andrews:** Can I go back to the Chair's question? I said that the financial out-turn was much better this year than I had expected, and that I was much more sanguine. If one looks at what the sector has done, I have enormous respect for what colleges have done over the last couple of years. They have maintained quality, grown to meet quite demanding targets through additional enrolments and they have remained solvent. There are problems in the colleges in Wales, which you read about in the press—and outside Wales. However, quite a significant price is paid for that in terms of the relatively reduced ability to maintain capital stock, replace equipment, maintain buildings, and in terms of having to cut back on expensive provision. This concerns me because we are looking more and more to upskill the labour force in Wales and further education is quite pivotal in that. More and more, we are looking to the social inclusion agenda and basic skills. That does not come cheap. It involves quite a lot of one-to-one or small group teaching. We also have a phenomenon that there is a significantly increasing reliance on hourly paid staff. One would have to say, in all fairness, that wages in the further education sector have been relatively held down

**Brian Gibbons:** O ystyried hynny, faint o sefydliadau y byddwch yn disgwyl iddynt fod â diffyg gweithredu erbyn diwedd 2002?

**Yr Athro Andrews:** Yn ôl y rhagolwg sydd gennym ar hyn o bryd, mae tri sefydliad yn rhagweld diffygion yn y flwyddyn olaf honno. Mae'r diffygion y maent yn eu rhagweld yn gymharol fach. Maent oll oddi mewn ymylon rhagweld amcangyfrifon.

**Alun Pugh:** Yr ydych wedi dweud wrthym fod cynnydd sylweddol mewn termau real yn yr adnoddau sydd yn mynd i mewn i'r sector pe bai'r cyllidebau yn cael eu cymeradwyo. Deallaf fod cynnydd sylweddol hefyd yn y niferoedd cofrestru a ragwelwyd yn ogystal. Credaf fod 1 y cant o enillion effeithlonrwydd neu doriad mewn cost—beth bynnag yr hoffech ei alw—wedi ei ffactoreiddio i mewn i'r cyfrifiadau i gyd. Pa mor barod yw'r sector i ymateb i'r her honno, yn eich barn chi?

**Yr Athro Andrews:** A allaf ddychwelyd at gwestiwn y Cadeirydd? Dywedais fod yr all-dro ariannol yn llawer gwell na'r disgwyl eleni, a'm bod yn llawer mwy calonnog. Os bydd rhywun yn edrych ar yr hyn y mae'r sector wedi ei wneud, mae gennyf barch aruthrol at yr hyn y mae colegau wedi'i wneud dros yr ychydig flynyddoedd diwethaf. Maent wedi cynnal ansawdd, wedi cwrdd â thargedau eithaf heriol drwy gofrestriadau ychwanegol ac wedi aros yn ddiddyled. Mae problemau yn y colegau yng Nghymru yr ydych yn darllen amdanynt yn y wasg—a tu allan i Gymru. Fodd bynnag, telir pris eithaf sylweddol am hynny o ran y gallu cymharol is i gynnal stoc cyfalaf, adnewyddu offer, cynnal a chadw adeiladau, ac o ran gorfod cwtogi ar ddarpariaeth gostus. Mae hyn yn achos pryder imi gan ein bod yn edrych yn fwyfwy tuag at uwchraddio medrau'r gweithlu yng Nghymru ac mae addysg bellach yn eithaf canolog yn hynny o beth. Fwyfwy, yr ydym yn edrych i'r agenda cynhwysiant cymdeithasol a sgiliau sylfaenol. Nid yw hynny'n rhad. Mae'n golygu llawer o ddysgu un-i-un neu mewn grwpiau bach. Mae gennym hefyd ffenomenon bod yna ddibyniaeth sylweddol gynyddol ar staff a delir yn ôl yr awr. Mae'n rhaid dweud, a bod yn deg, bod cyflogau yn y

compared to other sectors of education. While the institutions have managed themselves extremely well and have delivered to the agenda, one cannot pretend that a price has not been paid. Bear in mind, however, that that is in a year when the efficiency gain on the original Welsh Office letter was 10.8 per cent. That is on the original letter of December 1999, with students and funding set against previous years' students and funding.

**Mr Adams:** I wish to clarify my previous answer. When I said that funding for the sector had increased in real terms by nearly 6 per cent, that also took into account the growth in student numbers, so in fact it is an increase of nearly 6 per cent in real terms in the funding per student. The increase in funding was from £178.6 million to £199.6 million, which is nearer 10 or 11 per cent. Student numbers have grown by a few per cent as well, so it was nearly 6 per cent in the funding per student. As for the underlying 1 per cent efficiency gain, until 1997-98 the cumulative gain for the sector was 12 per cent and grew to nearly 20 per cent by the following year. Therefore, in setting the budget for 1999-2000, I looked at the 1997-98 figure and put in money on the assumption of there being a 1 per cent efficiency gain in 1998-99 and 1999-2000. It increased the unit of resource in real terms and has the effect of implying a 1 per cent efficiency gain per annum since 1997-98.

**Professor Andrews:** We monitor them closely. I think it is fair to say that if one looks at staff costs in the sector as a whole, one finds that they have gone down quite significantly. In 1994-95, the staff costs per FTE, that is, full-time equivalent student, were £2,500. In 1998-99, they were £2,335. They had actually gone down 4 per cent in cash terms. The gross domestic product deflator between those two years was of the order of about 12 per cent. Therefore, the staffing costs per FTE had gone down by about 14 to 16 per cent. Of course, within

sector addysg bellach wedi cael eu dal yn ôl i raddau o'i gymharu â sectorau eraill ym myd addysg. Er bod y sefydliadau wedi rheoli eu hunain yn hynod o dda ac wedi cwrdd â gofynion yr agenda, ni allwn esgus na thalwyd pris. Cofiwch, serch hynny, bod hynny mewn blwyddyn pan oedd yr enillion effeithlonrwydd ar lythyr gwreiddiol y Swyddfa Gymreig yn 10.8 y cant. Hynny yw ar y llythyr gwreiddiol ym mis Rhagfyr 1998, gyda myfyrwyr ac ariannu wedi eu gosod yn erbyn myfyrwyr ac ariannu'r flwyddyn flaenorol.

**Mr Adams:** Hoffwn egluro fy ateb blaenorol. Pan ddywedais fod ariannu ar gyfer y sector wedi cynyddu bron 6 y cant mewn termau gwirioneddol, cymerodd hynny i ystyriaeth hefyd y twf yn nifer y myfyrwyr, felly mewn gwirionedd mae'n gynydd o bron i 6 y cant mewn termau gwirioneddol mewn ariannu fesul myfyriwr. Yr oedd y cynnydd mewn ariannu o £178.6 miliwn i £199.6 miliwn, sydd yn agosach at 10 neu 11 y cant. Mae nifer y myfyrwyr wedi cynyddu ambell ganran hefyd, felly yr oedd bron yn 6 y cant o ran yr ariannu fesul myfyriwr. O ran yr ennill effeithlonrwydd sylfaenol o 1 y cant, tan 1997-98 yr oedd yr ennill cronedig ar gyfer y sector hwn bron i 20 y cant erbyn y flwyddyn ganlynol. Felly, o ran pennu'r gyllideb ar gyfer 1999-2000, edrychais ar ffigwr 1997-98 a rhoi arian yn seiliedig ar y dybiaeth bod yna enillion effeithlonrwydd o 1 y cant ym 1998-99 a 1999-2000. Cynyddodd yr uned o adnodd mewn termau gwirioneddol ac mae iddo'r effaith o awgrymu enillion effeithlonrwydd o 1 y cant y flwyddyn ers 1997-98.

**Yr Athro Andrews:** Yr ydym yn eu monitro'n agos. Credaf ei bod yn wir i ddweud os bydd rhywun yn edrych ar gostau staff yn y sector cyfan, y gellir gweld eu bod wedi gostwng yn eithaf sylweddol. Yn 1994-95, y costau staff ar gyfer pob myfyriwr FTE, hynny yw, myfyriwr sydd yn gyfartal â llawn amser, oedd £2,500. Yn 1998-99, yr oeddent yn £2,335. Yr oeddent wedi gostwng 4 y cant o ran arian parod. Yr oedd y dachwyddwr cynnyrch mewnwladol crynswth rhwng y ddwy flynedd honno tua 12 y cant. Felly, yr oedd costau staffio fesul FTE wedi gostwng



that period of time, we had also seen fairly heavy efficiency gains. That speaks of the sector's ability as a whole to manage this situation. The problem that we faced has been in the case of a small number of colleges who have expanded their staff well beyond the growth in their student numbers and the growth in their funding. That has led to quite serious consequences. One of the things we do now with the strategic planning request from institutions is to request human resource planning from the institutions, monitor it and enter into a dialogue with institutions where we think it is unreasonable. Human resource planning is a very significant part of the governance and management development programme that is mentioned here. We cannot manage staffing for the colleges. That would be presumptuous of us and we do not have that ability.

**Janet Davies:** Looking at that, you talk about the dialogue and the fact that you obviously cannot manage for individual colleges. I sometimes sense that there is a matter of concern about the percentage of teaching staff compared with management and administrative staff. Do you have any guidelines—I am thinking about the way teaching staff is reduced and management is increased until there is a rather unfortunate balance. Do you give any advice at all about general relationships?

**Professor Andrews:** No, we would normally regard that as a matter for individual institutions. However, if we find that institutions are in financial difficulties, we might well suggest consultancies. Perhaps it would be helpful if I gave you some figures on this. If you are talking in terms of teaching and learning staff, looking specifically at teaching staff, they have moved from 57 per cent of total staffing in 1994-95 to 55 per cent in 1997-98. The interesting comparison is that within teaching and learning departments, if you look at other support staff, these will be staff that will provide support for PC-based teaching and that sort of thing. They have gone up from 11 per cent to 12 per cent. If you put those two figures together, they have actually stayed

tua 14 i 16 y cant. Wrth gwrs, o fewn y cyfnod hwnnw, yr oeddem hefyd wedi gweld enillion effeithlonrwydd eithaf trwm. Mae hynny'n nodi gallu'r sector cyfan i reoli'r sefyllfa hon. Y broblem a wynebwyd gennym oedd yn achos nifer fechan o golegau sydd wedi ehangu eu staff ymhell y tu hwnt i'r twf yn nifer eu myfyrwyr a'r twf yn eu harian. Mae hyn wedi arwain at ganlyniadau eithaf dybryd. Un o'r pethau yr ydym yn ei wneud nawr gyda'r cais am gynllunio strategol o sefydliadau yw gwneud cais am gynllunio adnoddau dynol gan sefydliadau, ei fonitro a chynnal deialog gyda'r sefydliadau lle yr ydym o'r farn ei fod yn annerbyniol. Mae cynllunio adnoddau dynol yn rhan arwyddocaol iawn o'r rhaglen datblygu llywodraethu a rheoli a grybwyllir yma. Ni allwn reoli staffio ar gyfer colegau. Byddai hynny yn drahaus ac nid oes gennym y gallu i wneud hynny.

**Janet Davies:** Gan edrych ar hynny, yr ydych yn sôn am y ddeialog a'r ffaith na allwch reoli ar ran colegau unigol yn amlwg. Weithiau yr wyf yn teimlo bod pryder ynghylch canran y staff addysgu o'i gymharu â'r staff rheoli a'r staff gweinyddol. A oes gennych unrhyw ganllawiau—yr wyf yn meddwl am y ffordd y caiff staff addysgu ei leihau a'r rheolwyr eu cynyddu nes bod yna gydbwysedd eithaf anffodus. A ydych yn rhoi unrhyw gyngor o gwbl ynghylch cydberthnasau cyffredinol?

**Yr Athro Andrews:** Nac ydym, byddem fel arfer yn ystyried hynny fel mater i sefydliadau unigol. Fodd bynnag, os ydym yn gweld bod sefydliadau mewn trafferthion ariannol, gallem awgrymu ymgynghoriadau. Efallai y byddai'n ddefnyddiol petawn yn rhoi rhai ffigurau ichi ar hyn. Os ydych yn siarad yn nhermau staff addysgu a dysgu, gan edrych yn benodol ar staff addysgu, maent wedi symud o 57 y cant o gyfanswm y staff yn 1994-95 i 55 y cant yn 1997-98. Y gymhariaeth ddiddorol yw'r un o fewn adrannau addysgu a dysgu, os ydych yn edrych ar staff cynnal eraill, bydd y rhain yn staff a fydd yn darparu cymorth ar gyfer addysgu yn seiliedig ar gyfrifiaduron a'r math yna o beth. Maent wedi cynyddu o 11 y cant i 12 y cant. Os rhowch chi'r ddau ffigur

static at 66 per cent in both years, allowing for the small decimal points on those two figures. So there has been no reduction in the proportion of teaching staff in that time. If you look at the entirety of administration and central services, I cannot give you the figures for management staff as such. Our figure share includes all staff—secretarial, clerical and technical—supporting the management and central functions of the college. The figure remains static at 16 per cent in 1994-95, and 16 per cent in 1997-98.

**Alison Halford:** Professor Andrews, I am not an expert in your subject, although I have done my best to read this report. This is for clarification, please. You say that some institutions have expanded their staff beyond student intake, and that you cannot manage staffing for colleges. Bearing in mind that staffing must take up a large proportion of the budget, does that not fly in the face of your capacity to control the institutions and their spending?

**Professor Andrews:** No. I take your point. What we cannot do is provide a staffing strategy for colleges and tell them that they should have more staff in construction and less in engineering or anything of that sort. That really is for managers to decide. We may well say to a college on occasions that we are concerned that it has not got enough cover in finance, for example, because clearly that would bear very much on our perceptions of the college.

What I am thinking about more is in overall terms. Where a college is really reckless in forecasting an increase in staffing costs year on year of about 20 per cent, when its grant is going up 4 per cent, one does not need to be involved in the expertise of staff management to say that what is going on is going to lead to trouble.

**Alison Halford:** How do you punish such recklessness?

**Professor Andrews:** It tends to bring its own

hynny at ei gilydd, maent wedi aros yn eu hunfan ar 66 y cant yn y ddwy flynedd, gan ganiatáu ar gyfer y pwyntiau degol bach ar y ddau ffigur hynny. Felly ni fu unrhyw ostyngiad yng nghyfran y staff addysgu yn ystod yr amser hwnnw. Os edrychwch ar wasanaethau gweinyddol a chanolog yn eu cyfanrwydd, ni allaf roi'r ffigurau ichi ar gyfer staff rheoli fel y cyfryw. Mae ein cyfran o'r ffigur yn cynnwys pob staff—ysgrifenyddol, clerigol a thechnegol—sydd yn cynorthwyo'r rheolwyr a swyddogaethau canolog y coleg. Erys y ffigwr yn statig ar 16 y cant yn 1994-95, ac 16 y cant yn 1997-98.

**Alison Halford:** Athro Andrews, nid wyf yn arbenigwr ar eich pwnc, er fy mod wedi gwneud fy ngorau i ddarllen yr adroddiad hwn. Mae hyn er mwyn cael eglurhad, os gwelwch yn dda. Dywedwch fod rhai sefydliadau wedi ehangu eu staff y tu hwnt i'r nifer o fyfyrwyr a dderbynnir, ac na allwch reoli'r staffio ar ran y colegau. O gofio bod staffio siŵr o fod yn cymryd cyfran fawr o'r gyllideb, onid yw hynny'n groes i'ch gallu i reoli'r sefydliadau a'u gwariant?

**Yr Athro Andrews:** Nac ydyw. Yr wyf yn derbyn eich pwynt. Yr hyn na allwn ei wneud yw darparu strategaeth staffio ar gyfer colegau a dweud wrthynt y dylent gael mwy o staff adeiladu a llai o staff peirianeg neu unrhyw beth i'r perwyl hwnnw. Rheolwyr sydd i benderfynu ar hynny. Gallem ddweud wrth goleg ar brydiau ein bod yn pryderu nad oes ganddo ddigon o gyllid, er enghraifft, gan y byddai hynny'n amlwg yn cael effaith fawr ar ein hamgyffred o'r coleg.

Mae'r hyn yr wyf yn meddwl mwy amdano yn fater cyffredinol. Ble mae coleg yn ddiotal iawn wrth ragweld cynnydd mewn costau staffio flwyddyn ar ôl blwyddyn o tua 20 y cant, pan fydd ei grant yn cynyddu 4 y cant, nid oes yn rhaid i rywun fod yn arbenigwr ym maes rheoli staff i ddweud y bydd yr hyn sydd yn digwydd yn arwain at helynt.

**Alison Halford:** Sut yr ydych yn cosbi diotalwch o'r fath?

**Yr Athro Andrews:** Mae'n tueddu i ddod â

punishment with it, as the college goes into deficit.

**Janet Davies:** We will move on to how you monitor the institutions. I refer to paragraph 2.7 of the report. You assess the financial health of each institution three times a year as being satisfactory, marginal or unsatisfactory. There is a figure showing the number of colleges that have been assessed as unsatisfactory. Between March 1995 and March 1999 that number of colleges doubled. What steps are you taking to improve the financial position of those institutions, particularly those that have been assessed as unsatisfactory for over four years?

**Professor Andrews:** The answer is not a standard one across all institutions in that they are individual. However, when an institution is unsatisfactory, almost always I would meet with the principal or chairman of the governing body, possibly all the governors. We would want to identify what the problems were. In some cases that may involve bringing in an outside consultant to look at the college. We would then want the college to develop a recovery plan. We would work with the college on the recovery plan and we would not accept it if we did not think that it would bring the college round. The reason why we want the college to develop the recovery plan is partly because we feel that it is important that the college has ownership of the recovery plan, and partly so that it develops a recovery plan that it can work with.

There is then an ongoing relationship between colleagues in the Funding Council and staff in the colleges to ensure the development of the college away from the problems that have beset it. If you look at the figures you will see that a number of the colleges that were unsatisfactory initially have in fact gradually worked their way out. There is a table on page 27, which shows that one or two colleges have in fact improved their position and have got out from this problem. If you look at the column headed March 1999, one further college became unsatisfactory, which made a total of nine at that point in time. Two colleges have already

chosb yn ei sgîl wrth i'r coleg fynd i ddyled.

**Janet Davies:** Symudwn ymlaen at sut yr ydych yn monitro'r sefydliadau. Cyfeirïaf at baragraff 2.7 o'r adroddiad. Yr ydych yn asesu iechyd ariannol pob sefydliad dair gwaith y flwyddyn fel boddhaol, ymylol neu anfoddhaol. Mae yna ffigur sydd yn dangos nifer y colegau a aseswyd fel anfoddhaol. Rhwng Mawrth 1995 a Mawrth 1999 dyblodd y nifer hwnnw o golegau. Pa gamau yr ydych yn eu cymryd i wella sefyllfa ariannol y sefydliadau hynny, yn arbennig y rheini sydd wedi cael eu hasesu fel rhai anfoddhaol ers dros bedair blynedd?

**Yr Athro Andrews:** Nid yw'r ateb yn un safonol ar draws pob sefydliad yn yr ystyr eu bod yn unigol. Fodd bynnag, pan fydd sefydliad yn anfoddhaol, byddwn bron yn ddieithriad yn cwrdd â'r pennaeth neu gadeirydd y corff llywodraethu, o bosibl yr holl lywodraethwyr. Byddem am nodi beth fyddai'r problemau. Mewn rhai achosion gallai hynny olygu dod ag ymgynghorydd allanol i mewn i edrych ar y coleg. Byddem wedyn am i'r coleg ddatblygu cynllun adfer. Byddem yn gweithio gyda'r coleg ar y cynllun adfer ac ni fyddem yn ei dderbyn pe na baem yn credu y byddai'n adfer y coleg. Y rheswm pam ein bod am i'r coleg ddatblygu cynllun adfer yw yn rhannol am ein bod yn teimlo ei bod yn bwysig i'r coleg fod yn berchen ar y cynllun adfer, ac yn rhannol er mwyn iddo ddatblygu cynllun adfer y gall weithio ag ef.

Yna ceir perthynas barhaus rhwng cydweithwyr yn y Cyngor Cyllido a staff yn y colegau i sicrhau bod y coleg yn datblygu heb y problemau y mae wedi'u hwynebu. Os edrychwch ar y ffigurau fe welwch fod nifer o'r colegau a oedd yn anfoddhaol i ddechrau mewn gwirionedd wedi datrys eu problemau. Ceir tabl ar dudalen 27, sydd yn dangos bod un neu ddau o golegau wedi gwella eu sefyllfa ac wedi datrys y broblem hon. Os edrychwch ar y golofn o dan y pennawd Mawrth 1999, yr oedd un coleg arall yn anfoddhaol, a wnaeth gyfanswm o naw bryd hynny. Mae dau goleg eisoes wedi symud o'r sefyllfa honno, sydd yn gostwng y rhestr

gone out from that, which reduces that list to seven, despite the fact that we have been in this very serious position of financial squeeze on the sector. There are two further colleges which I think are likely to go out in the relatively near future. One by merger—in fact there is currently a merger proposal before the National Assembly for Wales at the moment—the other will go out because it has managed its financial self out, which will reduce the number to five. There are two others of that five, which I think that in the next year or 18 months, given the way they are managing themselves, will manage themselves out. There are three others that I think have ongoing difficulties. One is a relatively small college, two others are designated institutions, again with relatively small resources. However, none of those three is in immediate difficulty. We are not talking about colleges that are threatened with insolvency. We are talking about colleges, though, which have quite a long way to go to bring themselves back into a comfortable financial balance.

**Janet Davies:** With those three, do you foresee any possibility of them having to alter their structures and possibly merge? Or do you think that that is not a practical possibility for all sorts of reasons and that they might have to keep going as they are?

**Professor Andrews:** One of the three is already in merger discussions.

**Janet Davies:** Yes, I know.

**Professor Andrews:** The other two are not in merger discussions. I think, for them, it is an ongoing process of strengthening their financial management and growing their student numbers, in the case of one college particularly.

**Geraint Davies:** The report makes a number of recommendations to the Funding Council for improvements in its financial monitoring. It appears from the report that you have taken some steps to implement these changes. What is the latest position on this? In particular, have you accepted the

honno i saith, er gwaethaf y ffaith ein bod wedi bod yn y sefyllfa hynod ddirifol hon o wasgfa ariannol ar y sector. Ceir dau goleg arall a fydd yn symud o'r sefyllfa hon yn y dyfodol agos yn fy marn i. Un drwy uno—yn wir mae cynnig i uno gerbron Cynulliad Cenedlaethol Cymru ar hyn o bryd—bydd sefyllfa'r llall yn newid oherwydd ei fod wedi rheoli ei faterion ariannol gan ddatrys ei broblemau, a fydd yn gostwng y nifer i bump. Mae dau arall o blith y pum hwnnw a fydd, o fewn y flwyddyn i 18 mis nesaf yn fy marn i, o gofio'r ffordd y maent yn rheoli eu hunain, yn datrys eu problemau drwy reoli. Mae tri arall sydd ag anawsterau parhaus yn fy marn i. Mae un yn goleg cymharol fach, dau arall yn sefydliadau penodedig, eto gydag adnoddau cymharol fach. Fodd bynnag, nid oes yr un o'r tri hynny yn wynebu anhawster ar hyn o bryd. Nid ydym yn siarad am golegau sydd o dan fygythiad oherwydd ansolfedd. Yr ydym yn sôn am golegau, serch hynny, sydd â chryn ffordd i fynd cyn dychwelyd i sefyllfa o gydbwysedd ariannol cyfforddus.

**Janet Davies:** Gyda'r tri hynny, a ydych yn rhagweld unrhyw bosibilrwydd y byddent yn gorfod newid eu strwythurau ac uno o bosibl? Neu a ydych o'r farn nad yw hyn yn bosibilrwydd ymarferol am bob math o resymau ac y bydd yn rhaid iddynt barhau fel ag y maent?

**Yr Athro Andrews:** Mae un o'r tri eisoes yn trafod uno.

**Janet Davies:** Ydyw, fe wn.

**Yr Athro Andrews:** Nid yw'r ddau arall yn rhan o drafodaethau uno. Yn fy marn i, iddynt hwy mae'n broses barhaus o gryfhau eu rheolaeth ariannol a chynyddu eu nifer o fyfyrwyr, yn achos un coleg yn arbennig.

**Geraint Davies:** Mae'r adroddiad yn gwneud nifer o argymhellion i'r Cyngor Cyllido ar gyfer gwelliannau o ran monitro ariannol. Ymddengys o'r adroddiad eich bod wedi cymryd rhai camau i weithredu'r newidiadau hyn. Beth yw'r sefyllfa ddiweddaraf ynglŷn â hyn? Yn arbennig, a

recommendations that all institutions should have their five-year and mid year forecast validated externally?

**Professor Andrews:** There were three principal recommendations that the report made. One was that we should define a reportable event so that colleges would have a clearer idea of when they need to report to us. We have done that. We distributed the definition to the colleges in May and asked them to follow it and we will include it in our new financial memorandum when that is revised. I confess that this has had a greater impact than I initially thought. We are getting letters from colleges regarding a whole range of things such as a change of director of finance or principal or restructuring in the college. We are getting information from colleges on that and that is working well.

The second recommendation was that we should introduce termly reviews. That is at officer level we should sit down and look at each of the colleges across the piece at its strengths and its weakness in financial health, audit, strategic planning, estates, management information systems and so on. We have had three such meetings. In fact, the third was about two weeks ago. It is useful in terms of officers being able to exchange views and in having a clearer idea of the position of individual institutions. Nothing alarming has emerged from that, but the exercise has been worthwhile.

The third recommendation is the one that you mentioned specifically, which is the certification of all financial forecasts. We remain to be persuaded about the introduction of that as a measure across all institutions. Perhaps I could explain why. We introduce certification of financial forecasts for all colleges that are unsatisfactory and for marginal colleges where we have reason to believe that their financial forecasting is not strong. In one sense it is a sanction. A letter goes to the chair of the governing body as well as to the principal and we are saying to the chair of the governing body, in effect, that we do not think the college is in such a

ydych wedi derbyn yr argymhellion y dylai rhagolwg pum mlynedd a chanol blwyddyn pob sefydliad gael ei ddilysu yn allanol?

**Yr Athro Andrews:** Yr oedd tri phrif argymhelliad a wnaethpwyd yn yr adroddiad. Un oedd y dylem ddiffinio digwyddiad y dylid rhoi adroddiad amdano er mwyn i golegau gael gwell syniad o pryd y byddai angen iddynt roi adroddiad inni. Yr ydym wedi gwneud hynny. Dosbarthwyd y diffiniad i'r colegau ym mis Mai a gofynnem iddynt ei ddilyn a byddwn yn ei gynnwys yn ein memorandwm ariannol newydd pan gaiff hwnnw ei adolygu. Yr wyf yn cyfaddef i hyn gael mwy o effaith na'r disgwyl. Yr ydym yn cael llythyrau oddi wrth golegau ynghylch amrywiaeth o bethau fel newid mewn cyfarwyddwr cyllid neu bennaeth neu ailstrwythuro o fewn y coleg. Yr ydym yn cael gwybodaeth oddi wrth golegau ar hynny ac mae hynny'n gweithio'n dda.

Yr ail argymhelliad oedd y dylem gyflwyno arolygon tymhorol. Hynny yw y dylem eistedd i lawr ar lefel swyddogion ac edrych ar bob un o'r colegau yn gyffredinol ac ar ei gryfderau a'i wnedidau o ran iechyd ariannol, archwilio, cynllunio strategol, ystadau, systemau rheoli gwybodaeth ac ati. Yr ydym wedi cynnal tri chyfarfod o'r fath. Yn wir, cynhaliwyd y trydydd tua phythefnos yn ôl. Mae'n ddefnyddiol o ran galluogi i'r swyddogion gyfnewid barn a chael syniad cliriach o sefyllfa sefydliadau unigol. Ni ddeilliodd unrhyw beth brawychus o hynny, ond bu'r ymarfer yn un gwerth chweil.

Y trydydd argymhelliad yw'r un a grybwyllwyd gennych yn benodol, sef ardystio pob rhagolwg ariannol. Yr ydym yn aros i gael ein hargyhoeddi ynghylch cyflwyno hynny fel mesur ar draws pob sefydliad. Efallai y gallaf esbonio pam. Yr ydym yn cyflwyno ardystio rhagolygon ariannol ar gyfer pob coleg sydd yn anfodhaol ac ar gyfer colegau ymylol lle mae gennym reswm i gredu nad yw eu rhagolygon ariannol yn gryf. Ar un ystyr mae'n gosb. Anfonir llythyr at gadeirydd y corff llywodraethu yn ogystal ag at y pennaeth ac yr ydym yn dweud wrth gadeirydd y corff llywodraethu, i bob

position that we can take its financial forecast from it. It is a finger-wagging exercise, if you like. It has to bring in its external or internal auditors to certify these.

If we were to introduce it for all colleges, we would lose that distinction. It would be automatic across the piece so we would no longer be signalling to colleges that they were weak in their forecast. The other thing, too, is the way you have colleges who are really first class at forecasting. I think one should respect it, and I think one should give them credit for it and not say 'oh, yes, but we still think you should have it certified'.

However, what we have done is to take on board the recommendation of the National Audit Office and to increase the number of cases in which we are seeking certification. So, effectively now, we will be seeking certification from all unsatisfactory colleges, obviously, marginal colleges, and even satisfactory colleges where their forecasting is erratic. We can look back over the pattern of the end of year accounts and see that their forecasting is not strong. However, we would still like to keep out those colleges that are good and say to them that they are professional and good at this and let them have the credit for that.

**Geraint Davies:** Paragraphs 2.16 and 2.19 detail some of the action that the Funding Council undertakes to help institutions, particularly those in financial difficulties. What further steps do you consider that the Funding Council could take to assist institutions in financial difficulties? For example, an even more proactive approach to encourage collaboration and mergers.

**Professor Andrews:** Yes. Could I make one point before hand? One could say, well, could we not give them more money? From the very beginning, we have said no to that. As soon as we were to bail out a college that had got into financial difficulties, it would remove the sanction. Alison Halford asked me earlier what is the penalty for colleges

pwrrpas, nad ydym yn credu bod y coleg yn y fath sefyllfa fel y gallwn gymryd ei ragolwg ariannol ganddo. Mae'n ymarfer dweud y drefn, os hoffech. Mae'n rhaid i'r coleg alw ar ei archwilwyr allanol neu fewnol i ardystio'r rhain.

Pe baem yn ei gyflwyno ar gyfer pob coleg, byddem yn colli'r gwahaniaeth hwnnw. Byddai'n awtomatig yn gyffredinol felly ni fyddem bellach yn rhoi arwyddion i golegau bod eu rhagolwg yn wan. Y peth arall, hefyd, yw'r ffordd y mae gennyh golegau sydd yn llunio rhagolygon o'r radd flaenaf. Credaf y dylid parchu hynny, a chredaf eu bod yn haeddu clod am hynny ac nid dim ond dweud 'o, ie, ond yr ydym yn dal i gredu y dylai fod wedi cael ei ardystio'.

Fodd bynnag, yr hyn a wnaethom yw dilyn argymhelliad y Swyddfa Archwilio Genedlaethol a chynyddu nifer yr achosion yr ydym am iddynt gael eu hardystio. Felly, mewn gwirionedd nawr, byddwn yn ceisio cael ardystiad gan bob coleg anfodddhaol, yn amlwg, colegau ymylol, a hyd yn oed golegau boddhaol ble mae eu rhagolygon yn anwadal. Gallwn edrych yn ôl dros batrwm cyfrifon diwedd y flwyddyn a gweld nad yw eu rhagolygon yn gryf. Fodd bynnag, byddem yn dal i ddymuno eithrio'r colegau hynny sydd yn dda a dweud wrthym eu bod yn gwneud hyn yn broffesiynol ac yn dda a gadael iddynt gael y clod am hynny.

**Geraint Davies:** Ceir manylion am beth o'r camau y mae'r Cyngor Cyllido yn eu cymryd i helpu sefydliadau, yn arbennig y rhai mewn trafferthion ariannol, ym mharagraffau 2.16 a 2.19. Yn eich barn chi, pa gamau pellach y gallai'r Cyngor Cyllido eu cymryd i helpu sefydliadau sydd mewn trafferthion ariannol? Er enghraifft, ymagwedd fwy proactif byth tuag at annog cydweithio ac uno.

**Yr Athro Andrews:** Ie. A allaf wneud un pwynt ymlaen llaw? Gellid dweud, wel, oni allwn roi mwy o arian iddynt? O'r cychwyn cyntaf, yr ydym wedi gwrthod yr awgrym hwnnw. Cyn gynted ag y byddem yn rhoi help llaw i goleg a oedd mewn trafferthion ariannol, byddai'n cael gwared ar y gosb. Gofynnodd Alison Halford imi yn gynharach

that over expand their staff or what retribution do we bring—I said that it carried its own damage. Of course, if we bail colleges out there would be no sanction. What you find is that essentially the situation is one of self-help, with the colleges getting themselves out of the difficulty, but with us providing the items of support here.

It is fair to say that there are a number of cases where colleges are in difficulties—sometimes they are relatively small, they have not grown as other colleges might have and they have not got the strength of management and merger would be a way out. I do believe that we have too many small colleges. However, at the present point in time, there is a degree of resistance to merger, which is not necessarily always in the best interests of further education in Wales.

**Geraint Davies:** However, there is a down side to merging, is there not? Possibly, you will have more centralisation and less choice and possibly bigger classes as a consequence. You may be financially sound but the educational aspect might suffer as a consequence.

**Professor Andrews:** No, no. It is the contrary, because whenever colleges have been in merger discussions a first priority for us has been to maintain provision. It is not a matter of closing campuses and shutting down departments and that sort of thing. The bigger college is often able to maintain a much wider range of provision and is in a stronger position to outreach provision, to deprived areas, for example. Merger does not reduce provision—quite the opposite.

**Geraint Davies:** Do you envisage any other further mergers and have you quantified the financial savings that come from mergers?

**Professor Andrews:** There is one merger proposal before the Assembly. There is one other merger proposal that we anticipate might come forward this year. Beyond that, I

beth oedd y gosb i golegau a oedd yn gor-ehangu eu staff neu paad-daledigaeth fyddai gennym ar eu cyfer—dywedais fod niwed yn dod yn ei sgîl. Wrth gwrs, pe baem yn rhoi help llaw i golegau ni fyddai unrhyw gosb. Yr hyn a ddarganfyddwch yn y bôn yw bod y sefyllfa yn un hunan-gymorth, gyda'r colegau yn datrys yr anhawster eu hunain, ond gyda ninnau yn darparu'r eitemau o gymorth yma.

Mae'n deg dweud bod nifer o achosion lle mae colegau mewn trafferthion—weithiau maent yn gymharol fach, nid ydynt wedi tyfu fel colegau eraill ac nid oes ganddynt y cryfder o ran rheolwyr a byddai uno yn datrys y broblem. Credaf fod gennym ormod o golegau bach. Fodd bynnag, ar hyn o bryd, ceir rhywfaint o wrthwynebiad i uno, nad yw bob amser er budd gorau addysg bellach yng Nghymru.

**Geraint Davies:** Fodd bynnag, mae anfantais i uno, onid oes? O bosibl, byddai gennych fwy o ganoli a llai o ddewis ac o bosibl dosbarthiadau mwy o ganlyniad. Efallai eich bod yn gadarn yn ariannol ond gallai'r agwedd addysgol ddiodef o ganlyniad.

**Yr Athro Andrews:** Na, na. I'r gwrthwyneb, oherwydd pryd bynnag y bu colegau yn rhan o drafodaethau uno un o'n blaenoriaethau cyntaf oedd cadw'r ddarpariaeth. Nid yw'n fater o gau campysau ac adrannau a'r math yna o beth. Yn aml gall y coleg mwyaf gynnal ystod llawer ehangach o ddarpariaeth ac mae mewn sefyllfa gryfach i ymestyn y ddarpariaeth, i ardaloedd difreintiedig, er enghraifft. Nid yw uno yn gostwng y ddarpariaeth—i'r gwrthwyneb yn llwyr.

**Geraint Davies:** A ydych yn rhagweld unrhyw uno pellach ac a ydych wedi meintoli'r arbedion ariannol a ddaw o'r uno?

**Yr Athro Andrews:** Mae un cynnig i uno gerbron y Cynulliad. Mae un cynnig arall i uno y rhagwelwn y gallai gael ei gyflwyno eleni. Y tu hwnt i hynny, nid wyf yn

am not aware of any merger discussions. We have produced a merger paper at the request of the Secretary of State for Wales in the letter of guidance in January of this year. However, at the moment that has not been released. Basically, what we have proposed is a framework within which there might be mergers. We have not actually said that college A should merge with college B. There needs to be a bottom-up involvement in the merger process if it is to work well.

**Geraint Davies:** You have an important monitoring role in many aspects of further education but you do not appear to be monitoring educational performance. Do you think this would be useful? Is there a relationship between good financial management and a good output educationally?

**Professor Andrews:** We do monitor educational performance. Primarily, we have responsibility for the quality assessment of the work of further education colleges; the provision that they offer. It is done for us by Estyn—previously the Office Of Her Majesty's Chief Inspector of Schools in Wales—but to a framework agreed by ourselves. This is a tremendous success story for the sector, in that the report here mentions that 95 per cent of the provision was of good or better quality in the first cycle. That is actually going up in the second cycle. However, the really splendid thing to see is that the top quality, the outstanding provision, which was relatively small in percentage terms in the first cycle, was 10 per cent in 1997-98 and had gone up to 15 per cent this last year. We do monitor quality. We have got a very good story to tell. Well, the colleges have a very good story to tell; I am telling it on their behalf.

**Peter Black:** Paragraph 2.22 of the report indicates that the Funding Council considers that it does not have the expertise to assist institutions on staffing issues, which I think you have already reinforced today. However, I understand that you do give guidance and information on a range of other issues such

ymwybodol o unrhyw drafodaethau uno. Yr ydym wedi cynhyrchu papur uno ar gais Ysgrifennydd Gwladol Cymru yn y llythyr arweiniad ym mis Ionawr eleni. Fodd bynnag, ar hyn o bryd nid yw hwnnw wedi'i ryddhau. Mewn gwirionedd, yr hyn yr ydym wedi'i gynnig yw fframwaith y gallai uno ddigwydd oddi fewn iddo. Nid ydym wedi dweud mewn gwirionedd y dylai coleg A uno â choleg B. Mae angen cyfranogiad o'r gwaelod tuag i fyny yn y broses uno os yw i lwyddo.

**Geraint Davies:** Mae gennych rôl fonitro bwysig mewn sawl agwedd ar addysg bellach ond nid yw'n ymddangos fel eich bod yn monitro perfformiad addysgol. A ydych o'r farn y byddai hyn yn ddefnyddiol? A oes cyswllt rhwng rheolaeth ariannol dda ac allbwn addysgol da?

**Yr Athro Andrews:** Yr ydym yn monitro perfformiad addysgol. Yn bennaf, mae gennym gyfrifoldeb dros asesu ansawdd gwaith colegau addysg bellach; y ddarpariaeth a gynigiant. Gwneir hyn ar ein rhan gan Estyn—Swyddfa Prif Arolygydd Ysgolion Ei Mawrhydi yng Nghymru gynt—ond i fframwaith y cytunwyd arno gennym ni. Mae hyn yn llwyddiant ysgubol ar gyfer y sector, yn yr ystyr bod yr adroddiad yma yn crybwyll bod 95 y cant o'r ddarpariaeth o ansawdd da neu well yn y cylch cyntaf. Mae hynny mewn gwirionedd yn cynyddu yn yr ail gylch. Fodd bynnag, y peth gwirioneddol galonogol i'w weld yw bod yr ansawdd uchaf, y ddarpariaeth wych, a oedd yn gymharol fach o ran canran yn y cylch cyntaf, yn 10 y cant ym 1997-98 ac wedi cynyddu i 15 y cant yn ystod y flwyddyn ddiwethaf hon. Yr ydym yn monitro ansawdd. Mae gennym stori dda i'w hadrodd. Wel, mae gan y colegau stori dda i'w hadrodd; yr wyf yn ei hadrodd ar eu rhan.

**Peter Black:** Noda paragraff 2.22 o'r adroddiad fod y Cyngor Cyllido yn ystyried nad oes ganddo'r arbenigedd i gynorthwyo sefydliadau ar faterion staffio, a chredaf ichi ategu hynny eisoes heddiw. Fodd bynnag, yr wyf ar ddeall eich bod yn rhoi arweiniad a gwybodaeth ar ystod o faterion eraill fel



as estates management. As staffing, as Alison said previously, is the biggest single cost facing institutions, do you not think that the Funding Council should be able to offer guidance and instruction on this matter?

**Professor Andrews:** No. Can I first of all, though, say that on estates matters there is obviously a primary responsibility in that you are talking about public assets and the need to ensure the conservation of the assets. Traditionally, funding councils—going back to the University Grants Committee and all six of the funding councils in the UK—do have an estates function. We have a very small estates unit and in fact we use estates firms to provide the professional support on this. However, to a significant extent a building is a building and the issues are relatively similar. That varies between an old building and a 1960s building.

When you come to human resources, no funding council, at any point in time in the United Kingdom, has ever taken on that responsibility. I think it that it would lead to very real tensions between a funding council, which is not a management body and which is not a body of consultants in human resources, and colleges which have the responsibility to manage their own affairs, and which are incredibly diverse.

A land-based college, for example, looks at agricultural workers; a sixth-form college looks more at the professional cadre of teachers for A-level. We do not have that sort of expertise. We can look at the overall funding, we can look at the balance of expenditure, we can review the college to make sure they have proper staff development programmes. Under the governance and management development programme we are putting on courses on human resources but they are delivered by people in the college with this sort of expertise.

**Peter Black:** I think that you are talking about the management of staff. I think that

rheoli ystadau. Gan mai staffio, fel y dywedodd Alison yn gynharach, yw'r gost unigol fwyaf sydd yn wynebu sefydliadau, onid ydych o'r farn y dylai'r Cyngor Cyllido allu cynnig arweiniad a chyfarwyddyd ar y mater hwn?

**Yr Athro Andrews:** Nac ydw. I ddechrau, a allaf ddweud o ran materion yn ymwneud ag ystadau bod yna brif gyfrifoldeb yn amlwg yn yr ystyr eich bod yn siarad am asedau cyhoeddus a'r angen i sicrhau gwarchod yr asedau. Yn draddodiadol, mae gan gynghorau cyllido—gan fynd yn ôl at Bwyllgor Grantiau Prifysgolion a'r chwe chngor cyllido yn y DU—swyddogaeth ystadau. Mae gennym uned ystadau fechan iawn ac yn wir yr ydym yn defnyddio cwmnïau ystadau i ddarparu'r cymorth proffesiynol ar hyn. Fodd bynnag, i raddau sylweddol adeilad yw adeilad yw adeilad ac mae'r materion yn gymharol debyg. Mae hynny'n amrywio rhwng hen adeilad ac adeilad o'r 1960au.

O ran adnoddau dynol, nid oes unrhyw gyngor cyllido, ar unrhyw adeg yn y Deyrnas Unedig, wedi ymgymryd â'r cyfrifoldeb hwnnw. Credaf y byddai'n arwain at densiwn gwirioneddol rhwng cyngor cyllido, nad yw'n gorff rheoli ac nad yw'n gorff o ymgynghorwyr adnoddau dynol, a'r colegau sydd â'r cyfrifoldeb dros reoli eu materion eu hunain, ac sydd yn cynnwys amrywiaeth anhygoel o fawr.

Mae coleg seiliedig ar dir er enghraifft, yn edrych ar weithwyr amaethyddol; mae coleg chweched dosbarth yn edrych yn fwy ar y cnewyllyn proffesiynol o athrawon ar gyfer Safon Uwch. Nid oes gennym y math hwnnw o arbenigedd. Gallwn edrych ar yr ariannu cyffredinol, gallwn edrych ar y cydbwysedd o ran gwariant, gallwn adolygu'r coleg i wneud yn siwr bod ganddynt raglenni datblygu staff cywir. O dan y rhaglen datblygu llywodraethu a rheoli yr ydym yn cynnal cyrsiau ar adnoddau dynol ond cânt eu cyflwyno gan bobl yn y coleg gyda'r math hwn o arbenigedd.

**Peter Black:** Yr wyf yn credu eich bod yn siarad am reoli staff. Yr wyf yn credu ein bod

we are talking about policy and the policies that the colleges actually pursue in how they manage their staff. I think the staff themselves are assets, as well as the estates, which the colleges manage. Clearly, if staff are well managed—for instance, if there is a proper absence management policy—there are significant savings that can be achieved by colleges, which can assist them in the way they manage their own affairs and also assist you in the way that you manage the funding of those colleges. I am thinking, in particular, of encouraging colleges and making sure that every college has a human resources strategy that includes the proper management of absence and maybe investors in people, that sort of thing. Do you not think that you should be going down that line?

**Professor Andrews:** Thank you for coming back on that because it raises slightly different issues from the one that I am talking about. I accept very much the points that you make. You may have seen me smile slightly at the beginning of what you were saying, because one of the things that my audit colleagues are doing this coming year as part of a value for money study in the sector is the management of sickness absence, which was the very illustration that you have given. In that sense, I think we have a role to play. However, I think what you are talking about there is a framework which provides security and which encourages good practice in things like staff development, sickness absence and so on, which the Funding Council can as a matter of its own review of institutions require them to have. I wholeheartedly agree with what you are saying there, providing it stops short of managing the staff function.

**Peter Black:** How far are you moving towards actually achieving that framework? I think we all accept that we do not want you to manage the staff, but we think the framework is important.

**Professor Andrews:** I can only answer that within the slightly wider context that, initially, our pattern of relationships with colleges in Wales was as with other funding

yn siarad am bolisi a'r polisïau y mae'r colegau yn eu canlyn mewn gwirionedd o ran y ffordd y maent yn rheoli eu staff. Yr wyf o'r farn bod y staff eu hunain yn asedau, yn ogystal â'r ystadau, y mae'r colegau yn eu rheoli. Yn amlwg, os rheolir y staff yn dda—er enghraifft, os oes polisi rheoli absenoldeb cywir—gall colegau gyflawni arbedion sylweddol, a all eu cynorthwyo yn y ffordd y maent yn rheoli eu materion eu hunain a hefyd eich cynorthwyo yn y ffordd yr ydych yn rheoli ariannu'r colegau hynny. Yr wyf yn meddwl, yn arbennig, am annog colegau a gwneud yn siwr bod gan bob coleg strategaeth adnoddau dynol sydd yn cynnwys rheoli absenoldeb yn gywir ac efallai buddsoddwyr mewn pobl, y math yna o beth. Onid ydych yn credu y dylech fod yn mynd ar y trywydd hwnnw?

**Yr Athro Andrews:** Diolch ichi am ddod yn ôl ar hynny gan ei fod yn codi materion sydd ychydig yn wahanol i'r un yr wyf yn siarad amdano. Yr wyf yn derbyn yn llwyr y pwyntiau a wnaethoch. Efallai eich bod wedi fy ngweld yn gwenu rhyw ychydig ar ddechrau'r hyn a ddywedoch, oherwydd un o'r pethau y bydd fy nghydweithwyr archwilio yn ei wneud yn ystod y flwyddyn hon sydd i ddod fel rhan o astudiaeth gwerth am arian yn y sector yw rheoli absenoldeb oherwydd salwch, sef yr union enghraifft yr ydych wedi'i rhoi. Yn hynny o beth, credaf fod gennym rôl i'w chwarae. Fodd bynnag, credaf mai'r hyn yr ydych yn sôn amdano yma yw fframwaith sydd yn darparu arfer da mewn pethau fel datblygiad staff, absenoldeb oherwydd salwch ac ati, y gall y Cyngor Cyllido fel mater o'i arolwg ei hun o sefydliadau ofyn iddynt ei gael. Yr wyf yn cytuno'n llwyr â'r hyn a ddywedwch, ar yr amod nad yw'n rheoli'r swyddogaeth staff.

**Peter Black:** Pa mor bell yr ydych yn symud tuag at gyflawni'r fframwaith hwnnw? Yr wyf yn credu ein bod oll yn derbyn nad ydym am ichi reoli'r staff, ond yr ydym o'r farn bod y fframwaith yn bwysig.

**Yr Athro Andrews:** Dim ond o fewn cydestun ychydig yn ehangach y gallaf ateb hynny sef, i ddechrau, yr oedd patrwm ein perthynas gyda cholegau yng Nghymru yn

councils. We saw ourselves as a funding body with basic responsibilities for auditing propriety in the use of public funds and the financial health of institutions and also the quality assessment function, which we had as a separate one, and not having general responsibility in respect of governance and management. That is the same position that all funding councils have taken up, and it was very much inherent in the 1992 legislation that institutions were independent corporate bodies.

Clearly attitudes have changed, and we were asked by the Welsh Office in December 1997 to work with colleges to strengthen governance and management, and then more strongly in January 1999, as the report says, they delegated the function of monitoring to us. It is fair to say that by working in partnership with institutions, we have moved significantly now to a situation where we are seeking improvements in governance and management. Hopefully we will not be seen as a sort of big brother figure looking down, but as working in partnership with colleges and encouraging the sharing of best practice. For example, we might often bring in people from colleges where practice is good to provide a seminar for other colleges.

**Peter Black:** Moving on to paragraph 2.27, it indicates that for the 1996-97 financial year, the Funding Council's audit service found that six of the institutions did not give the audit service the necessary level of assurance on the adequacy of their financial control arrangements. What steps have you taken to improve the control arrangements at these institutions and any others that have subsequently displayed such weaknesses?

**Professor Andrews:** The audit service works closely with these colleges and with the particular staff who are central to these controls. The briefing I had from my audit service a couple of months back was that only one of these institutions was still in that category. The last briefing I had was that that institution again was significantly moving away from that category, and that no other

debyg i berthynas cynghorau cyllido eraill. Yr oeddem yn gweld ein hunain fel corff cyllido gyda chyfrifoldebau sylfaenol dros archwilio priodoldeb o ran defnyddio arian cyhoeddus ac iechyd ariannol sefydliadau ac hefyd y swyddogaeth asesu ansawdd, a oedd ar wahân gennym, a pheidio â bod â chyfrifoldeb cyffredinol o ran llywodraethu a rheoli. Dyma'r un sefyllfa â sydd yn wynebu pob cyngor cyllido, ac yr oedd yn gynhenid iawn yn neddfwriaeth 1992 bod sefydliadau yn gyrrff corfforaethol annibynnol.

Yn amlwg mae agweddau wedi newid, a gofynnodd y Swyddfa Gymreig inni ym mis Rhagfyr 1997 i weithio gyda cholegau i gryfhau llywodraethu a rheoli, ac yna yn gryfach ym mis Ionawr 1999 fel y dywed yr adroddiad. Dirprwywyd y swyddogaeth o fonitro i ni. Mae'n deg dweud drwy weithio mewn partneriaeth â sefydliadau, ein bod wedi symud ymlaen yn sylweddol bellach i sefyllfa lle yr ydym yn ceisio gwelliannau mewn llywodraethu a rheoli. Gobeithio na chawn ein gweld fel rhyw ffigwr brawd mawr yn edrych i lawr, ond yn hytrach fel ein bod yn gweithio mewn partneriaeth gyda cholegau ac annog rhannu arfer da. Er enghraifft, gallwn yn aml ddod â phobl i mewn o golegau lle mae'r arfer yn dda i ddarparu seminar ar gyfer colegau eraill.

**Peter Black:** Gan symud ymlaen i baragraff 2.27, ar gyfer y flwyddyn ariannol 1996-97, dengys fod gwasanaeth archwilio'r Cyngor Cyllido wedi canfod na roddodd chwech o'r sefydliadau y lefel angenrheidiol o sicrwydd o ran digonolrwydd eu trefniadau rheoli ariannol i'r gwasanaeth archwilio. Pa gamau yr ydych wedi eu cymryd i wella'r trefniadau rheoli yn y sefydliadau hyn ac unrhyw rai eraill sydd wedi arddangos gwendidau o'r fath yn dilyn hynny?

**Yr Athro Andrews:** Mae'r gwasanaeth archwilio yn gweithio'n agos gyda'r colegau hyn a chyda'r staff penodol sydd yn ganolog i'r rheolaethau hyn. Y briff a gefais gan fy ngwasanaeth archwilio ddeufis yn ôl oedd mai dim ond un o'r sefydliadau hyn a oedd yn dal yn y categori hwnnw. Y briff olaf a gefais oedd bod y sefydliad hwnnw eto yn symud yn sylweddol oddi wrth y categori

colleges have joined it. So, the position on the fundamental assurances is good.

**Peter Black:** That is good. Earlier on in the report there was a reference, I think in paragraph 2.12, to major restructuring and the fact that problems have taken place when that has happened in the past. Where colleges are in the process of that sort of restructuring, how are you ensuring that you get early warning of any problems arising from that, and what monitoring are you doing?

**Professor Andrews:** In the NAO recommendation that we should define a reportable event, restructuring is a reportable event. We now require colleges to inform us when that is happening.

**Peter Black:** So you monitor what goes on when they do that?

**Professor Andrews:** We would not monitor the individual restructuring but we would want to meet with the college to see exactly what processes were being adopted within it, and, if needs be, to receive reports from governing bodies showing that they were being fully briefed by officers in the college.

**Peter Black:** One last question on paragraph 2.39 of the report. The paragraph raises some concerns about the way the Funding Council is using benchmarks, management statistics, of each institution's performance. What steps have you taken to improve the speedy issuing of such measures?

**Professor Andrews:** This is an awkward one for me to answer. There is an example given of a key benchmark that could be produced quickly at the bottom of the page, but there is a flaw in it. It is a benchmark which is drawn from the entire activity of the institution which will include work which is franchised out to third party providers, where the costs are very different and, often non-schedule 2 provision which is not costed at the same level. So, when we produce that benchmark,

hwnnw, ac nad oedd unrhyw goleg arall wedi ymuno ag ef. Felly, mae'r sefyllfa ar sicrwydd sylfaenol yn dda.

**Peter Black:** Mae hynny'n dda. Yn gynharach yn yr adroddiad yr oedd cyfeiriad, ym mharagraff 2.12 mi gredaf, at ailstrwythuro mawr a'r ffaith bod problemau wedi codi pan ddigwyddodd hynny yn y gorffennol. Lle mae colegau yn y broses o ailstrwythuro o'r fath, sut yr ydych yn sicrhau eich bod yn cael rhybudd cynnar am unrhyw broblemau sydd yn codi o hynny, a pha fath o fonitro a wnewch?

**Yr Athro Andrews:** Yn argymhelliad y Swyddfa Archwilio Genedlaethol sef y dylem ddiffinio digwyddiad y gellir rhoi adroddiad amdano, mae ailstrwythuro yn ddigwyddiad y gellir rhoi adroddiad amdano. Bellach yr ydym yn gofyn i golegau ein hysbysu pan fydd hynny'n digwydd.

**Peter Black:** Felly yr ydych yn monitro'r hyn sydd yn digwydd pan wnânt hynny?

**Yr Athro Andrews:** Ni fyddem yn monitro ailstrwythuro unigol ond byddem am gwrdd â'r coleg i weld yn union pa brosesau oedd yn cael eu mabwysiadu o'i fewn, ac, os bydd angen, derbyn adroddiadau gan gyrrff llywodraethu yn dangos eu bod yn cael briff llawn gan swyddogion yn y coleg.

**Peter Black:** Un cwestiwn olaf ar baragraff 2.39 o'r adroddiad. Mae'r paragraff yn codi rhai pryderon ynghylch y ffordd y mae'r Cyngor Cyllido yn defnyddio meincnodau, ystadegau rheoli, ar gyfer perfformiad pob sefydliad. Pa gamau a gymerwyd gennych i wella cyhoeddi mesurau o'r fath?

**Yr Athro Andrews:** Mae hwn yn gwestiwn lletchwith imi ei ateb. Rhoddir enghraifft o feincnod allweddol y gellid ei gynhyrchu'n gyflym ar waelod y dudalen, ond mae gwall ynddo. Mae'n feincnod a dynnwyd o weithgaredd cyfan y sefydliad a fydd yn cynnwys gwaith a roddir drwy ryddfaint i ddarparwyr trydydd parti, ble mae'r costau'n wahanol iawn ac, yn aml darpariaeth nad yw'n ddarpariaeth atodlen 2 na chaiff ei chostio ar yr un lefel. Felly, pan fyddwn yn

we rectify the figures to take out third party provision, so that the figure which then goes to institutions is a much more robust one for them to measure their activity against.

Unfortunately you cannot do that until you have the student records in and can see and correct the figure. Therefore, while we can produce early benchmarks, they inevitably have to carry a health warning. At the moment, we are consulting institutions on management statistics, and one of the questions we are asking them is whether they would like to have some interim benchmarks, but which would be relatively rough and ready and would not be a total portfolio of benchmarks. Then, if they were going to address this at their governing bodies, they would not have to do it piecemeal if some earlier figures were available. It is not a situation with an easy straightforward answer.

**Peter Black:** But you are moving towards a benchmarking regime between colleges?

**Professor Andrews:** To some extent that has been in existence for a long time, in that we have produced management statistics. We have also been producing performance indicators in the last few years. We are now consulting colleges on that range of management statistics, partly because of suggestions which have emerged in this report, partly because of the way in which further education and the responsibilities of colleges have been changing, but also because the early management statistics were rather our own proposals when the colleges were relatively new into independence. I think they are much better able to come forward now. However, under the governance and management development programme, one of the colleges is leading a group of eight colleges on benchmarking, with particular regard to their own facilities and how colleges might themselves also develop benchmarking techniques with things on which we would not necessarily have statistics. They can go much more deeply there. I would welcome that in the longer run so that there would be two ways

cynhyrchu'r meincnod hwnnw, byddwn yn unioni'r ffigurau i hepgor darpariaeth trydydd parti, fel bod y ffigwr sydd wedyn yn mynd i'r sefydliadau yn llawer mwy cadarn iddynt fesur eu gweithgaredd yn ei erbyn.

Yn anffodus ni allwch wneud hynny nes eich bod wedi derbyn y cofnodion myfyrwyr ac yn gallu gweld a chywiro'r ffigwr. Felly, er ein bod yn gallu cynhyrchu meincnodau cynnar, mae'n rhaid iddynt, yn anochel, gael rhybudd arnynt. Ar hyn o bryd, yr ydym yn ymgynghori â sefydliadau ar ystadegau rheoli ac un o'r cwestiynau yr ydym yn ei ofyn iddynt yw a ydynt am gael rhai meincnodau dros dro, ond a fyddai'n eithaf amrwd ac na fyddai'n bortffolio cyfan o feincnodau. Yna, petaent yn bwriadu mynd i'r afael â hyn gyda'u cyrff llywodraethu, ni fyddai'n rhaid iddynt wneud hynny bob yn dipyn petai rhai ffigurau cynharach ar gael. Nid yw'n sefyllfa ag iddi ateb syml.

**Peter Black:** Ond yr ydych yn symud tuag at system o feincnodi rhwng colegau?

**Yr Athro Andrews:** I ryw raddau mae hynny wedi bodoli ers peth amser, yn yr ystyr ein bod wedi cynhyrchu ystadegau rheoli. Yr ydym hefyd wedi bod yn cynhyrchu dangosyddion perfformiad yn yr ychydig flynyddoedd diwethaf. Yr ydym bellach yn ymgynghori â cholegau ar yr ystod honno o ystadegau rheoli, yn rhannol oherwydd argymhellion sydd wedi deillio o'r adroddiad hwn, yn rhannol oherwydd y ffordd y mae addysg bellach a chyfrifoldebau colegau wedi bod yn newid, ond hefyd oherwydd mai ein cynigion ni ein hunain oedd yr ystadegau rheoli cynnar pan oedd y colegau yn gymharol newydd o ran annibyniaeth. Yr wyf yn credu y gallant ddod yn eu blaenau yn llawer gwell bellach. Fodd bynnag, o dan y rhaglen datblygu llywodraethu a rheoli, mae un o'r colegau yn arwain grŵp o wyth coleg o ran meincnodi, gydag ystyriaeth arbennig i'w cyfleusterau eu hunain a sut y gallai'r colegau eu hunain hefyd ddatblygu technegau meincnodi gyda phethau na fyddai gennym ystadegau arnynt o anghenraid. Gallant dreiddio'n llawer dyfnach yno. Buaswn yn croesawu hynny yn

into benchmarking—our own sector figures and their own figures for a whole range of things on which we would not necessarily be collecting information.

**Peter Black:** How useful are you actually finding these exercises? Are you actually seeing any significant differences?

**Professor Andrews:** In the management statistics?

**Peter Black:** Yes.

**Professor Andrews:** Yes. However, to use them is quite a sophisticated exercise. For example, if you looked at a set of management statistics for pay costs or teaching staff costs against other staff costs, in an individual institution, you would see some fairly significant variations. You would then have to look at the particular colleges. For example, you would find that pay costs were less for a land-based college, and that teaching pay costs were less again, but that is because there is a whole agricultural industry going on in the college. There are differences between tertiary colleges, further education colleges and sixth form colleges. You have to be careful interpreting these statistics therefore.

**Brian Gibbons:** I appreciate that you may not be in favour of over-regulation and over-uniformity, but I think you said, in response to the question of the sixth monthly and five year externally validated audit, that you are working on insisting that all colleges do them because some of them already had a good track record. How you would know that the system was beginning to go off the boil internally is what worried me. The National Audit Office has said that the total cost of this exercise is £40,000 for the whole of Wales. It seems to be very good value for money. Do you agree with that figure?

**Professor Andrews:** First, on how would we know, there are two things that would carry

yr hir dymor fel y byddai dwy ffordd o feincnodi—ein ffigurau sector ein hunain a'u ffigurau hwy eu hunain ar gyfer ystod gyfan o bethau na fyddem o anghenraid yn casglu gwybodaeth arnynt.

**Peter Black:** Pa mor ddefnyddiol yw'r ymarferion hyn yn eich barn chi? A ydych yn gweld unrhyw wahaniaethau arwyddocaol?

**Yr Athro Andrews:** Wrth reoli ystadegau?

**Peter Black:** Ie.

**Yr Athro Andrews:** Ie. Fodd bynnag, mae eu defnyddio'n ymarfer eithaf soffistigedig. Er enghraifft, petaech yn edrych ar set o ystadegau rheoli ar gyfer costau talu neu gostau staff addysgu yn erbyn costau staff eraill, mewn sefydliad unigol, byddech yn gweld rhai amrywiadau eithaf sylweddol. Yna byddai'n rhaid ichi edrych ar y colegau arbennig. Er enghraifft, byddech yn canfod bod costau cyflogau yn llai ar gyfer coleg seiliedig ar dir, a bod costau cyflogau addysgu yn llai eto, ond mae hynny oherwydd bod yna ddiwydiant amaeth cyfan yn y coleg. Ceir gwahaniaethau rhwng colegau trydyddol, colegau addysg bellach a cholegau chweched dosbarth. Mae'n rhaid bod yn ofalus wrth ddehongli'r ystadegau hyn felly.

**Brian Gibbons:** Yr wyf yn gwerthfawrogi na ydych o bosibl o blaid gor-reoleiddio a gor-unffurfiaeth, ond yr wyf yn credu ichi ddweud, mewn ymateb i'r cwestiwn o archwiliad wedi'i ddilysu'n allanol, eich bod yn gweithio ar fynnu bod pob coleg yn eu cynnal oherwydd mae gan rai ohonynt enw da eisoes. Yr hyn oedd yn fy mhryderu oedd sut y byddech yn gwybod bod y system yn dechrau mynd yn aneffeithlon yn fewnol. Dywedodd y Swyddfa Archwilio Genedlaethol mae cyfanswm cost yr ymarfer hwn yw £40,000 ar gyfer Cymru gyfan. Ymddengys bod hyn yn werth da iawn am arian. A ydych yn cytuno gyda'r ffigur hwnnw?

**Yr Athro Andrews:** I ddechrau, ar sut y byddem yn gwybod, mae dau beth a fyddai'n

warnings for us. One, for example, would be changes in finance staff or illness of finance staff, something like that, which might affect the college's capacity to produce good forecasts. Secondly, we have always got a test of forecast, because we see the out-turn in their audited accounts. Therefore, when you see a good relationship between the forecast and the out-turn year on year, and the same finance director is responsible for these year in and year out, I think he deserves credit and should not be monitored if he does not need it. I may be wrong, that is only a personal view, not an absolute one.

The £40,000 is the cost to us. The cost to colleges will be significantly more in terms of what they would have to pay; their internal or external auditors and the staff time in the college that would have to be invested in this. Our guess is that the real cost will be nearer £5,000 rather than £1,000 a throw, which gives a figure of about £200,000, not £40,000, at the end of the day. The £40,000 is based on what we contribute to the college for certification. We pay £1,000 to each college when we require certification, but they must put in the manpower and pick up the actual bill from their auditors. That would vary according to the amount of work that needed to be done.

**Brian Gibbons:** It occurred to me that the figure was rather low.

**Professor Andrews:** You thought it was good value for money?

**Brian Gibbons:** Excellent.

**Alun Pugh:** Can I bring you back to the question on mergers? You said that mergers should be a bottom-up process. I entirely accept that provision will not suffer, and that by and large, mergers do not result in campus closures. However, those benefits do not always extend to college managers. Mergers can be enormously threatening for senior college managers in particular. Given that, in general, turkeys do not vote for Christmas, is there a case for a more proactive approach?

rhybudd inni. Un, er enghraifft, fyddai newid mewn staff cyllid neu salwch ymhlith staff cyllid, rhywbeth tebyg i hynny, a allai effiethio ar allu'r coleg i gynhyrchu rhagolygon da. Yn ail, mae gennym brawf rhagolygon bob amser, gan ein bod yn gweld yr all-dro yn eu cyfrifon archwiledig. Felly, pan welwch berthynas dda rhwng y rhagolwg a'r all-dro flwyddyn ar ôl blwyddyn, a bod yr un cyfarwyddwr cyllid yn gyfrifol am y rhain flwyddyn ar ôl blwyddyn, yr wyf yn credu ei fod yn haeddu clod ac ni ddylai gael ei fonitro os nad oes angen hynny. Hwyrach fy mod yn anghywir, dim ond barn bersonol yw hon, nid yn absoliwt.

Y £40,000 yw'r gost i ni. Bydd y gost i golegau yn sylweddol fwy yn nhermau'r hyn y byddai'n rhaid iddynt ei dalu; eu harchwilwyr mewnol neu allanol ac amser y staff yn y coleg a fyddai'n gorfod cael ei fuddsoddi yn hyn. Yr ydym yn dyfalu y bydd y gost wirioneddol yn agosach at £5,000 yn hytrach na £1,000 y tro sydd yn rhoi ffigwr o tua £200,000 nid £40,000, ar ddiwedd y dydd. Mae'r £40,000 yn seiliedig ar yr hyn yr ydym yn ei gyfrannu i'r coleg ar gyfer ardystiad. Yr ydym yn talu £1,000 i bob coleg pan fydd angen ardystiad arnom, ond mae'n rhaid iddynt hwy gyfrannu'r gweithlu a thalu'r bil gan eu harchwilwyr. Byddai hwnnw'n amrywio yn dibynnu ar faint o waith yr oedd angen ei wneud.

**Brian Gibbons:** Meddyliais tybed a oedd y ffigwr braidd yn isel.

**Yr Athro Andrews:** Yr oeddech o'r farn ei bod yn werth da am arian?

**Brian Gibbons:** Rhagorol.

**Alun Pugh:** A allaf ddod â chi'n ôl at y cwestiwn ar uno? Dywedoch y dylai uno fod yn broses o'r gwaelod tuag i fyny. Yr wyf yn llwyr dderbyn na fydd y ddarpariaeth yn dioddef, ac at ei gilydd, nad yw uno yn arwain at gau campysau. Fodd bynnag, nid yw'r manteision hynny bob amser yn ymestyn i reolwyr y coleg. Gall uno fod yn fygythiad mawr i uwch reolwyr colegau yn arbennig. O gofio, yn gyffredinol, nad yw twrcïod o blaid y Nadolig, a oes achos dros

ymagwedd fwy proactif?

**Professor Andrews:** I am in great difficulty here, Chair, in that we were asked to produce a mergers paper. We have made various suggestions. However, the paper has not been released as yet. I am not speaking for the Council, but for myself. That way I can preserve the confidentiality of that paper. It seems that, as we move forward with the Education and Training Action Group agenda, particularly as we are looking for the local community consortia to play a much more significant role in the planning of education locally, it would be appropriate, at that level, for present structures to be looked at carefully. That could include mergers of further education institutions and, quite possibly, a whole range of other issues, which would go beyond that, such as small sixth forms in difficulty. There may be ways of making sixth forms more viable by federated systems or by federating them with colleges so that colleges can provide support for schools. However, I am looking rather further forward and talking at a political level about that, although I see tremendous opportunities down stream.

**Janet Davies:** I do not know whether you are able to answer this question, in view of the fact that the paper has not been published. If you feel that I am pushing this too far, please say so. I assume that the paper will take into account the issue of Welsh language education and the problems that arise from that at tertiary college level.

**Professor Andrews:** We take into account the cultural differences. I do not think that, within the context of what we are proposing, it would do any damage at all to Welsh language provision. If anything, it would strengthen it in that larger institutions will be better resourced.

If I can reflect privately, the particular issue is rural areas. If you tried to create a large college in a rural area, that could cover an

**Yr Athro Andrews:** Y mae gennyf anhawster mawr yma, Gadeirydd, oherwydd gofynnwyd inni gynhyrchu papur ar uno. Yr ydym wedi gwneud amrywiol argymhellion. Fodd bynnag, nid yw'r papur wedi'i ryddhau eto. Nid wyf yn siarad ar ran y Cyngor, ond yn hytrach dros of fy hun. Fel hyn yr wyf yn gallu cadw cyfrinachedd y papur hwnnw. Ymddengys, wrth inni symud ymlaen gydag agenda Grŵp Gweithredu Addysg a Hyfforddiant, yn arbennig gan ein bod yn edrych tuag at gonsortia'r gymuned leol i chwarae rhan fwy sylweddol yn y gwaith o gynllunio addysg yn lleol, y byddai'n briodol, ar y lefel honno, i edrych ar y strwythurau presennol yn ofalus. Gallai hynny gynnwys uno sefydliadau addysg bellach ac, o bosibl, ystod gyfan o faterion eraill, a fyddai'n mynd y tu hwnt i hynny, fel dosbarthiadau bach chweched dosbarth mewn trafferthion. Efallai bod ffyrdd o wneud dosbarthiadau'r chweched yn fwy ymarferol drwy systemau cyfundodol neu drwy eu cyfuno gyda cholegau er mwyn i golegau allu darparu cymorth i'r ysgolion. Fodd bynnag, yr wyf yn edrych ymhellach i'r dyfodol ac yn siarad ar lefel wleidyddol ynglŷn â hynny, er fy mod yn gweld cyfleoedd aruthrol yn nes ymlaen.

**Janet Davies:** Ni wn a allwch ateb y cwestiwn hwn, yng ngoleuni'r ffaith nad yw'r papur wedi'i gyhoeddi. Os teimlwch fy mod yn gwthio hyn yn rhy bell, dywedwch hynny os gwelwch yn dda. Yr wyf yn tybio y bydd y papur yn ystyried y mater o addysg Gymraeg a'r problemau sydd yn deillio o hynny ar lefel colegau trydyddol.

**Yr Athro Andrews:** Yr ydym yn ystyried y gwahaniaethau diwylliannol. Nid wyf yn credu, o fewn cyd-destun yr hyn yr ydym yn ei argymhell, y byddai'n gwneud unrhyw ddrwg o gwbl i'r ddarpariaeth Gymraeg. Os rhywbeth, byddai'n ei chryfhau yn yr ystyr y byddai gan y sefydliadau mwy well adnoddau.

Os gallaf fyfyrion'n breifat, y mater penodol yw ardaloedd gwledig. Os byddech yn ceisio creu coleg mawr mewn ardal wledig, gallai



enormous area and areas of tremendous cultural difference. That is an issue, which, privately, I think must be addressed in other ways.

**Janet Davies:** It is a problem in the more urban areas, because there are still fairly long travelling distances and the issue of road traffic becomes more acute.

**Professor Andrews:** Yes, I would not imagine for a moment a situation in which one would want to propose a merger that involved closing campuses. That takes you outside the merger paper. The whole thrust of what we have been doing with the sector, and the policy of many sector institutions, is outreach provision; trying to take it nearer to potential students, which partly refers to what Alun was talking about earlier in that that is relatively costly. However, if, for example, we are going to crack the social inclusion agenda, we cannot do it by retreating back to a smaller number of campuses. It has to be quite the opposite. It may be outreaching, in some cases, in an electronic form through distance learning. Frankly, at the foundation level, that is a pretty heavy deterrent to people coming forward. If one is looking to work, for example, with urban regeneration community associations, one has to outreach provision into the communities that are trying to regenerate. There are a few very good stories in south Wales, but nothing like as many as one would like to hear.

**Mr Shortridge:** To clarify, I have not read this paper, but it is available in the Library if Members want to read it, although it has not been formally issued. As accounting officer, I see the issue of mergers primarily as a policy issue, and not a financial management one. There can be occasions when, if a college is in serious difficulty, the option of merging arises, and in that context it becomes a financial management issue. Essentially, I think it is right and proper that it should be regarded as a policy issue.

gwmpasu ardal enfawr ac ardaloedd â gwahaniaethau diwylliannol aruthrol. Mae hwnnw'n fater yr wyf yn bersonol o'r farn y dylid mynd i'r afael ag ef mewn ffyrdd eraill.

**Janet Davies:** Mae'n broblem yn yr ardaloedd mwy trefol, gan fod pellteroedd teithio eithaf hir o hyd ac mae'r mater o draffig yn dod yn fwy dwys.

**Yr Athro Andrews:** Ie, ni fyddwn yn dychmygu am eiliad sefyllfa lle byddai rhywun am gynnig uno a fyddai'n golygu cau campysau. Mae hynny yn eich arwain y tu hwnt i'r papur uno. Holl bwyslais yr hyn yr ydym wedi bod yn ei wneud gyda'r sector, a pholisi llawer o sefydliadau'r sector, yw darpariaeth outreach; ceisio ei symud yn agosach at ddarpar fyfyrwyr, sydd yn rhannol yn cyfeirio at yr hyn y soniodd Alun amdano yn gynharach sef ei fod yn gymharol gostus. Fodd bynnag, os ydym er enghraifft, yn bwriadu cyflawni'r agenda cynwysoldeb cymdeithasol, ni allwn wneud hynny drwy ddychwelyd at nifer llai o gampysau. Mae'n rhaid i'r gwrthwyneb ddigwydd. Efallai y bydd yn ymestyn allan, mewn rhai achosion, ar ffurf electronig drwy ddysgu o bell. Y gwir yw, ar y lefel sylfaen, bod hyn yn ffactor mawr sydd yn atal pobl rhag dod ymlaen. Os yw rhywun am weithio, er enghraifft, gyda chymdeithasau adfywio cymunedau, mae'n rhaid sicrhau bod y ddarpariaeth yn ymestyn i'r cymunedau y maent yn ceisio eu hadfywio. Ceir ambell i stori dda iawn yn ne Cymru, ond nid hanner cymaint ag y byddai rhywun yn dymuno eu clywed.

**Mr Shortridge:** I egluro, nid wyf wedi darllen y papur hwn, ond mae ar gael yn y Llyfrgell os bydd yr Aelodau yn dymuno ei ddarllen, er nad yw wedi'i gyhoeddi'n ffurfiol. Fel y swyddog cyfrifo, yr wyf yn gweld uno yn bennaf fel mater yn ymwneud â pholisi, ac nid yn fater sydd yn ymwneud â rheolaeth ariannol. Gall achosion godi, os yw'r coleg mewn trafferthion difrifol, lle bydd yr opsiwn o uno yn codi ac yn y cyddestun hwnnw daw'n fater sydd yn ymwneud â rheolaeth ariannol. Yn ei hanfod, credaf ei bod yn gywir ac yn briodol i'w ystyried fel mater yn ymwneud â pholisi.

**Alison Halford:** Forgive my denseness in this, but what is the difference between a performance indicator and a benchmark?

**Professor Andrews:** Performance indicators tend to be pointed up. They are few and are used by the Council to try to measure performance in terms of improvement in basic areas. For example, it might be student growth or growth in the number of students on vocational courses, something of that sort. Management statistics and benchmarking might measure a whole range of things, such as pay as a proportion of costs and pay of teaching staff as a proportion of total staff pay, a whole range of issues that penetrate into the management of the colleges, which they can then take out. You would normally set targets for performance indicators, for example, growth in the number of students.

**Alison Halford:** Would it appear to be a dreadful verbal if I suggested that your answer indicates that, when you talk of benchmarks having to do with the management of the college, you are indicating that that is nothing to do with the Funding Council?

**Professor Andrews:** Not at all. Nor am I seeking to indicate that they do not have a public value. They do. They give a great deal of information about student enrolments and movement between subjects. Such things might be of statistical value. I said that earlier because it had come up in the context of college management and its value to colleges. That is partly how it has been presented in the report, the particular point that you raise.

**Geraint Davies:** Obviously, training has a big part to play in Objective 1 funding. Will you be monitoring the preparations of the colleges for that opportunity and as they go through the programme to make sure that they are making the best use of that money?

**Professor Andrews:** I hope that we will. I am in some difficulty at the moment in that

**Alison Halford:** Maddeuwch imi am fod mor ddwl, ond beth yw'r gwahaniaeth rhwng dangosydd perfformiad a meincnod?

**Yr Athro Andrews:** Mae dangosyddion perfformiad yn tueddu i fod yn bethau y rhoddir pwyslais arnynt. Maent yn brin ac fe'u defnyddir gan y Cyngor i geisio mesur perfformiad yn nhermau gwelliannau mewn meysydd sylfaenol. Er enghraifft, gallai fod yn dwf yn nifer y myfyrwyr neu nifer y myfyrwyr ar gyrsiau galwedigaethol, rhywbeth o'r fath. Gallai ystadegau rheoli a meincnodi fesur ystod gyfan o bethau, fel cyflog fel cyfran o'r costau a chyflog staff addysgu fel cyfran o gyflog yr holl staff, ystod gyfan o faterion sydd yn treiddio i reolaeth y colegau, y gallant wedyn eu hepgor. Byddech fel arfer yn pennu targedau ar gyfer dangosyddion perfformiad, er enghraifft, twf yn nifer y myfyrwyr.

**Alison Halford:** A fyddai'n ymddangos yn sarhaus petawn yn argymhell bod eich ateb yn awgrymu, pan fyddwch yn sôn am feincnodau yn ymwneud â rheolaeth y coleg, eich bod yn awgrymu nad oes gan hynny ddim i'w wneud â'r Cyngor Cyllido?

**Yr Athro Andrews:** Dim o gwbl. Nid wyf ychwaith yn ceisio awgrymu nad oes ganddynt werth i'r cyhoedd. Mae gwerth iddynt. Maent yn rhoi llawer iawn o wybodaeth am gofrestriadau myfyrwyr a'r symudiad rhwng pynciau. Gallai pethau o'r fath fod o werth ystadegol. Dywedais hynny'n gynharach gan ei fod wedi codi yng nghyd-destun rheoli colegau a'i werth i golegau. Dyma'n rhannol yw'r ffordd y cafodd ei gyflwyno yn yr adroddiad, y pwynt penodol yr ydych yn ei godi.

**Geraint Davies:** Yn amlwg, mae hyfforddiant yn rhan fawr o arian Amcan 1. A fyddwch yn monitro paratodau'r colegau ar gyfer y cyfle hwnnw ac wrth iddynt fynd drwy'r rhaglen wneud yn siwr eu bod yn gwneud y defnydd gorau o'r arian hwnnw?

**Yr Athro Andrews:** Gobeithio y byddwn yn gwneud hynny. Y mae gennyf beth anhawster

we are really awaiting the taking through of policies, and ourselves then being briefed or guided or told to do this by the Assembly. However, I think it is fair to say that our view and the view of colleges is that we do feel that it is very important that Objective 1 money is used through a national strategy. I think part of the weakness with the existing European funding is that although it is good, there tends to be a degree of opportunism in it rather than it fulfilling a national strategy. We would dearly welcome the opportunity for this money to be used strategically. I hope I have not spoken out of turn in saying that.

**Janet Davies:** We have come to the end of the section on monitoring of institutions. Rather than going to the next section on governance, we will have a coffee break. I ask that you do not get into social conversation during this hearing, please.

*[A coffee break was held between 10.35 a.m. and 10.55 a.m.]*

**Janet Davies:** I would like to start looking at the report on the governance of the institutions. I would like to ask Mr Shortridge the first question, which relates to paragraph 3.1. It states that the Funding Council was asked in January this year to take responsibility for monitoring governance at institutions in Wales. Could you tell the Committee what this change involved and what measures you have set in place to ensure that the Funding Council fulfils this new responsibility fully?

**Mr Shortridge:** Yes, a bit of background first. When the Funding Council was first set up and the further education colleges were set up as independent institutions, the approach that the Welsh Office took to governance was essentially a hands-off one. The view was taken that the Instrument and Articles of Government were set out for the various organisations and it was for them to manage themselves. That was the essential philosophy of the Act. We saw our role very

ar hyn o bryd gan ein bod yn aros i'r polisïau gael eu tywys yn eu blaenau, ac inni gael briff wedyn neu arweiniad gan y Cynulliad neu i'r Cynulliad ddweud wrthym i wneud hyn. Fodd bynnag, credaf ei bod yn deg dweud mai ein barn ni a barn y colegau yw ein bod yn teimlo ei bod yn bwysig iawn bod arian Amcan 1 yn cael ei ddefnyddio drwy strategaeth genedlaethol. Credaf mai rhan o'r gwendid gyda'r arian Ewropeaidd presennol yw er ei fod yn dda, mae rhyw elfen o achub ar y cyfle yn gysylltiedig ag ef yn hytrach na chyflawni strategaeth genedlaethol. Byddem yn croesawu'r cyfle'n fawr i'r arian hwn gael ei ddefnyddio'n strategol. Gobeithio nad wyf wedi siarad ar fy nghyfer wrth ddweud hynny.

**Janet Davies:** Yr ydym wedi dod i ddiwedd yr adran ar fonitro sefydliadau. Yn hytrach na mynd ymlaen i'r adran nesaf ar lywodraethu, cawn egwyl ar gyfer coffi. Gofynnaf ichi beidio â sgwrsio'n gymdeithasol yn ystod y gwrandawriad hwn, os gwelwch yn dda.

*[Cynhaliwyd egwyl ar gyfer coffi rhwng 10.35 a.m. a 10.55 a.m.]*

**Janet Davies:** Hoffwn ddechrau edrych ar yr adroddiad ar lywodraethu'r sefydliadau. Hoffwn ofyn y cwestiwn cyntaf, sydd yn ymwneud â pharagraff 3.1, i Mr Shortridge. Noda y gofynnwyd i'r Cyngor Cyllido ym mis Ionawr eleni gymryd y cyfrifoldeb dros fonitro llywodraethu mewn sefydliadau yng Nghymru. A allech ddweud wrth y Pwyllgor beth oedd y newid hwn yn ei olygu a'r mesurau yr ydych wedi eu sefydlu i sicrhau bod y Cyngor Cyllido yn cyflawni'r cyfrifoldeb newydd hwn yn llawn?

**Mr Shortridge:** Ie, ychydig o'r cefndir i ddechrau. Pan sefydlwyd y Cyngor Cyllido i ddechrau a phan sefydlwyd y colegau addysg bellach fel sefydliadau annibynnol, yr oedd ymagwedd y Swyddfa Gymreig tuag at lywodraethu yn un anuniongyrchol yn y bôn. Cymerwyd y farn bod yr Offeryn ac Erthyglau y Llywodraeth wedi eu pennu ar gyfer y sefydliadau amrywiol ac mai eu cyfrifoldeb hwy oedd rheoli eu hunain. Dyna oedd athroniaeth y Ddeddf yn ei hanfod.

much in terms of providing them with guidance and we issued guidance to governors in March 1996 and to clerks to the governing bodies in August 1996. The pendulum then started to swing and there were instances—mainly in England but certainly at Gwent Tertiary College—where there clearly were problems in the way in which the role of governors was being exercised. We recognised that there was a need to place much more intensive consideration on the governance issue and to provide more active help and guidance.

As John indicated in an earlier answer, in our guidance letter in December 1997 we asked the Funding Council to work up arrangements essentially for working with the further education institutions in Wales to develop good practice in governance and management. As a result of that, the Funding Council developed its governance and management development programme. By the end of 1998, we were satisfied that the arrangements that the Funding Council had put in place with the institutions were sufficiently robust that we formally asked the Funding Council to take over responsibility for monitoring and overseeing the way in which governance operated. Our main request was that from June 2000, the Funding Council should provide us with an annual report of its review of the governance arrangements in the further education colleges.

**Janet Davies:** Could you explain what form that report would take and to whom it would be available?

**Mr Shortridge:** I think it is probably premature to say precisely what form. We have not had one yet and I do not think that we have been too prescriptive in setting out precisely what we expect from the Funding Council but either Derek and/or John can help me on that. I would certainly expect that such a report, which is made available to the Assembly, would also be made available to its Members.

**Janet Davies:** Professor Andrews, what sources of information will you draw on for

Gwelsom ein rôl yn bennaf yn nhermau darparu arweiniad iddynt a chyhoeddasom arweiniad i lywodraethwyr ym Mawrth 1996 ac i glerciaid yn y cyrff llywodraethu yn Awst 1996. Yna dechreuodd y pendil symud ac yr oedd achosion—yn bennaf yn Lloegr ond yn sicr yng Ngholeg Trydyddol Gwent—lle yr oedd problemau amlwg yn y ffordd yr oedd rôl y llywodraethwyr yn cael ei harfer. Cydnabuasom bod angen rhoi llawer mwy o ystyriaeth ddwys i'r mater o lywodraethu ac i ddarparu cymorth ac arweiniad mwy gweithredol.

Fel yr awgrymodd John mewn ateb cynharach, yn ein llythyr arweiniad yn Rhagfyr 1997 gofynasom i'r Cyngor Cyllido lunio trefniadau yn bennaf ar gyfer gweithio gyda sefydliadau addysg bellach yng Nghymru er mwyn datblygu arfer da mewn llywodraethu a rheoli. O ganlyniad i hynny, datblygodd y Cyngor Cyllido ei raglen datblygu llywodraethu a rheoli. Erbyn diwedd 1998, yr oeddem yn fodlon bod y trefniadau yr oedd y Cyngor Cyllido wedi eu sefydlu gyda'r sefydliadau yn ddigon cryf nes inni ofyn yn ffurfiol i'r Cyngor Cyllido ymgymryd â'r cyfrifoldeb o fonitro a goruchwyllo'r ffordd y gweithredwyd y drefn lywodraethu. Ein prif gais oedd y dylai'r Cyngor Cyllido, o Fehefin 2000, ddarparu adroddiad blynyddol inni o'i arolwg o drefniadau llywodraethu yn y colegau addysg bellach.

**Janet Davies:** A allech egluro ar ba ffurf y byddai'r adroddiad hwnnw ac i bwy y byddai ar gael?

**Mr Shortridge:** Credaf ei bod yn ôl pob tebyg yn rhy gynnar i ddweud yn union ar ba ffurf y bydd. Nid ydym wedi cael un eto ac nid wyf o'r farn ein bod wedi bod yn rhy benodol wrth nodi'n union beth a ddisgwyliwn gan y Cyngor Cyllido ond gall naill ai Derek a/neu John fy helpu gyda hynny. Yn sicr buaswn yn disgwyl i adroddiad o'r fath, a fydd ar gael i'r Cynulliad, hefyd fod ar gael i'w Aelodau.

**Janet Davies:** Athro Andrews, pa ffynonellau o wybodaeth y byddwch yn

the report?

**Professor Andrews:** Much of it will draw on the areas that we review on a termly basis. However, we did agree a framework with the Welsh Office for this assurance statement, which was the findings and recommendations on governance made by our own audit service in their visits to colleges and their follow-up visits to colleges. We draw on the conclusions and the progress that is being made in the governance and management development programme—and if you would like to ask me questions on that, I can answer them, or I can leave you a copy of that programme—also any issues of governance which arise from the institution's own internal audit and we would seek reports from the institution's internal auditors on its affairs and, any matters that arise out of our monitoring of the institution's financial health, issues that arise out of the strategic planning process—the quality of the plans, the actual substance of issues raised in the plans, the nature of our dialogue with the college—and then beyond that, miscellaneous issues that arise from our own dealings with the college. That could include, for example, the quality of the management of the information which comes from the college—a range of ad hoc things. The intention would be that, as officers, we would review this in the May/June period with a view to drawing up a full report on the sector as a whole but where necessary drawing attention to particular difficulties in individual institutions. That would be submitted then to the Assembly or to colleagues in the Assembly. We have, incidentally, submitted one report to you in September on preliminary proposals.

**Janet Davies:** Do you think that these arrangements will provide the Assembly with the needed assurance about the adequacy of governance in the various institutions?

**Professor Andrews:** I think they will do two things. One is that I hope they would provide you with that assurance because there have been tremendous advances, which I personally find reassuring, but I think it will

tynnu arnynt ar gyfer yr adroddiad?

**Yr Athro Andrews:** Bydd llawer ohono yn tynnu ar y meysydd yr ydym yn eu hadolygu fesul tymor. Fodd bynnag, cytunasom ar fframwaith gyda'r Swyddfa Gymreig ar gyfer y datganiad sicrwydd hwn, sef y canfyddiadau a'r argymhellion ar lywodraethu a wnaethpwyd gan ein gwasanaeth archwilio ein hunain yn eu hymweliadau â cholegau a'u hymweliadau dilynol â cholegau. Yr ydym yn tynnu ar y casgliadau a'r cynnydd a wneir yn y rhaglen datblygu llywodraethu a rheoli—ac os hoffech ofyn cwestiynau imi ynglŷn â hynny, gallaf eu hateb, neu gallaf adael copi o'r rhaglen honno ichi—a hefyd unrhyw faterion llywodraethu sydd yn deillio o archwiliad mewnol y sefydliad ei hun a byddem yn gofyn am adroddiadau gan archwilwyr mewnol y sefydliad ar ei faterion ac, unrhyw faterion sydd yn deillio o'n gwaith o fonitro iechyd ariannol y sefydliad, materion sydd yn deillio o'r broses cynllunio strategol—ansawdd y cynlluniau, sylwedd gwirioneddol y materion a godwyd yn y cynlluniau, natur ein dialog gyda'r coleg—ac yna y tu hwnt i hynny, materion amrywiol sydd yn deillio o'n hymwneud ein hunain â'r coleg. Gallai hynny gynnwys, er enghraifft, ansawdd rheoli'r wybodaeth a ddaw o'r coleg—ystod o bethau *ad hoc*. Y bwriad fyddai inni, fel swyddogion, adolygu hyn yn y cyfnod Mai/Mehafin gyda'r nod o lunio adroddiad llawn ar y sector cyfan ond ble bydd angen yn tynnu sylw at anawsterau arbennig mewn sefydliadau unigol. Byddai hynny'n cael ei gyflwyno wedyn i'r Cynulliad neu i gydweithwyr yn y Cynulliad. Yr ydym, gyda llaw, wedi cyflwyno un adroddiad ichi ym Medi ar gynigion rhagarweiniol.

**Janet Davies:** A ydych o'r farn y bydd y trefniadau hyn yn darparu'r sicrwydd angenrheidiol ynghylch digonolrwydd llywodraethu yn y sefydliadau amrywiol i'r Cynulliad?

**Yr Athro Andrews:** Credaf y byddant yn gwneud dau beth. Un yw fy mod yn gobeithio y byddant yn rhoi'r sicrwydd hwnnw ichi gan y bu datblygiadau enfawr, ac y mae hynny'n fy nghalonogi'n bersonol, ond

also bring out any institutions that are not up to speed, if there are any. In a sense, in this process there will inevitably be a sanction on institutions if they are recalcitrant on registers of interests or what you will.

If you are saying to me, can we therefore assume that there will never be a problem in the FE sector, well, no, the world is not perfect, but I think we will be going pretty well down the road to eliminating the most serious problems.

**Janet Davies:** Yes. I think there will always be some problems, somewhere.

**Christine Chapman:** Could I ask Mr Shortridge a question? Mr Shortridge, we know that there have been concerns about activities in Halton College in England, and you mentioned Gwent Tertiary College. As a result of that, a number of changes have been made to the way institutions in Wales are to be governed. Could you tell us a bit more about how you plan to monitor the implementation of those changes and their likely impact?

**Mr Shortridge:** I think, in terms of the monitoring, I would be looking primarily to Professor Andrews and the Funding Council to do that. Although we have, quite properly, an arms' length relationship with the Funding Council, nonetheless it is a close relationship. We do have twice yearly review meetings with the Funding Council on its planning arrangements and that will include governance. Laurie Pavelin, who is head of our Financial Accountability Division and effectively our chief accountant, sits as an observer on the audit committee of the Funding Council and either Richard Davies or Derek Adams attends the board meetings of the Funding Council as observer. So we have a lot of ways of finding out how things are going and, therefore, the opportunity, properly, not improperly, to influence things. I do not know whether the Committee might find it helpful if I just ran through some of the changes that we have put in place,

credaf y bydd hefyd yn amlygu unrhyw sefydliadau nad ydynt yn datblygu mor gyflym ag y dylent, os o gwbl. Ar un ystyr, yn y broses hon bydd cosb anochel i sefydliadau os ydynt yn ystyfnig ynghylch cofrestrau o fuddiannau neu beth bynnag a fyynnwch.

Os ydych yn dweud wrthyf, a allwn felly dybio na fydd byth broblem yn y sector addysg bellach, wel, na allwn, nid yw'r byd yn berffaith, ond yr wyf o'r farn y byddwn fwy neu lai yn mynd ar y trywydd i ddiddymu'r problemau mwyaf difrifol.

**Janet Davies:** Ie. Credaf y bydd wastad rai problemau, yn rhywle.

**Christine Chapman:** A allwn ofyn cwestiwn i Mr Shortridge? Mr Shortridge, gwyddom y bu pryderon ynghylch gweithgareddau yng Ngholeg Halton yn Lloegr, a chrybwyllasoch Goleg Trydyddol Gwent. O ganlyniad i hynny, gwnaethpwyd nifer o newidiadau i'r ffordd y dylai sefydliadau yng Nghymru gael eu llywodraethu. A allech ddweud ychydig mwy wrthym am sut yr ydych yn bwriadu monitro gweithredu'r newidiadau hynny a'u heffaith debygol?

**Mr Shortridge:** Credaf, o ran monitro y byddwn am i'r Athro Andrews a'r Cyngor Cyllido wneud hynny'n bennaf. Er bod gennym, yn briodol iawn, berthynas hyd braich gyda'r Cyngor Cyllido, serch hynny mae'n berthynas agos. Yr ydym yn cynnal cyfarfodydd arolygu ddwywaith y flwyddyn gyda'r Cyngor Cyllido ar ei drefniadau cynllunio a bydd hynny'n cynnwys llywodraethu. Mae Laurie Pavelin, sef pennaeth ein Hadran Atebolrwydd Ariannol a'n prif gyfrifydd fwy neu lai, yn eistedd fel sylwedydd ar bwllgor archwilio'r Cyngor Cyllido ac mae naill ai Richard Davies neu Derek Adams yn mynychu cyfarfodydd bwrdd y Cyngor Cyllido fel sylwedydd. Felly mae gennym nifer o ffyrdd o gael gwybod sut y mae pethau'n mynd ac, felly, y cyfle i ddylanwadu ar bethau yn briodol, nid yn amhriodol. Ni wn a fydd yn ddefnyddiol i'r Pwyllgor petawn yn crybwyll rhai o'r newidiadau yr ydym wedi eu pennu,

because these are significant changes.

There were two sets of changes in June, just before the Assembly formally took over its powers. Following consultation, we made a series of changes. They mainly focused on changing the composition of the governing bodies to reduce the proportion of members of the governing bodies with a business background, from at least 50 per cent to a third and to increase the proportion of members who came from the local community or had a direct interest in the college as either staff or students.

However, in October—this was an Order made by the Assembly—a whole series of further changes were made, which followed on from a House of Commons Committee of Public Accounts hearing that Professor Andrews and I attended in June, and an earlier PAC hearing that dealt with Halton College. There, what we did—and this is going back to what I was saying earlier about feeling that we could not safely continue to have such a hands-off approach—was to put forward changes, primarily within the new Articles. However, some of these changes are being done administratively. We are ensuring that the clerks to governing bodies are independent of the senior management team and we have provided a power to enable the Funding Council to nominate up to two governors, when it considers that to be necessary. The Funding Council can, if it wishes, require observers and assessors to attend governing body meetings. Provision on training and provision to ensure that search committees evaluate the contribution made by existing governors for proposing their reappointment, is given. The college governing bodies must receive a report, at least termly, that reviews of the colleges' financial position have been undertaken.

So these new requirements are things which, essentially, the Funding Council will be

oherwydd mae'r rhain yn newidiadau arwyddocaol.

Yr oedd dwy set o newidiadau ym Mehefin, ychydig cyn i bwerau gael eu trosglwyddo i'r Cynulliad. Yn dilyn ymgynghori, gwnaethom gyfres o newidiadau. Yr oeddent yn canolbwyntio'n bennaf ar newid cyfansoddiad cyrff llywodraethu er mwyn gostwng cyfran aelodau'r cyrff llywodraethu oedd â chefnidir busnes, o o leiaf 50 y cant i draean ac i gynyddu'r gyfran o aelodau a oedd yn dod o'r gymuned leol neu a oedd â diddordeb uniongyrchol yn y coleg naill ai fel staff neu fyfyrwyr.

Fodd bynnag, ym mis Hydref—yr oedd hwn yn Orchymyn a wnaethpwyd gan y Cynulliad—gwnaethpwyd cyfres o newidiadau pellach, a oedd yn dilyn ymlaen o wrandawriad Pwyllgor Cyfrifon Cyhoeddus Tŷ'r Cyffredin a fynychwyd gan yr Athro Andrews a minnau ym mis Mehefin, a gwrandawriad cynharach o'r Pwyllgor Cyfrifon Cyhoeddus a oedd yn ymdrin â Choleg Halton. Yr hyn a wnaethom yno—ac mae hyn yn cyfeirio'n ôl at yr hyn a ddywedais yn gynharach am y teimlad na allem yn ddiogel barhau i gael ymagwedd mor anuniongyrchol—oedd cyflwyno newidiadau, yn bennaf o fewn yr Erthyglau newydd. Fodd bynnag, mae rhai o'r newidiadau hyn yn cael eu gwneud yn weinyddol. Yr ydym yn sicrhau bod y clerciaid i'r cyrff llywodraethu yn annibynnol ar yr uwch dîm rheoli ac yr ydym wedi darparu pŵer i alluogi'r Cyngor Cyllido i enwebu hyd at ddau lywodraethwr, pan fydd yn ystyried bod hynny'n angenrheidiol. Gall y Cyngor Cyllido, os dymuna, ofyn i sylwedyddion ac aseswyr fynychu cyfarfodydd o'r corff llywodraethu. Rhoddir darpariaeth ar hyfforddiant a darpariaeth i sicrhau bod pwyllgorau chwilio yn gwerthuso'r cyfraniad a wneir gan lywodraethwyr presennol er mwyn cynnig eu hailbenodi. Mae'n rhaid i gyrrff llywodraethu'r coleg gael adroddiad, o leiaf bob tymor, bod arolygon o sefyllfa ariannol y coleg wedi'u cynnal.

Felly mae'r gofynion newydd hyn yn bethau y bydd y Cyngor Cyllido, yn y bôn, yn eu

monitoring and reviewing through its governance and management development programme. We, in turn, will be seeking our assurance, partly from the annual assurance report that Professor Andrews has referred to, but also from our continuing relationship with the Funding Council, so that we can be picking up intelligence and if there are things which concern us, usually use our position of influence in informal discussions to ensure that matters are as we would wish them to be.

**Christine Chapman:** Professor Andrews, in paragraph 3.4 to 3.6 a number of issues are discussed about the selection of governors and the checks that should be made into their suitability to serve. What reassurance can you give the Committee that each of the 28 institutions are being open and fair in their selection of governors and are undertaking all the necessary checks to ensure that the people selected are suitable to serve?

**Professor Andrews:** What I can tell you here is that all the further education colleges now have search committees and that 21 out of 23 colleges have written procedures. I think virtually all of them—if not all—now advertise for governors. It is not simply done on hearsay, or by going back to the same areas, but there are opportunities for new people to come in.

Jon Shortridge raised the issue of the change in the composition of the governing body, which will introduce more people from local government as members—if you remember, under the old system they could only be co-opted—at least one and a maximum of three—five in the case of Gwent, because of its size. There will also be at least one community member and, again, a maximum of three. This in itself will change the nature of the governing body and I think make it more outward looking. As a footnote, it is a migration to that. It is not a sort of big bang with a governing body going and a new one coming in.

Colleges are carrying out checks. Sixteen out

monitro a'u hadolygu trwy ei raglen datblygu llywodraethu a rheoli. Byddwn ninnau wedyn yn ceisio sicrwydd ein hunain, yn rhannol trwy adroddiad sicrwydd blynyddol y mae'r Athro Andrews wedi cyfeirio ato, ond hefyd trwy ein cyberthynas barhaus â'r Cyngor Cyllido fel y gallwn gasglu gwybodaeth, ac os bydd pethau sydd yn achosi pryder inni, y gallwn fel arfer ddefnyddio ein dylanwad mewn trafodaethau anffurfiol i sicrhau bod materion fel y dymunwn iddynt fod.

**Christine Chapman:** Athro Andrews, ym mharagraff 3.4 i 3.6 trafodwyd nifer o faterion ynglŷn â dewis llywodraethwyr a'r gwiriadau y dylid eu gwneud o ran eu haddasrwydd i wasanaethu. Pa sicrwydd allwch chi ei roi i'r Pwyllgor bod pob un o'r 28 sefydliad yn ymddwyn yn agored ac yn deg wrth ddewis llywodraethwyr ac yn ymgymryd â phob gwiriad angenrheidiol er mwyn sicrhau bod y bobl a ddewisir yn addas i wasanaethu?

**Yr Athro Andrews:** Yr hyn y gallaf ei ddweud wrthyich yma yw bod gan bob coleg addysg bellach bwyllgorau chwilio yn awr a bod gweithdrefnau ysgrifenedig gan 21 o blith 23 o'r colegau. Credaf fod pob un ohonynt bron—os nad i gyd—yn hysbysebu am lywodraethwyr bellach. Ni wneir hyn trwy achlust yn unig, neu trwy fynd yn ôl at yr un ardaloedd, ond mae cyfleoedd i bobl newydd i ddod i mewn.

Cododd Jon Shortridge y mater o'r newid yng nghyfansoddiad y corff llywodraethu, a fydd yn cyflwyno rhagor o bobl o lywodraeth leol fel aelodau—os cofiwch, o dan yr hen system, ni ellid ond eu cyfethol—o leiaf un ac uchafswm o dri—pump yn achos Gwent, oherwydd ei maint. Bydd hefyd o leiaf un aelod o'r gymuned ac, eto, uchafswm o dri. Bydd hyn ynddo'i hun yn newid natur y corff llywodraethu, ac yn fy marn i, yn gwneud iddo edrych yn fwy eangfrydig. Fel troednodyn, mae'n symudiad tuag at hynny. Nid yw'n newid mawr gydag un corff llywodraethu yn mynd ac un newydd yn dod i mewn.

Mae colegau yn cynnal gwiriadau. Mae 16 o



of the 23 colleges are carrying out checks. Could I just say one thing, because I agree with all the changes that have been made. I think that they were necessary against the background of the sort of problems one has seen, not so much in Wales, but they have been widely reported—the Haltons and the Wirrals and so on. There is a danger that in the governance of colleges we rely on unpaid volunteers, who, in many cases, put in a lot of work. One of the things that comes through the report very strongly, is the regularity of meetings and the attendance at meetings. Not just governing body meetings, but finance meetings and so on. We have got to be very careful in all this that we do not regulate to such an extent, or criticise to such an extent, that people, at the end of the day, say ‘Well why am I giving my unpaid time?’ So there is a balance. The reason I say that is because you ask about checks and, if somebody is volunteering, unpaid, to do something and you want to run a credit check and crime record check and that sort of thing, there is a danger that some people will feel affronted. Certainly, there have been occasions where, for example, some potential governors have asked ‘Why should I have to declare the interests of my husband or wife, if I am going onto a governing body?’ It raises issues of privacy, the right to private life. So, while it is in place and it is working, I think that one of things we have to do as a Funding Council is to make sure that we do not come in with heavy boots and upset a lot of people who are giving up their free time very genuinely and supportively to colleges.

**Christine Chapman:** To add to that, I take your point about volunteers. However, do you feel that as a Funding Council you are influencing the colleges enough to cast their nets wide enough to get a broad sector of people?

**Professor Andrews:** We cannot force colleges to do that. It is only something that we can urge. As part of the governance and management development programme, we have seminars and this programme asks

blith y 23 o golegau yn cynnal gwiriadau. A gaf i ddweud un peth, gan fy mod yn cytuno â'r holl newidiadau a wnaethpwyd. Credaf iddynt fod yn angenrheidiol yn erbyn y cefndir o broblemau o'r math a welwyd, nid gymaint yng Nghymru, ond bu cryn sôn amdanynt—yr Haltons a'r Wirrals ac ati. Mae yna berygl wrth lywodraethu colegau ein bod yn dibynnu ar wirfoddolwyr di-dâl, sydd, mewn sawl achos, yn gwneud llawer o waith. Un o'r pethau sydd yn amlwg iawn yn yr adroddiad yw amllder cyfarfodydd a'r nifer sydd yn mynychu cyfarfodydd. Nid cyfarfodydd y corff llywodraethu yn unig, ond cyfarfodydd cyllid ac ati. Mae'n rhaid inni fod yn ofalus iawn yn hyn o beth nad ydym yn rheoleiddio i'r fath raddau, neu'n beirniadu i'r fath raddau, nes bod pobl, ar ddiwedd y dydd, yn dweud ‘Wel, pam yr wyf yn rhoi fy amser heb dâl?’ Felly mae cydbwysedd. Fy rheswm dros ddweud hynny yw oherwydd ichi holi am wiriadau ac, os bydd rhywun yn gwirfoddoli, yn ddi-dâl, i wneud rhywbeth ac yr ydych am wneud gwiriad credyd a gwiriad o gofnod troseddau a'r math yna o beth, mae perygl y bydd rhai pobl yn teimlo bod hynny'n sarhaus. Yn sicr, bu achlysuron lle mae llywodraethwyr posibl wedi gofyn ‘Pam y mae'n rhaid i mi ddatgan buddiannau fy ngŵr neu fy ngwraig, os wyf yn dod yn aelod o gorff llywodraethu?’ Mae'n codi materion o breifatrwydd, yr hawl i gael bywyd preifat. Credaf felly, tra y bydd yn bodoli ac yn gweithio, mai un o'r pethau y mae'n rhaid inni ei wneud fel Cyngor Cyllido yw sicrhau nad ydym yn dod i mewn yn llawdrwm ac yn pechu llawer o bobl sydd yn rhoi o'u hamser i'r colegau yn ddiffuant ac yn gefnogol.

**Christine Chapman:** I ychwanegu at hynny, yr wyf yn derbyn eich pwynt ynglŷn â gwirfoddolwyr. Fodd bynnag, a ydych yn teimlo eich bod chi fel Cyngor Cyllido yn dylanwadu digon ar y colegau iddynt ledi eu rhwydi yn ddigon eang i gael trawstoriad eang o bobl?

**Yr Athro Andrews:** Ni allwn orfodi colegau i wneud hynny. Rhywbeth y gallwn ei annog yn unig ydyw. Fel rhan o'r rhaglen datblygu llywodraethu a rheoli, cynhelir seminarau gennym ac mae'r rhaglen hon yn gofyn

specific questions on how colleges go about ensuring diversity and also expertise. You need people with financial expertise and, ideally, with human resource expertise on governing bodies. So we are doing that, but it is at the level of exhortation, rather than insistence. We cannot insist; they are independent bodies.

**Christine Chapman:** In the report there were some concerns about training. What mechanisms can the Further Education Funding Council put in place to ensure the rigour and accessibility of training for governors?

**Professor Andrews:** We provided a framework of training to governing bodies back in 1997. In fact, we did that before we were asked by the Welsh Office to look at this because we were conscious of the need for more training. We have been monitoring what colleges do. All colleges are now involved in training and in our latest review we reckon that about 18 or 19 colleges have quite good training programmes. Under this governance and management development programme we have a number of seminars for governors ourselves. We also want to cascade it down. The problem is, if we put on a governor training course in Swansea or Cardiff or Merthyr and another one in Llandudno, let us say, many governors are not going to travel a long distance and perhaps give up an afternoon from work. One of the things that has to be done is to cascade training down so that colleges themselves can do it, often perhaps before the governors' meeting or to provide it in a more easily accessible form. We are working with the English Funding Council, firstly to produce a new guide for governors. This will update and bring in all the things that we have been talking about now. It should be out about April, by the time we have it translated and ready to go out. We will also be working with them later on training packages for governors. I hope that we will have that available in electronic form as well as in paper form so that governors will be able to have this at home and use it in their own time. Hopefully then they will have an

cwestiynau penodol am y modd y mae colegau yn mynd ati i sicrhau amrywiaeth ac arbenigedd hefyd. Mae angen pobl ag arbenigedd ariannol arnoch ac, yn ddelfrydol, ag arbenigedd adnoddau dynol ar gyrff llywodraethu. Felly yr ydym yn gwneud hynny, ond trwy annog, yn hytrach na mynnu. Ni allwn fynnu; cyrff annibynnol ydynt.

**Christine Chapman:** Cafwyd rhai pryderon ynglŷn â hyfforddiant yn yr adroddiad. Pa ddulliau o weithredu y gall y Cyngor Cyllido Addysg Bellach eu sefydlu i sicrhau hyfforddiant trylwyr a hygyrch ar gyfer llywodraethwyr?

**Yr Athro Andrews:** Darparwyd fframwaith o hyfforddiant i gyrff llywodraethu yn 1997. Yn wir, gwnaethom hynny cyn i'r Swyddfa Gymreig ofyn inni edrych ar hyn oherwydd yr oeddem yn ymwybodol o'r angen am fwy o hyfforddiant. Yr ydym wedi bod yn monitro'r hyn y mae colegau yn ei wneud. Mae pob coleg yn ymwneud â hyfforddiant bellach ac yn ein harolwg diweddaraf yr ydym yn tybio bod rhaglenni hyfforddi eithaf da gan tua 18 neu 19 o'r colegau. O dan y rhaglen datblygu llywodraethu a rheoli hon yr ydym ein hunain wedi cynnal nifer o seminarau ar gyfer llywodraethwyr. Yr ydym hefyd eisiau rhaedru hyn. Y broblem yw, os cynhaliwn gwrs hyfforddi i lywodraethwyr yn Abertawe neu Gaerdydd neu Ferthyr Tudful ac un arall yn Llandudno, dyweder, ni fydd llawer o lywodraethwyr yn barod i deithio pellter hir ac efallai yn cael prynhawn i ffwrdd o'u gwaith. Un o'r pethau y mae'n rhaid ei wneud yw rhaedru hyfforddiant fel y gall y colegau eu hunain ei wneud, yn aml cyn cyfarfod o'r llywodraethwyr o bosibl neu i'w ddarparu ar ffurf llawer mwy hygyrch. Yr ydym yn gweithio gyda'r Cyngor Cyllido yn Lloegr, yn y lle cyntaf i gynhyrchu canllaw newydd ar gyfer llywodraethwyr. Bydd hwn yn diweddarau ac yn dod â'r holl bethau yr ydym wedi bod yn eu trafod yn awr ynghyd. Dylai fod wedi'i gyhoeddi tua mis Ebrill erbyn i ni ei gyfieithu a'i fod yn barod i gael ei ryddhau. Byddwn hefyd yn gweithio â hwy yn ddiweddarach ar becynnau hyfforddi ar gyfer llywodraethwyr. Gobeithiaf y bydd y rhain ar gael ar ffurf electronig yn ogystal ag

opportunity to take up issues at their own college.

**Christine Chapman:** Finally, Professor Andrews, paragraph 3.7 and example 1 in the report draw attention to some very serious potential conflicts of interest which the National Audit Office identified. What steps is the Funding Council taking to prevent such occurrences?

**Professor Andrews:** These things are reviewed by our auditors but, in terms of advice and the sort of things that are now coming out in the governance and management development programme, it is now made very clear to colleges and to governors of colleges that conflicts of interest of this sort are not acceptable. It does not come without its own problems though. If you reflect for a moment, it is quite useful to have on a college governing body people with financial experience, perhaps legal experience. There is a danger. How are you going to get a local accountant or a local solicitor if you say that his firm could not act with the college? In effect, by taking on the governance position, he could be excluding his firm. To some extent one has to be careful here, and there are cases where, for example, you might have solicitors on governing bodies whose firm is acting. One has to make sure that there are appropriate barriers, that the firm is appointed with detached, objective tendering procedures and that the individual governor has no involvement whatsoever in their appointment, nor should he act for the college as a solicitor in that firm. You must have some sort of Chinese wall.

**Christine Chapman:** I do not know if anyone else wants to come in on this. Are you happy that the guidelines that the Funding Council provides to colleges would make that perfectly clear? I know that some colleges were better than others at adhering to this. Are the guidelines clear enough and is everything fairly open?

ar bapur fel y gall llywodraethwyr fynd â'r rhain gartref i'w defnyddio yn eu hamser eu hunain. Gobeithio y cânt gyfle wedyn i godi materion yn eu colegau eu hunain.

**Christine Chapman:** Yn olaf, Athro Andrews, mae paragraff 3.7 ac enghraifft 1 yn yr adroddiad yn tynnu sylw at ambell bosibilrwydd o wrthdaro buddiannau difrifol iawn a nodwyd gan y Swyddfa Archwilio Genedlaethol. Pa gamau y mae'r Cyngor Cyllido yn eu cymryd i atal digwyddiadau o'r fath?

**Yr Athro Andrews:** Adolygwyd y pethau hyn gan ein harchwilwyr ond, o ran cyngor a'r math o bethau sydd yn deillio o'r rhaglen datblygu llywodraethu a rheoli ar hyn o bryd, mae'n eglur iawn bellach i'r colegau ac i lywodraethwyr y colegau nad yw gwrthdaro buddiannau o'r fath yn dderbyniol. Nid yw heb ei phroblemau ei hun fodd bynnag. Os ystyriwch am eiliad, mae'n eithaf defnyddiol cael pobl ar gorff llywodraethu coleg sydd â phrofiad ariannol, neu brofiad cyfreithiol o bosibl. Mae yna berygl. Sut yr ydych yn mynd i gael cyfrifydd lleol neu gyfreithiwr lleol os dywedwch na allai ei gwmni weithredu gyda'r coleg? Mewn gwirionedd, o ganlyniad i ymgymryd â swydd llywodraethu, gallai fod yn gwahardd ei gwmni ei hun. Mae'n rhaid bod yn ofalus yn y fan hon i ryw raddau, ac mae achosion, er enghraifft, lle y gallai cyfreithwyr y mae eu cwmnïau yn gweithredu o ran y coleg fod ar y corff llywodraethu. Mae'n rhaid sicrhau bod yna rwystrau priodol, fel bod cwmnïau yn cael eu penodi trwy weithdrefnau tendro annibynnol a gwrthrychol ac nad yw'r llywodraethwr unigol yn ymwneud â'u penodi mewn unrhyw fodd, neu'n gweithredu o ran y coleg fel cyfreithiwr i'r cwmni hwnnw. Mae'n rhaid cael rhyw fath o wahanfur.

**Christine Chapman:** Ni wn a oes unrhyw un arall am ychwanegu at hyn. A ydych yn fodlon y byddai'r canllawiau y mae'r Cyngor Cyllido yn eu darparu i'r colegau yn gwneud hynny'n berffaith glir? Gwn fod rhai o'r colegau yn well na'i gilydd o ran cydymffurfio â hyn. A yw'r canllawiau yn ddigon clir ac a yw popeth yn weddol

agored?

**Professor Andrews:** The guidelines are clear but I think equally important are the follow-up audit reviews, so that one can raise this as a living issue in colleges.

**Janet Davies:** Can I come in there? If you find that serious conflict of interest has not been declared, is there any action that you can take? I have had quite a lot of experience in various arenas over this and I find that although you can lay down guidelines and explain clearly, it does not seem to go into people's minds when it comes to a meeting and they do not declare a conflict of interest. Is there any action that you can take when that happens, beyond slapping their wrists and saying 'naughty'?

**Professor Andrews:** I know exactly what you are talking about. The other thing that I would add from my own experience is that, if you are talking in general terms, people often forget. They do not think that it applies to them or whatever. Where you actually spot it and say, 'Hey, this should not have happened', they are often extremely embarrassed and think, 'Oh yes, it should not have happened', and they stop it immediately. We have had illustrations of that which have come to light. We have drawn it to people's attention and they have been embarrassed by it, particularly if it is done at my level—nothing in particular attaches to me—but they realise that it is a matter of great seriousness. If it went beyond that I would have no hesitation in taking it up with colleagues in the Assembly.

**Janet Davies:** I am now going to bring Peter Black in, and we may have time for one or two interventions.

**Peter Black:** I start with a supplementary fact. Like Janet, I have had experience of an environment where you have declarations of interest and so on. Do colleges have set procedures and guidelines of which all

**Yr Athro Andrews:** Y mae'r canllawiau yn glir ond yn fy marn i, mae'r arolygon archwilio dilynol yr un mor bwysig, fel y gellir codi hyn fel mater byw yn y colegau.

**Janet Davies:** A gaf ddod i mewn yn y fan yna? Os canfyddwch nad yw achos o wrthdaro buddiannau difrifol wedi ei ddatgan, a oes unrhyw gamau y gallwch eu cymryd? Yr wyf wedi cael cryn dipyn o brofiad mewn sawl maes yn hyn o beth a theimlaf er y gellir gosod canllawiau a'u hesbonio'n glir, nad yw pobl fel petaent yn eu cadw ar gof ar adeg cyfarfod ac nid ydynt yn datgan unrhyw wrthdaro buddiannau. A oes unrhyw gamau y gallwch eu cymryd pan ddigwydd hyn, heblaw am roi pryd o dafod iddynt a dweud 'dyna ddrwg'?

**Yr Athro Andrews:** Yr wyf yn gwybod yn union am beth yr ydych yn sôn. Y peth arall y byddwn yn ei godi o'm profiad fy hun yw, os ydych yn siarad mewn termau cyffredinol, mae pobl yn aml yn anghofio. Nid ydynt yn credu ei fod yn berthnasol iddynt neu beth bynnag. Pan fyddwch yn dod o hyd iddo a dweud, 'Beth? Ddylai hyn ddim fod wedi digwydd', y maent yn aml â chywilydd mawr arnynt ac yn meddwl 'O, ie, ddylai hynny ddim fod wedi digwydd', ac maent yn rhoi'r gorau iddo ar unwaith. Yr ydym wedi cael enghreifftiau o hynny sydd wedi dod i'r amlwg. Yr ydym wedi tynnu sylw pobl ato ac maent wedi bod â chywilydd ynglŷn ag ef, yn enwedig os gwneir hynny ar fy lefel i—does dim byd yn arbennig yn cysylltu â mi—ond maent yn sylweddoli ei fod yn fater difrifol iawn. Petai'n mynd y tu hwnt i hynny, ni fyddwn yn petruso cyn codi'r mater gyda chydweithwyr yn y Cynulliad.

**Janet Davies:** Yr wyf yn awr am ddod â Peter Black i mewn i'r drafodaeth, ac efallai y bydd amser gennym i gael un neu ddau o gyfraniadau.

**Peter Black:** Yr wyf yn cychwyn gyda ffaith atodol. Fel Janet, yr wyf wedi cael profiad o fod mewn amgylchedd lle y caiff datganiadau o fuddiannau ac ati eu gwneud. A oes gan golegau weithdrefnau a chanllawiau sefydlog

governors are made aware, on how and when to declare interests, what level of declaration is appropriate and whether they need to withdraw from meetings?

**Professor Andrews:** They all have registers of interest which are all publicly available now, usually by asking the clerk for a sight of them. To the best of my knowledge, they all have regulations on conflict of interests. One of the things that we are doing with this report—before it came out we knew the recommendations in it and we checked with the colleges, other than the eight, where they stood on these. We did a further check in November and it was by drawing on that that I was able to quote one or two figures for the number of colleges that were doing this. By the end of this year we will be seeking from each college a statement of its position on all these issues and the action plans that they are going to take to bring them into line with everything which is in this report. Our auditors will be reviewing that. The review will begin in April. It will allow the colleges a whole term to bring everything into line. That will be a thorough review to ensure that everything is in line with what is in the report.

**Peter Black:** That is quite helpful, thank you. Can I turn to paragraph 3.16? This briefly discusses the nature of the relationship between the principal and the governing body. Professor Andrews, how many of the governing bodies at the 28 institutions are now formally appraising the principal's performance?

**Professor Andrews:** Seventeen.

**Peter Black:** Right. Moving on to paragraph 3.21, this indicates that most of the colleges that the NAO visited are becoming aware of the need for them to have comprehensive whistleblowing procedures. In the light of the introduction of the Public Interest Disclosure Act 1999 in July, what guidance have you given to the sector on this?

y mae llywodraethwyr yn ymwybodol ohonynt, am sut a phryd i ddatgan buddiannau, pa lefel o ddatganiad sydd yn berthnasol ac a oes angen iddynt dynnu allan o gyfarfodydd?

**Yr Athro Andrews:** Mae cofrestrau o fuddiannau gan bob un ohonynt sydd bellach ar gael i'r cyhoedd, fel arfer trwy ofyn i'r clerc am gael eu gweld. Hyd y gwn, mae rheoliadau am wrthdaro buddiannau gan bob ohonynt. Un o'r pethau yr ydym yn ei wneud gyda'r adroddiad hwn—cyn iddo gael ei gyhoeddi gwyddem am yr argymhellion ynddo a gwiriasom gyda'r colegau, heblaw am yr wyth, lle yr oeddent yn sefyll o safbwynt y rhain. Gwnaethom wriad pellach ym mis Tachwedd a thrwy dynnu ar hwnnw yr oeddwn yn gallu dyfynnu un neu ddau o ffigurau am y nifer o golegau a oedd yn gwneud hyn. Erbyn diwedd y flwyddyn hon byddwn yn gofyn i bob coleg am ddatganiad am ble y mae'n sefyll ar bob un o'r materion hyn a'r cynlluniau gweithredu y maent yn bwriadu ymgymryd â hwy er mwyn cydymffurfio â phopeth yn yr adroddiad hwn. Bydd ein harchwilwyr yn adolygu hynny. Bydd yr arolwg yn dechrau ym mis Ebrill. Bydd yn caniatáu tymor cyfan i'r colegau gydymffurfio. Arolwg trylwyr fydd hwnnw er mwyn sicrhau bod popeth yn cydymffurfio â'r hyn sydd yn yr adroddiad.

**Peter Black:** Mae hynny'n eithaf defnyddiol, diolch yn fawr. A gaf droi at baragraff 3.16? Mae hwn yn trafod yn gryno natur y berthynas rhwng y pennaeth a'r corff llywodraethu. Athro Andrews, sawl corff llywodraethu yn y 28 sefydliad sydd yn gwerthuso perfformiad y pennaeth yn ffurfiol bellach?

**Yr Athro Andrews:** Dau ar bymtheg.

**Peter Black:** Iawn. Gan symud ymlaen at baragraff 3.21, mae hwn yn nodi bod y rhan fwyaf o golegau y mae'r Swyddfa Archwilio Genedlaethol wedi ymweld â hwy yn dod yn ymwybodol o'r angen iddynt sefydlu gweithdrefnau datgelu cyfrinachau cynhwysfawr. Yng ngoleuni cyflwyno Deddf Datgelu er Budd y Cyhoedd 1999 ym mis Gorffennaf, pa arweiniad yr ydych wedi'i roi

ar hyn i'r sector?

**Professor Andrews:** That they should have whistleblowing procedures that fulfil the requirements of the Act with outside points of reference. Of the 23 colleges, 20 now have whistleblowing procedures. Two are in the process of finalising. We will be visiting the other one in April and I am sure that they will be developing one. The outside points of reference are sometimes to internal auditors. More often than not they are to the Funding Council and sometimes to the Assembly.

**Peter Black:** Do you audit these procedures to ensure that there is consistency—?

**Professor Andrews:** They have only just been developed but we are going to audit them, not least because I think that these are important to colleges themselves. Otherwise, things just pile up and eventually it is in the local newspaper or something like that, whereas you could have nipped it in the bud much earlier.

**Peter Black:** My experience of whistleblowing procedures is that institutions, even though they adopt the procedures, have difficulties with them when somebody actually does blow the whistle. How are you going to monitor the way they are implemented? Will you be looking at specific cases where that happens and so on?

**Professor Andrews:** We can only monitor the procedures. However, the procedures in themselves contain the outside point of reference so that, from the point of view of an individual complainant, they would be able to take it up with the internal auditor, the Funding Council or the Assembly. The one thing that I can say, and I am proud to be able to say it, is that we have never had a letter, anonymous or otherwise, that we have not followed up with the college. It is obviously more difficult to follow up anonymous letters because you cannot go back for further information. We have very few letters incidentally—do not think that we have letters every week, they are really quite rare. However, I would want to follow up

**Yr Athro Andrews:** Y dylai fod ganddynt weithdrefnau datgelu cyfrinachau sydd yn ateb gofynion y Ddeddf ynghyd â phwyntiau cyfeirio allanol. O blith y 23 coleg, mae gan 20 ohonynt weithdrefnau datgelu cyfrinachau bellach. Mae dau ar fin cael eu cwblhau. Byddwn yn ymweld â'r llall ym mis Ebrill ac yr wyf yn siŵr y byddant yn datblygu un. Weithiau y pwyntiau cyfeirio allanol yw'r archwilwyr mewnol. Yn amlach na pheidio maent i'r Cyngor Cyllido ac weithiau i'r Cynulliad.

**Peter Black:** A ydych yn archwilio'r gweithdrefnau hyn i sicrhau bod cysondeb—?

**Yr Athro Andrews:** Y maent newydd gael eu datblygu ond yr ydym yn mynd i'w harchwilio, yn bennaf oherwydd bod y rhain yn bwysig i'r colegau eu hunain yn fy marn i. Fel arall gall pethau Gronni ac yn y pendraw bydd yn ymddangos yn y papur newydd lleol neu ryw beth tebyg, tra y gallech fod wedi datrys y mater yn llawer cynt.

**Peter Black:** Fy mhrofiad o weithdrefnau datgelu cyfrinachau yw, er bod sefydliadau yn mabwysiadu'r gweithdrefnau, eu bod yn cael anawsterau gyda hwy pan fydd rhywun yn datgelu cyfrinachau o ddifrif. Sut y byddwch yn monitro'r modd y cânt eu gweithredu? A fyddwch yn edrych ar achosion penodol lle mae hynny'n digwydd ac ati?

**Yr Athro Andrews:** Ni allwn ond monitro'r gweithdrefnau. Fodd bynnag, mae'r gweithdrefnau eu hunain yn cynnwys y pwynt cyfeirio allanol fel y gallant, o safbwynt achwynydd unigol, ei godi â'r archwilydd mewnol, y Cyngor Cyllido neu'r Cynulliad. Un peth y gallaf ei ddweud, ac yr wyf yn falch o allu ei ddweud, yw nad ydym erioed wedi cael llythyr, yn ddi-enw neu fel arall, nad ydym wedi gweithredu arno gyda'r colegau. Mae'n amlwg yn llawer anos gweithredu ar lythyrau di-enw oherwydd na allwch fynd yn ôl i gael rhagor o wybodaeth. Ychydig iawn o lythyrau a dderbyniwyd gennym gyda llaw—peidiwch â meddwl ein bod yn derbyn llythyrau bob wythnos, y maent yn ei eithaf prin. Fodd bynnag,

even an anonymous letter that does not really hang together.

**Peter Black:** My concern with whistleblowing of that type, although I think that it is very important that we do have it, is that once it has all blown over and has all been investigated and dealt with, the whistleblower then becomes vulnerable. My main concern is how that is going to be monitored to ensure that the whistleblower is protected, because a few months down the line they may well find themselves demoted or made redundant or something. It is very difficult for them to pin it back to the actual process.

**Professor Andrews:** Yes, but I think that the whistleblowing procedure is itself the important follow-up. If the whistleblower is penalised, that is another reason for whistleblowing. That would fall foul of the legislation if an institution was found to have been penalising the whistleblower.

**Peter Black:** I am reassured that you are keeping an eye on that.

**Professor Andrews:** I am retiring at the end of April but I am sure that the Funding Council will continue to keep an eye on it.

**Peter Black:** The last question is on paragraphs 3.24 and 3.25. These underline the need for governing bodies to be open in the way that they conduct all aspects of their business. What steps have you taken to encourage openness through such measures? You have already mentioned making registers of interest open to the public, but what is your opinion on encouraging public access to meetings, holding an annual general meeting, access to background papers and so on?

**Professor Andrews:** I can provide you with details on the particular areas that are included in the recommendations in

byddwn am weithredu ar lythyr di-enw hyd yn oed os nad yw'n gwneud rhyw lawer o synnwyr.

**Peter Black:** Fy mhryder i ynglŷn â gweithdrefnau datgelu o'r fath, er ei bod yn bwysig iawn eu bod gennym yn fy marn i, yw unwaith bod y dyfroedd wedi tawelu gyda phopeth wedi cael ei ymchwilio a'i ddatrys, yna y mae'r sawl sydd wedi datgelu cyfrinachau mewn sefyllfa fregus. Fy mhrif bryder yw'r modd y caiff hynny ei fonitro er mwyn sicrhau bod bod y sawl sydd wedi datgan cyfrianchau yn cael ei ddiogelu, oherwydd ymhen ychydig o fisoedd mae'n bosibl y byddant yn cael eu diraddio neu eu diswyddo neu rywbeth. Mae'n anodd iawn iddynt ei gysylltu yn ôl â'r weithdrefn ei hun.

**Yr Athro Andrews:** Ydyw, ond credaf mai'r weithdrefn datgelu cyfrinachau ynddi'i hun yw'r weithred bwysig wedi hynny. Os caiff y sawl sydd yn datgelu cyfrinachau ei gosbi, dyna reswm arall dros ddatgelu. Byddai hynny'n groes i'r ddeddfwriaeth os canfyddir bod sefydliad wedi cosbi'r sawl sydd wedi datgelu cyfrinachau.

**Peter Black:** Yr ydych wedi fy sicrhau eich bod yn cadw llygad ar hynny.

**Yr Athro Andrews:** Yr wyf yn ymddeol ddiwedd fis Ebrill ond yr wyf yn sicr y bydd y Cyngor Cyllido yn parhau i gadw llygad arno.

**Peter Black:** Mae'r cwestiwn olaf ar baragraff 3.24 a pharagraff 3.25. Maent yn tanlinellu'r angen i gyrff llywodraethu fod yn agored yn y ffordd y maent yn ymgymryd â phob agwedd ar eu busnes. Pa gamau a gymerwyd gennych i hyrwyddo natur agored trwy fesurau o'r fath? Yr ydych eisoes wedi crybwyll gwneud cofrestrau o fuddiannau yn agored i'r cyhoedd, ond beth yw eich barn ar hyrwyddo mynediad y cyhoedd i gyfarfodydd, cynnal cyfarfod cyffredinol blynyddol, mynediad i bapurau cefndir ac ati?

**Yr Athro Andrews:** Gallaf ddarparu manylion o'r meysydd penodol a gynhwysir yn yr argymhellion ym mharagraff 3.24 ichi,

paragraph 3.24, for example the minutes of governing body and committee meetings being made publicly available. They are publicly available in all the FE colleges and at least one of the designated institutions. Often they are deposited in college libraries, but they are available to the public through the library or through writing to the clerk and so on.

On staff and student governors, that of course is very largely overtaken by the recomposition of the governing body that Jon Shortridge was talking about. It is now mandatory to have at least one staff and one student governor, although as a footnote, as the report says, it is not always easy to get student governors who are able to attend regularly and provide continuity. It does vary from college to college. The issue of appraising the governing bodies on performance is something that is very much taken up in the governance and management development programme. There are specific questions in there, which the governing body has to address on these issues.

**Peter Black:** Do you know if any of the colleges actually hold their meetings in public and make agendas available in advance, for example to the local press, to encourage access?

**Professor Andrews:** I do not know the answer to that.

**Peter Black:** Is it something that you would encourage?

**Professor Andrews:** It would depend on the issues before the governing body. What I would not want to do is to encourage that and run the risk then that the real business is done behind the scenes or done in a finance committee. What colleges do have are annual public meetings and I would very much want to encourage those. The other issue—on whether governing body meetings should be open to the public—there are quite significant issues involved there. As I say, if the price you pay is that the real business is

er enghraifft bod cofnodion cyfarfodydd y corff llywodraethu a phwyllgorau ar gael i'r cyhoedd. Maent ar gael i'r cyhoedd ymhob coleg Addysg Bellach ac mewn o leiaf un o'r sefydliadau a ddynodwyd. Yn aml cânt eu rhoi mewn llyfrgelloedd colegau, ond maent ar gael i'r cyhoedd trwy'r llyfrgell neu trwy ysgrifennu at y cler ac yn y blaen.

Ynglŷn â llywodraethwyr staff a llywodraethwyr sydd yn fyfyrwyr, mae hyn wrth gwrs wedi'i oddiweddyd i raddau helaeth gan ailgyfansoddiad o'r corff llywodraethu y mae Jon Shortridge wedi sôn amdano. Mae'n orfodol bellach i gael o leiaf un llywodraethwr sydd yn aelod o'r staff ac un sydd yn fyfyrwr, ond fel troed-nodyn, fel a ddywed yr adroddiad, nid yw'n hawdd bob amser cael llywodraethwyr sydd yn fyfyrwyr sydd yn gallu mynychu'n rheolaidd a darparu parhad. Mae'n amrywio o goleg i goleg. Mae gwerthuso perfformiad cyrff llywodraethu yn fater sydd yn cael ei drafod yn helaeth yn y rhaglen datblygu llywodraethu a rheoli. Mae cwestiynau penodol y mae'n rhaid i'r corff llywodraethu ymdrin â hwy mewn perthynas â'r materion hyn.

**Peter Black:** A ydych yn gwybod a oes unrhyw un o'r colegau yn cynnal eu cyfarfodydd yn gyhoeddus ac yn sicrhau bod agendaau ar gael ymlaen llaw, er enghraifft i'r wasg leol, i hyrwyddo mynediad?

**Yr Athro Andrews:** Ni wn yr ateb i hynny.

**Peter Black:** A yw'n rhywbeth y byddech yn ei annog?

**Yr Athro Andrews:** Byddai'n dibynnu ar y materion gerbron y corff llywodraethu. Yr hyn na fyddwn am ei wneud yw annog hynny ac wedyn cymryd y risg bod y busnes gwirioneddol yn cael ei wneud o'r golwg neu trwy bwyllgor cyllid. Yr hyn sydd gan golegau yw cyfarfodydd cyhoeddus blynyddol a hoffwn eu hannog yn fawr iawn. Ynglŷn â'r mater arall—sef a ddylai cyfarfodydd cyrff llywodraethu fod yn agored i'r cyhoedd ai peidio—mae yna faterion go bwysig yn gysylltiedig â hyn. Fel



done in a finance committee or an executive committee, one could do more harm than good.

**Alun Pugh:** I have a question about the clerk's role. The clerk has a hugely important job and also potentially a very lonely job, because he or she is the only person who does not answer directly to the principal. Sometimes, the clerk has to tell the principal and the governors in very strong terms, not just when they are doing something wrong but if they are actually in danger of moving into each other's territory. Do you share my view that it is unacceptable for a clerk to have two hats? By that I mean a clerk's job and then not simply a job on the management team but any other responsibility where he or she has to report to the principal because of the conflict of interests there. They need to be separate. If clerks are spending half of their time doing a clerk's job and half of their time looking after college transport or something else like that, then they are compromised.

**Professor Andrews:** I am coming around to your view. I would not have agreed with that a few years back for two reasons. First, with very rare exceptions, a clerk's job is not enough to fill a full-time post. The other reason why I would not have agreed with what you are saying a few years ago is that I had taken a view that there was a tremendous advantage in the clerk being employed within the institution, being of the institution, knowing how it ticked and knowing what was going on. I was used to that myself in my former hat in terms of the way the university registrar operated. However, I have seen situations of conflict of interest and I think that the one thing that is clear is that the clerk should not hold a senior managerial position which involves him in reporting to the governing body and so on. I think that it is a difficult job and I think that it is going to become increasingly more sensitive because it is really quite pivotal in the changes that the Assembly is introducing, with the responsibilities put on the clerk. In future, the appointment of a clerk will be subject to the

y dywedaf, os mai gwneud busnes gwirioneddol mewn pwyllgor cyllid neu bwyllgor gweithredol yw'r pris sydd i'w dalu, gellir gwneud mwy o ddrwg nac o dda.

**Alun Pugh:** Mae cwestiwn gennyf ynglŷn â rôl y cler. Mae gan y cler swydd bwysig tu hwnt a hefyd swydd a allai fod yn unig iawn, oherwydd mai ef neu hi yw'r unig berson nad yw'n atebol yn unigrychol i'r pennaeth. Mae'n rhaid i'r cler ar adegau ddweud wrth y pennaeth a'r llywodraethwyr yn gadarn iawn nid yn unig pan fyddant yn gwneud rhywbeth o'i le ond hefyd pan fyddant mewn perygl gwirioneddol o symud i diriogaeth ei gilydd. A ydych o'r un farn â minnau nad yw'n dderbyniol i glerc fod â dwy het? Hynny yw swydd cler ac wedyn nid dim ond swydd ar y tîm rheoli ond unrhyw gyfrifoldeb arall lle mae'n rhaid iddo ef neu iddi hi fod yn atebol i'r pennaeth oherwydd gwrthdaro buddiannau yno. Mae angen iddynt fod ar wahân. Os yw clerciaid yn treulio hanner eu hamser yn gwneud swydd cler a hanner eu hamser yn gofalu am drafnidiaeth y coleg neu rywbeth cyffelyb, yna cânt eu cyfaddawdu.

**Yr Athro Andrews:** Yr wyf yn dechrau dod i gytuno â chi. Ni fyddwn wedi cytuno â hynny rai blynyddoedd yn ôl am ddau reswm. Yn gyntaf, heblaw am eithriadau prin iawn, nid yw gwaith cler yn ddigon i lenwi swydd llawn amser. Y rheswm arall na fyddwn wedi cytuno â'r hyn a ddywedwch rai blynyddoedd yn ôl yw fy mod o'r farn bod mantais wych mewn cael cler a oedd wedi ei gyflogi o fewn y sefydliad, yn rhan o'r sefydliad, yn gwybod sut yr oedd yn gweithio ac yn gwybod beth oedd yn mynd ymlaen. Yr oeddwn innau wedi hen arfer â hynny yn fy swydd flaenorol o ran y ffordd y gweithredai cofrestrydd prifysgol. Fodd bynnag, yr wyf wedi gweld sefyllfaoedd o wrthdaro buddiannau a chredaf mai'r hyn sydd yn eglur yw na ddylai'r cler ddal swydd reoli uwch sydd yn golygu ei fod yn atebol i'r corff llywodraethu ac yn y blaen. Credaf ei bod yn swydd anodd a theimlaf y bydd yn fwyfwy sensitif gan ei bod yn dra chanolog yn y newidiadau y mae'r Cynulliad yn eu cyflwyno, gan roi'r cyfrifoldebau ar y cler. Yn y dyfodol, bydd penodi cler yn

approval of the Council. It would not be an appointment by the Council, but it would be subject to Council approval. That in significant part would be to avoid the potential conflicts that you are talking about.

**Alun Pugh:** Finally, on documents such as the register of interests and minutes, which are public documents. People who are more sensitive than me find it very difficult to walk into a clerk's office to ask for copies of these documents, including staff of many colleges. Do you think that there is a case for putting these things on the web as a matter of course, because I think that every college now has a website?

**Professor Andrews:** There is no reason why they should not be. I had not thought of that one before. I would not like to say to colleges 'you must put this on the web', but I think that we could quite easily say to colleges 'have you thought about this?' It is the sort of thing where, if a number of colleges do it, then others will follow suit.

**Janet Davies:** We will now turn to part 4, the strategic and financial management of colleges. In paragraph 4.5, Professor Andrews, you concluded that less than one third of the plans provided the full level of assurance that you needed, and you based that on your review of the institutions' strategic plans of 1997. You also had serious concerns about the ability of some institutions to operate successfully in the medium to long term. Have these serious weaknesses been remedied at all the colleges?

**Professor Andrews:** No. If we look at the 1999 plans, there are at the moment 12 colleges that we think are producing good strategic plans. They are well-constructed and addressing the range of issues that should be addressed. They have also properly involved their governors and the staff. There are another seven that we think are well on the way. There are a further eight colleges that we still feel have quite a lot to do to reach the position in which we want them to

amodol ar gymeradwyaeth y Cyngor. Ni fyddai'n benodiad gan y Cyngor ond byddai'n amodol ar gymeradwyaeth y Cyngor. Byddai hyn i raddau helaeth er mwyn osgoi'r gwrthdaro buddiannau posibl yr ydych yn sôn amdanynt.

**Alun Pugh:** Yn olaf, ynglŷn â dogfennau megis y gofrestr o fuddiannau a chofnodion, sydd yn ddogfennau cyhoeddus. Mae pobl sydd yn fwy sensitif na minnau yn ei chael hi'n anodd i gerdded i mewn i swyddfa cler a gofyn am gopiâu o'r dogfennau hyn, gan gynnwys staff mewn llawer o'r colegau. A ydych yn credu bod yna ddadl dros roi'r eitemau hyn ar y we fel mater o arfer gan y tybiaf fod gwefan gan bob coleg bellach?

**Yr Athro Andrews:** Nid oes unrhyw reswm pam na ddylent fod. Nid oeddwn wedi meddwl am hynny cyn hyn. Ni hoffwn ddweud wrth y colegau 'mae'n rhaid ichi roi hwn ar y we', ond credaf y gallwn ddweud yn hawdd wrth y colegau 'a ydych wedi ystyried hyn?' Dyna'r math o beth os bydd nifer o golegau yn ei wneud, yna bydd eraill yn eu dilyn.

**Janet Davies:** Trown yn awr at ran 4, rheolaeth strategol ac ariannol colegau. Ym mharagraff 4.5, Athro Andrews, daethoch i'r casgliad bod llai na thraean o'r cynlluniau yn darparu'r lefel gyflawn o sicrwydd yr oedd ei angen arnoch, a gwnaethoch seilio hyn ar eich arolwg o gynlluniau strategol y sefydliadau ar gyfer 1997. Roedd gennyh bryderon mawr hefyd ynglŷn â gallu rhai o'r sefydliadau i weithredu'n llwyddiannus yn y tymor canolig i'r hir dymor. A yw'r gwendidau difrifol hyn wedi'u hunioni yn y colegau i gyd?

**Yr Athro Andrews:** Nac ydynt. Os edrychwn ar y cynlluniau ar gyfer 1999, mae 12 coleg ar hyn o bryd sydd yn cynhyrchu cynlluniau strategol da yn ein barn ni. Maent wedi'u llunio'n dda ac yn mynd i'r afael â'r amrediad o faterion y dylid mynd i'r afael ag ef. Maent hefyd wedi cynnwys eu llywodraethwyr a'r staff mewn modd priodol. Mae yna saith arall sydd ar y llwybr cywir yn ein barn ni. Mae wyth coleg arall a chanddynt gryn dipyn i'w wneud o hyn yn

be. One of the things we must bear in mind on this is that the process of strategic planning does not necessarily come naturally to people. It involves many issues and balances. You might ask why we do not provide them with a template so they can just go ahead and do it. After a little pause, one can see why we do not. That would almost remove the strategic planning exercise from them. They would just follow our template. Initially, we took the view that we should leave it entirely to those colleges to make their strategic plans. Encouraging diversity in a land-based college would produce a plan very different in kind from that of a tertiary college, let us say.

It was clear after two or three years that this was not working. Although colleges were improving, they were improving very slowly. We did not produce a template in 1997 but we produced a list of issues that they should adopt, a sort of structure for the plan. We then began quite seriously to monitor. It was that first year in 1997 that produced this out-turn which we thought was disappointing. We have stuck with it. We are not content with the progress that has been made. We would like to have seen more progress. We take consolation in the fact that nearly half the sector is up to speed and another quarter is rapidly joining them. We obviously have a lot of work to do with the other eight. They have a lot of work to do themselves.

**Janet Davies:** I do not want to nit-pick, but you said 12 colleges were fine, seven were on their way and that there was a lot to do in eight. What has happened to the other one?

**Professor Andrews:** The other one is before you. Its future lies in your hands. It has produced a strategic plan but it is very different in kind from the others as it is closely tied up with the future proposals for merger. Incidentally, that plan is good. You could say that 13 were fine rather than 12.

ein barn ni i gyrraedd y sefyllfa yr ydym am iddynt ei chyrraedd. Un o'r pethau y mae'n rhaid inni ei gofio ynglŷn â hyn yw nad yw'r broses o gynllunio strategol yn dod yn naturiol i bobl o anghenraid. Mae'n cwmpasu llawer o faterion a chydbwysu. Gallech ofyn pam nad ydym yn rhoi templed iddynt fel y gallant fwrw ymlaen a'i wneud. Ar ôl oedi am ennyd, gellir gweld pam na wnawn hyn. Byddai hynny yn tynnu'r ymarfer cynllunio strategol oddi wrthynt bron. Byddant ond yn dilyn ein templed. Ar y dechrau, yr oeddem o'r farn y dylem ei adael yn gyfan gwbl i'r colegau hynny i baratoi eu cynlluniau strategol. Byddai annog amrywiaeth mewn coleg seiliedig ar dir yn esgor ar gynllun tra gwahanol ei natur i gynllun gan goleg trydyddol, dyweder.

Yr oedd yn amlwg ar ôl dwy neu dair blynedd nad oedd hyn yn gweithio. Er bod colegau yn gwella, roeddent yn gwella'n araf iawn. Ni wanaethom gynhyrchu templed ym 1997 ond cynhyrchwyd rhestr o faterion y dylent eu mabwysiadu, rhyw fath o strwythur ar gyfer y cynllun. Wedyn dechreuasom fonitro yn eithaf dwys. Yn y flwyddyn gyntaf honno ym 1997 y cynhyrchwyd yr all-dro hwn a oedd yn siomedig yn ein barn ni. Yr ydym wedi glynu wrtho. Nid ydym yn fodlon ar y cynnydd a wnaethpwyd. Hoffem fod wedi gweld mwy o gynnydd. Yr ydym yn cysuro ein hunain gyda'r ffaith bod bron i hanner y sector yn gyfredol bellach ac y bydd chwarter arall yn ymuno â hwy cyn bo hir. Yn amlwg mae gennym lawer o waith i'w wneud gyda'r wyth arall. Mae ganddynt lawer o waith i'w wneud eu hunain.

**Janet Davies:** Nid wyf am hollti blew, ond dywedasoch fod 12 coleg yn dda, bod saith ar y llwybr iawn a bod gan wyth lawer o waith i'w wneud. Beth a ddigwyddodd i'r llall?

**Yr Athro Andrews:** Mae'r llall ger eich bron. Mae ei ddyfodol yn eich dwylo chi. Mae wedi cynhyrchu cynllun strategol ond mae'n dra gwahanol o ran natur i'r rhai eraill gan ei fod yn gaeth iawn i'r cynigion ar gyfer uno yn y dyfodol. Gyda llaw, mae'r cynllun hwnnw yn un da. Gellwch ddweud bod 13 yn iawn yn hytrach na 12.

**Janet Davies:** Are the ones that are causing you concern now the same ones that would have caused concern in 1997?

**Professor Andrews:** Yes.

**Janet Davies:** They are not new ones?

**Professor Andrews:** No.

**Janet Davies:** What steps are you taking to ensure that the institutions can give you all the assurances you are looking for and what sanctions you will apply if they do not?

**Professor Andrews:** It is not so much that we do not have the assurances. For example, if you are talking about the quality of provision, these institutions are not bad teachers or failing to put on the appropriate provision. None of them are at risk in teaching. Teaching in some of them is very good. Their financial health is being monitored and, although some of them may be unsatisfactory, they are not at risk of going out of business or anything of that sort. The financial health of some of them is satisfactory. It is not that there is a poverty of internal control. It is not necessarily that their management information systems are weak; although perhaps in one or two cases they are not the strongest, they are not the weakest. We are not concerned on the issue of assurances of them as a going concern. We are concerned about the difficulty of them structuring a plan with appropriate vision and thrust and seeing where they are going to be in two and three years' time. It is, perhaps, worth bearing in mind that if you go back five or certainly 10 years, you would not find many academic institutions that would be doing that. Strategic planning, as we know it, is a relatively recent phenomenon. It is an important one and a valuable addition.

**Alison Halford:** Before I get to the script with which I have been presented, would the fact that eight colleges have a great deal to do have anything to do with the fact that 11 principals are not actually assessed on their competence? You told us in answer to a former question that only 17 boards of governors assess their principals. I find that

**Janet Davies:** Ai'r un cynlluniau a fyddai wedi achosi pryder ym 1997 yw'r rhai sydd yn achosi pryder ichi nawr?

**Yr Athro Andrews:** Ie.

**Janet Davies:** Onid ydynt yn rhai newydd?

**Yr Athro Andrews:** Nac ydynt.

**Janet Davies:** Pa gamau yr ydych yn eu cymryd i sicrhau y gall y sefydliadau roi pob sicrwydd a geisir gennych a pha gosbau y byddwch yn eu rhoi pe baent yn methu?

**Yr Athro Andrews:** Nid yw'n fater o beidio â chael sicrwydd. Er enghraifft, os ydych yn siarad am ansawdd darpariaeth, nid yw'r sefydliadau hyn yn dysgu'n wael neu'n methu â rhoi darpariaeth briodol. Nid yw un ohonynt mewn perygl wrth addysgu. Mae'r addysgu yn rhai ohonynt yn dda iawn. Caiff eu hiechyd ariannol ei fonitro ac er bod rhai ohonynt yn anfoddhaol o bosibl, nid ydynt mewn perygl o fynd i'r wal neu rywbeth cyffelyb felly. Mae ieched ariannol rhai ohonynt yn foddhaol. Nid oes diffyg rheolaeth fewnol. Nid yw eu systemau rheoli gwybodaeth yn wan o anghenraid; er efallai nad ydynt hwy yw'r cryfaf, mewn un neu ddau o achosion, nid y rhai gwannaf ydynt. Nid ydym yn pryderu ynghylch sicrwydd eu bod yn fusnesau gweithredol. Yr ydym yn pryderu am yr anhawster sydd ganddynt i lunio cynllun â gweledigaeth a phwyslais priodol ac i weld ymha sefyllfa y byddant ymhen dwy neu dair blynedd. Mae'n werth cofio, efallai, os ewch yn ôl bum mlynedd neu'n sicr 10 mlynedd, ni welech lawer o sefydliadau academaidd a fyddai'n gwneud hynny. Mae cynllunio strategol, fel yr ydym ni yn ei adnabod, yn ffenomenon cymharol ddiweddar. Mae'n un pwysig ac yn ychwanegiad gwerthfawr.

**Alison Halford:** Cyn imi gyrraedd y sgript a gyflwynwyd imi, a yw'r ffaith bod gan wyth coleg gryn dipyn i'w wneud yn gysylltiedig â'r ffaith nad yw 11 o'r penaethiaid yn cael eu hasesu o ran eu medr? Dywedasoeh yn eich ateb i gwestiwn blaenorol mai 17 o fyrddau llywodraethu yn unig sydd yn asesu eu penaethiaid. Teimlaf fod y ffigwr hwnnw

figure staggeringly small.

**Professor Andrews:** That applies to FE colleges, incidentally, so that is 17 out of 23.

**Alison Halford:** Even so?

**Professor Andrews:** Even so, I agree with you. The principals should be assessed properly. That is one of the things that we will be taking up in the review. In the audit review, which will begin in April, we will ask the colleges for their present position to see where those assessments are missing. I take your point, and I agree.

**Alison Halford:** I am looking at paragraph 4.14 which states that none of the colleges that the National Audit Office visited were planning strategically to generate sources of income other than grants from your good selves. What steps is your council taking to ensure that institutions take this issue seriously? Are you providing them with guidance and practical help?

**Professor Andrews:** In the strategic plans we ask them to address this. They are all addressing it. Of the 23 colleges, we felt that 22 were addressing it adequately this year. I chose the word 'adequately' deliberately because, in some cases, colleges are really addressing it constructively and vigorously and we could not wish for more, other than for all colleges to do the same. In some cases, colleges are addressing it and concentrating on particular areas and, perhaps, not looking across the piece. Although, one might well say that they must make a start somewhere, so if they are going to develop funding more strategically in this area, and opportunistically elsewhere, well let them do that and then build up the others.

One of the problems that they inevitably have is that by their nature they have different opportunities. Again I come back to either a

yn hynod o fach.

**Yr Athro Andrews:** Mae hynny'n berthnasol i golegau Addysg Bellach, gyda llaw, felly mae'n 17 o blith 23.

**Alison Halford:** Os felly?

**Yr Athro Andrews:** Os felly, cytunaf â chi. Dylai'r penaethiaid gael eu hasesu mewn modd priodol. Dyna un o'r pethau y byddwn yn ymdrin ag ef yn yr arolwg. Yn yr arolwg archwilio, a fydd yn dechrau ym mis Ebrill, byddwn yn gofyn i'r colegau am eu sefyllfa bresennol i weld lle mae'r asesiadau hynny yn eisiau. Derbyniaf eich pwynt, a chytunaf ag ef.

**Alison Halford:** Yr wyf yn edrych ar baragraff 4.14 sydd yn nodi nad oedd yr un coleg a ymwelwyd ag ef gan y Swyddfa Archwilio Genedlaethol yn cynllunio'n strategol i greu ffynonellau incwm ar wahân i grantiau sydd yn dod trwy eich llaw chi. Pa gamau y mae eich cyngor yn eu cymryd i sicrhau bod y sefydliadau yn cymryd y mater hwn o ddifrif? A ydych yn rhoi arweiniad a chymorth ymarferol iddynt?

**Yr Athro Andrews:** Yn y cynlluniau strategol yr ydym yn gofyn iddynt ymdrin â hyn. Maent i gyd yn ymdrin ag ef. O blith y 23 coleg, yr oeddem o'r farn bod 22 yn ymdrin ag ef mewn modd digonol eleni. Dewisais y gair 'digonol' yn fwriadol, gan fod rhai achosion lle mae colegau yn ymdrin ag ef mewn modd adeiladol ac egniol mewn gwirionedd ac ni allwn ddymuno am ddim byd mwy, ond bod y colegau i gyd yn gwneud yr un peth. Mewn rhai achosion, mae colegau yn ymdrin ag ef ac yn canolbwyntio ar feysydd penodol ac efallai nad ydynt yn edrych ar y darlun cyfan. Er y gellir dweud bod rhaid iddynt gychwyn yn rhywle, felly os ydynt yn mynd i ddatblygu cyllido mewn modd mwy strategol yn y maes hwn, ac yn fanteisiol mewn manau eraill, yna gadewch iddynt wneud hynny ac yna adeiladu'r gweddill.

Un o'r problemau sydd ganddynt yn anochel yw bod ganddynt gyfleoedd gwahanol oherwydd eu natur. Dychwelaf eto at goleg

land-based college or a multi-faculty college with a significant land-based function. The opportunities for income generation are very different than they would be for a tertiary college in town. In a number of areas it is not easy for them to be strategic because the source of funding may itself be slightly opportunistic. ESF funding is a major one. They might put that in to their forward planning, but to some extent, it has to be put in as hope rather than something towards which they know they can work. Contracts with training and enterprise councils is an example of this. There has been quite a lot of upping and downing in the amount that some colleges have had from TECs in recent years.

May I tell you about something that we are introducing to which I personally attach a great deal of importance? With my other hat on, the Higher Education Funding Council introduced what was called TACS—a training and consultancy services programme—for higher education very early in 1993. That has been a tremendous success in causing the universities and colleges to work with industry in Wales and sometimes abroad, even with Japan, with a view to bringing in income. We have put a small amount of funding in, about two-thirds of a million pounds, and they now bring in income of well over £30 million. This comes into Wales and much of it is from Welsh industries. It has been a super success story.

We continue to put the money in so that they develop that work into new areas. This last year we have had funding from the Welsh Office to imitate that with the further education colleges. We have only been prepared to put it into colleges that have put in a good bid, with a business plan to show how they will use the money and build income on it. We have also encouraged them to enter into partnerships with HE institutions so that they can feed on the experience of HE institutions. I hope that we are going to see that sort of success with FE colleges, not least because in many areas, they are the institutions that are best able to work with training and consultancy support

seiliedig ar dir neu goleg aml-gyfadran sydd â swyddogaeth helaeth ar y tir. Mae'r cyfleoedd i gynhyrchu incwm yn wahanol iawn i'r rhai a fyddai gan goleg trydyddol a leolir mewn tref. Mewn nifer o feysydd, nid yw'n hawdd iddynt fod yn strategol gan y gall y ffynhonnell arian fod yn un ychydig yn fanteisgar. Mae cyllid yr ESF yn brif ffynhonnell. Gallent gynnwys honno yn eu cynlluniau at y dyfodol, ond i ryw raddau mae'n rhaid ei chynnwys mewn gobaith yn hytrach nac fel rhywbeth y maent yn gwybod y gallant weithio tuag ato. Enghraifft o hyn yw contractau â chynghorau hyfforddi a menter. Cafwyd tipyn o godi a gostwng o ran y swm y mae rhai colegau wedi ei dderbyn oddi wrth TECs yn y blynyddoedd diwethaf.

A gaf i sôn wrthyhych am rywbeth yr ydym yn ei gyflwyno sydd yn bwysig tu hwnt yn fy marn bersonol i? Gan wisgo fy het arall, cyflwynodd y Cyngor Cyllido Addysg Uwch yr hyn a elwir TACS—rhaglen gwasanaethau hyfforddi ac ymgynghori—ar gyfer addysg uwch yn gynnar iawn ym 1993. Bu hyn yn llwyddiant aruthrol gan beri i'r prifysgolion a'r colegau weithio â diwydiant yng Nghymru a thramor weithiau, hyd yn oed gyda Siapan, er mwyn denu incwm. Yr ydym wedi cyfrannu swm bach o arian, tua dwy ran o dair o filiwn o bunnau, ac maent bellach yn denu incwm sydd ymhell dros £30 miliwn. Mae hyn yn dod i mewn i Gymru ac mae rhan helaeth ohono'n dod o ddiwydiannau yng Nghymru. Mae wedi bod yn llwyddiant aruthrol.

Yr ydym yn parhau i gyfrannu'r arian er mwyn iddynt ymestyn y gwaith hwnnw i feysydd newydd. Yn y flwyddyn ddiwethaf hon yr ydym wedi derbyn cyllid oddi wrth y Swyddfa Gymreig i efelychu hynny gyda'r colegau addysg bellach. Dim ond i golegau sydd wedi paratoi cynnig da, ynghyd â chynllun busnes yn dangos sut y byddant yn defnyddio'r arian a chreu incwm trwyddo yr ydym wedi bod yn barod i'w roi. Yr ydym hefyd wedi'u hannog i wneud partneriaethau â sefydliadau HE fel y gallant elwa ar brofiad sefydliadau HE. Gobeithiaf y gwelwn lwyddiant o'r fath yn y colegau Addysg Bellach, yn anad dim oherwydd mai hwy yw'r sefydliadau mewn llawer o ardaloedd a

for small and medium sized industries in their areas.

**Alison Halford:** Are you saying that the National Audit Office is wrong in its suggestion in 4.14?

**Professor Andrews:** No, I am saying that we have moved on quite a bit since their 1997 review of institutions' work.

**Alison Halford:** Do you think that there is a degree of complacency in the way that this matter has been handled by the Funding Council?

**Professor Andrews:** No, and certainly not by colleges either. Given that they have had efficiency gains or squeezes of funding of 21.5 per cent, they want and need all the outside income they can get. There is no complacency.

**Alison Halford:** But they do not seem to have done very much about it. A yes or no answer would be fine, Professor.

**Professor Andrews:** Sixty million pounds is not bad.

**Alison Halford:** Moving on, we are now looking at 4.16, where we are told that the institutions need to address twin issues of investment and borrowing in a formal, strategic way so as to ensure that they maximise the benefits from any reserves they may hold, and minimise the risks and costs from any borrowing they undertake. What action has the Funding Council taken to ensure that all institutions have addressed these issues in a structured way?

**Professor Andrews:** There are controls on borrowing. They have to notify us if they borrow more than 3 per cent of their annual income. They need consent to borrow more than 5 per cent. They need consent for any

all weithio orau â chymorth hyfforddi ac ymgynghori ar gyfer diwydiannau bach a chanolig yn eu hardaloedd hwy.

**Alison Halford:** A ydych yn dweud bod y Swyddfa Archwilio Genedlaethol yn anghywir yn ei awgrym yn 4.14?

**Yr Athro Andrews:** Nac ydwyf, yr wyf yn dweud ein bod wedi symud ymlaen gryn dipyn ers eu harolwg o waith y sefydliadau ym 1997.

**Alison Halford:** A ydych yn credu bod elfen hunanfodlon yn y modd y cafodd y mater hwn ei drin gan y Cyngor Cyllido?

**Yr Athro Andrews:** Nac ydwyf, ac yn sicr nid gan y colegau ychwaith. O wybod eu bod wedi gwneud arbedion effeithlonrwydd neu gael cyfyngiadau ar gyllid o 21.5 y cant, mae arnynt eisiau ac angen yr holl incwm allanol y gallant ei gael. Nid oes unrhyw huanfodlonrwydd.

**Alison Halford:** Ond nid ymddengys eu bod wedi gwneud rhyw lawer ynghylch hyn. Byddai ydynt neu nac ydynt yn iawn, Athro.

**Yr Athro Andrews:** Nid yw chwe deg miliwn o bunnau yn ddrwg.

**Alison Halford:** Gan symud ymlaen, yr ydym nawr yn edrych ar 4.16, lle y dywedwyd wrthym bod angen i'r sefydliadau ymdrin â'r ddau fater cysylltiedig o fuddsoddi a benthyca mewn modd ffurfiol strategol er mwyn sicrhau eu bod yn amlhau'r buddiannau a ddaw oddi wrth unrhyw gronfeydd wrth gefn a ddelir ganddynt a lleihau'r peryglon a'r costau yn deillio o unrhyw fenthyciad a wneir ganddynt. Pa gamau a gymerwyd gan y Cyngor Cyllido i sicrhau bod pob sefydliad wedi ymdrin â'r materion hyn mewn ffordd strwythuredig?

**Yr Athro Andrews:** Mae rheoliaethau ar gyfer benthyca. Mae'n rhaid iddynt ein hysbysu os ydynt yn benthyca mwy na 3 y cant o'u hincwm blyneddol. Mae angen caniatâd arnynt i fenthycia mwy na 5 y cant.

unsecured borrowing. So there are quite rigid controls on borrowing above a small amount. Investment is really a matter for their governing bodies, although it is something that we will review in our audit review to make sure that they are—not getting the best rate because that could involve elements of risk, but to make sure that they are getting the best interest rate with proper regard for the security and the availability of the funding.

**Alison Halford:** Do you feel comfortable that you cannot improve upon this particular area then?

**Professor Andrews:** No, I think that investment, but not borrowing, is an area where we want to encourage sharing of best practice so that institutions can seek out the best rates of return on their money without putting it at risk.

**Alison Halford:** Paragraphs 4.17 to 4.21 raise detailed and serious issues about the need for institutions to improve their budgeting, their financial reporting and their forecasting of cash flows. You may agree with us that these are basic issues for any institutions. We are seeking your assurance. What are you doing to ensure that the necessary staff and structures are in place to balance these important requirements?

**Professor Andrews:** You are absolutely right about the importance of this area. We have been working with the institutions, both in terms of the financial health monitoring and with our audit visits to institutions. There has been a considerable improvement. Part of it is the natural result of institutions maturing and gaining experience, and partly it is the financial squeeze—nothing concentrates attentions more than a difficult financial situation—and partly the work that we have done, particularly my director of finance and my colleagues in finance, with the finance offices of the institutions.

If you ask me if I am satisfied that everything

Mae angen caniatâd arnynt ar gyfer unrhyw fenthyciad heb ei ddiogelu. Felly y mae rheoliaethau eithaf llym ar gyfer benthyciadau dros swm bach. Mater i'w cyrff llywodraethu yw buddsoddi mewn gwirionedd, er ei fod yn fater y byddwn yn ei adolygu yn ein harolwg archwilio i wneud yn siŵr eu bod—nid ydynt yn derbyn y gyfradd orau bosibl gan y gallai hynny olygu elfennau o berygl ond i sicrhau eu bod yn derbyn y gyfradd orau bosibl gan roi pob ystyriaeth i sicrwydd ac argaeledd yr arian.

**Alison Halford:** A ydych yn teimlo'n gyfforddus na allwch wella ar y maes penodol hwn felly?

**Yr Athro Andrews:** Nac ydwyf, credaf fod buddsoddi, ond nid benthycia, yn faes lle yr ydym eisiau annog rhannu'r arfer gorau fel y gall sefydliadau geisio'r cyfraddau enillion gorau am eu harian heb ei roi mewn perygl.

**Alison Halford:** Mae paragraffau 4.17 i 4.21 yn codi materion manwl a difrifol ynglŷn â'r angen i sefydliadau wella ar y ffordd y maent yn cyllidebu, gwneud adroddiadau ariannol a rhagweld llif arian. Efallai y cytunwch â ni bod y rhain yn faterion sylfaenol i unrhyw sefydliad. Yr ydym yn ceisio sicrhau gennych. Beth ydych yn ei wneud i sicrhau bod y staff a'r strwythurau angenrheidiol wedi'u sefydlu i gydbwysu'r gofynion pwysig hyn?

**Yr Athro Andrews:** Yr ydych yn hollol gywir ynglŷn â phwysigrwydd y maes hwn. Yr ydym wedi bod yn cydweithio â'r sefydliadau o ran monitro iechyd ariannol a thrwy'n hymweliadau archwilio â'r sefydliadau. Cafwyd cryn dipyn o welliant. Mae hyn yn rhannol yn deillio'n naturiol o'r broses o aeddfedu ac ennill profiad gan y sefydliadau, ac yn rhannol o'r wasgfa ariannol—nid oes dim byd gwell am ddal sylw na sefyllfa ariannol anodd—ac yn rhannol y gwaith a wnaethpwyd gennym ni, yn enwedig gan fy nghyfarwyddwr cyllid a'm cydweithwyr cyllid gyda swyddfeydd cyllid y sefydliadau.

Os ydych yn gofyn imi a wyf yn fodlon bod



is right here, the answer is no. I am satisfied that significant progress has been made. I am satisfied that the level of reporting to governors is much better than it was and is adequate to good. There are two areas where I think one wants to see improvement. One is in forward budgeting. Colleges are not good at profiling. When you are not good in profiling, it makes it more difficult for a governing body to oversee the funding. If you have a budget that is profiled across month by month, and then you have reports to governing bodies, either monthly or even every term, you can look at those reports and see how they reflect the budget. You can see where the variance is and you can expect finance staff to explain the reasons for the variances. If your profiling is not good, or if you have not got a profile at all, then you have no map in the middle of the year. That is an area where we still need to do more work with colleges. That is very much a matter for my finance colleagues who work with finance staff in the colleges, but principals and senior management should also be aware of the importance of this.

Secondly, the reporting to governing bodies is good. We do not always feel that they react and take the necessary actions as quickly as they should.

**Alison Halford:** Mr Shortridge, you said that you were responsible for providing value for money, and that you also had a whole set of systems in place to ensure that money was being used effectively in that sector. Reading the report and listening to the Professor's answers, do you still feel that you have the right set of systems in place to ensure best value for money?

**Mr Shortridge:** Yes, the systems that we have in place in the case of the Funding Council are tried and tested systems, which we use with all our sponsored bodies. These are common to the United Kingdom, and not just to Wales. They have been tested in a number of settings. They are complex, and it would take me some time to explain them all. I am satisfied that they are fit for purpose. In

popeth yn iawn yma, yr ateb yw nac ydwyf. Yr wyf yn fodlon y gwnaethpwyd cynnydd sylweddol. Yr wyf yn fodlon bod y lefel o gyflwyno adroddiadau i'r llywodraethwyr yn llawer gwell nag yr oedd a'i fod yn ddigonol i dda. Credaf fod dau faes lle y mae angen gweld gwelliant. Cyllidebu ymlaen llaw yw un ohonynt. Nid yw colegau yn dda o ran proffilio. Pan nad ydych yn proffilio'n dda, y mae'n llawer anoddach i gorff llywodraethu oruchwylio'r arian. Os oes gennych gyllideb sydd wedi ei phroffilio fesul mis, ac yna mae gennych adroddiadau i gyrff llywodraethu, naill ai'n fisol neu ymhob tymor hyd yn oed, gallwch edrych ar yr adroddiadau hynny a gweld sut y maent yn adlewyrchu'r gyllideb. Gallwch weld lle mae'r amrywiant a gallwch ddisgwyl i staff cyllid esbonio'r rhesymau dros yr amrywiannau. Os nad yw eich proffilio'n dda, neu os nad oes gennych broffil o gwbl, yna nid oes gennych unrhyw fap ynghanol y flwyddyn. Mae hwn yn faes lle mae angen inni wneud rhagor o waith o hyd gyda'r colegau. Mater i'm cydweithwyr ariannol sydd yn cydweithio â staff ariannol yn y colegau yw hynny yn bennaf, ond dylai penaethiaid ac uwch reolwyr hefyd fod yn ymwybodol o bwysigrwydd hyn.

Yn ail, mae'r adroddiadau i'r cyrff llywodraethu'n dda. Ni theimlwn bob amser eu bod yn ymateb ac yn cymryd y camau angenrheidiol mor gyflym ag y dylent.

**Alison Halford:** Mr Shortridge, dywedaso chi mai chi oedd yn gyfrifol am roi gwerth am arian, a'ch bod hefyd wedi sefydlu cyfres gyflawn o systemau i sicrhau y defnyddiwyd arian yn effeithiol yn y sector hwnnw. O ddarllen yr adroddiad a gwrando ar atebion yr Athro, a ydych yn parhau i deimlo eich bod wedi sefydlu'r gyfres gywir o systemau i sicrhau'r gwerth gorau am arian?

**Mr Shortridge:** Ydwyf, mae'r systemau a sefydlwyd gennym yn achos y Cyngor Cyllido yn systemau profedig a ddefnyddir gennym gyda'n holl gyrff noddedig. Maent yn gyffredin i'r Deyrnas Unedig, ac nid i Gymru yn unig. Cawsant eu profi mewn nifer o sefyllfaoedd. Maent yn gymhleth, a byddai'n cymryd peth amser imi esbonio pob un. Yr wyf yn fodlon eu bod yn addas at y

terms of the Funding Council, perhaps I can quote from a review. One of the systems is that every five years we have what used to be called a financial management planning review of bodies. One has very recently been completed. To quote some things from it, the review concluded that the Welsh Higher and Further Education Funding Councils have sound financial controls operated by people with integrity, and that the respective boards have steered the councils, as particularly effective and dynamic organisations in their first five years. I take a lot of assurance from a study that reaches conclusions like that. There are other quotes that I can give you, so basically I think we have a very good organisation here.

**Alison Halford:** Finally, having read this document, which contains a catalogue of shortcomings, do you still feel that the public is getting value for money, whatever your quotes tell us?

**Mr Shortridge:** One of the systems that we have in place is external audit. We have here an excellent forensic report prepared by external auditors. I take my assurance in part from such reports, but they have to be seen as part of the wider system. When you have a forensic report prepared by auditors, it is inevitable, whatever organisation it is applied to, that it will come up with identified shortcomings and recommendations for improvement. That is life. I accept that as reality. My concern would be if I had an accounting officer within the agency concerned who was not taking those conclusions seriously. I have heard this morning, as you have heard, a chief executive who is taking these conclusions very seriously and acting on them.

**Alison Halford:** It would appear that we do not need a National Audit Office, Mr Shortridge.

**Janet Davies:** We now turn to the sections on the procurement of goods and services. I think that in this section, the National Audit Office is certainly providing value for money

pwrrpas. O ran y Cyngor Cyllido, efallai y caf ddyfynnu o arolwg. Un o'r systemau yw ein bod, bob pum mlynedd, yn cynnal yr hyn a arferwyd ei alw yn arolwg cynllunio rheolaeth ariannol y sefydliadau. Cafodd un arolwg ei gwblhau yn ddiweddar iawn. Gan ddyfynnu rhai o'r pethau ynddo, casgliad yr arolwg oedd bod gan Cyngorau Cyllido Addysg Uwch ac Addysg Bellach Cymru reoliaethau ariannol cadarn a weithredwyd gan bobl mewn modd gonest, a bod y byrddau perthnasol wedi llywio'r cynghorau, fel sefydliadau hynod effeithiol a dynamig yn eu pum mlynedd gyntaf. Mae astudiaeth sydd yn dod i gasgliadau o'r fath yn rhoi sicrwydd mawr imi. Mae dyfyniadau eraill y gallaf eu rhoi ichi, felly credaf yn y bôn fod gennym sefydliad da iawn yma.

**Alison Halford:** Yn olaf, wedi darllen y ddogfen hon, sydd yn cynnwys cyfres o ddiffygion, a ydych yn teimlo o hyd bod y cyhoedd yn cael gwerth am arian, beth bynnag a ddywed eich dyfyniad wrthym?

**Mr Shortridge:** Un o'r systemau a sefydlwyd gennym yw archwiliad allanol. Mae gennym adroddiad ffrensig ardderchog yma a baratowyd gan yr archwilywyr allanol. Caf fy sicrhau yn rhannol gan adroddiadau o'r fath, ond mae'n rhaid eu hystyried fel rhan o'r system ehangach. Pan fydd gennyh archwilywyr yn paratoi adroddiad ffrensig, mae'n anochel, pa sefydliad bynnag a archwiliwyd, y bydd yn nodi diffygion a godwyd ac argymhellion ar gyfer gwelliant. Dyna yw bywyd. Derbyniaf hynny fel realiti. Yr hyn a fyddai'n achos pryder imi yw pe bai gennyf swyddog cyfrifo o fewn yr asiantaeth nad oedd yn cymryd y casgliadau hynny o ddifrif. Yr wyf innau, fel chwithau y bore yma, wedi gwrandao ar brif weithredwr sydd yn cymryd y casgliadau hyn o ddifrif ac yn gweithredu arnynt.

**Alison Halford:** Ymddengys nad oes angen Swyddfa Archwilio Genedlaethol arnom, Mr Shortridge.

**Janet Davies:** Trown yn awr at yr adrannau ar brynu nwyddau a gwasanaethau. Credaf fod y Swyddfa Archwilio Genedlaethol o ran yr adran hon yn sicr yn rhoi gwerth am arian

in that it has made a number of serious criticisms in the report about the way that the institutions procure their goods and services. Because of that, it has produced a best practice guide for all the institutions in the sector. Professor Andrews, what steps have you taken to ensure that the policies, procedures and techniques in the guide are being implemented and what financial savings are the colleges making?

**Professor Andrews:** This is not the first time that they have had such a procurement guide. We produced one ourselves—I have it here—back in 1995, and at that point in time, when colleges' independence was very much recognised, we had rather assumed that they would take account of that guide and use it. They did not use it to the extent that we would have wished and it is clear from the National Audit Office review that there is significant scope for improving procurement. However, I think one should be careful here in not thinking that colleges are profligate. In many cases they are acquiring goods and utilities through consortia. In a number of cases these are historic—their links with local authorities, for example, where they are purchasing through consortia. There is scope for improvement, of that I have no doubt. We have included this within the governance and management development programme. We are reviewing it with colleges themselves. We have ascertained that 14 of the colleges now do have either a procurement officer or a senior manager who is responsible for procurement. Colleges that had dispersed procurement across different sites have centralised, and we are beginning to see the savings as a result of colleges looking at what they are doing more strategically. It is not enough, and one of the things that I am pleased to see develop under the governance and management development programme is that the college that is referred to in the report on a number of occasions as having somebody in charge of procurement and as having a strategy, is a lead organisation, along with another nine colleges—10 colleges all together are involved—in developing a programme of procurement in terms of structures, practices and consortia

gan ei bod wedi gwneud nifer o feirniadaethau difrifol yn yr adroddiad am y modd y mae'r sefydliadau yn prynu eu nwyddau a'u gwasanaethau. Oherwydd hynny, mae wedi cynhyrchu canllaw ymarfer gorau ar gyfer yr holl sefydliadau yn y sector. Athro Andrews, pa gamau a gymerwyd gennych i sicrhau bod y polisïau, y gweithdrefnau a'r technegau yn y canllaw yn cael eu gweithredu a faint o arbedion ariannol a wneir gan y colegau?

**Yr Athro Andrews:** Nid dyma'r tro cyntaf iddynt gael canllaw prynu o'r fath. Cynhyrchom ganllaw ein hunain—mae gennyf yma—yn ôl ym 1995, ac ar yr adeg honno, pan gafodd annibyniaeth colegau ei chydnabod yn fawr, yr oeddem wedi cymryd yn ganiataol y byddent yn ystyried y canllaw hwnnw a'i ddefnyddio. Ni wnaethant ei ddefnyddio i'r fath raddau ag y byddem wedi ei ddymuno ac mae'n amlwg yn ôl arolwg y Swyddfa Archwilio Genedlaethol bod potensial mawr i wella'r broses brynu. Fodd bynnag, teimlaf y dylid bod yn ofalus yn y mater hwn i beidio â meddwl bod colegau yn afradlon. Mewn llawer o achosion maent yn caffael nwyddau a chyfleusterau trwy gonsortia. Mewn nifer o achosion maent yn rhai hanesyddol—eu cysylltiadau ag awdurdodau lleol, er enghraifft lle maent yn prynu trwy gonsortia. Yr wyf yn sicr fod lle i wella. Yr ydym wedi cynnwys hyn o fewn y rhaglen datblygu llywodraethu a rheoli. Yr ydym yn ei hadolygu gyda'r colegau eu hunain. Yr ydym wedi canfod bod gan 14 o'r colegau swyddog prynu neu uwch reolwr sydd â chyfrifoldeb dros brynu erbyn hyn. Mae'r colegau a oedd wedi rhannu'r broses brynu ar draws safleoedd gwahanol wedi canoli, ac yr ydym yn dechrau gweld yr arbedion o ganlyniad i'r colegau yn edrych ar yr hyn a wnânt yn fwy strategol. Nid yw'n ddigon, ac un o'r pethau y mae'n dda gennyf ei weld yn datblygu o dan y rhaglen datblygu llywodraethu a rheoli yw bod y coleg y cyfeirir ato yn yr adroddiad ar nifer o achlysuron fel un ag unigolyn sydd â chyfrifoldeb dros brynu ac fel un a chanddo strategaeth, yn sefydliad arweiniol, ynghyd â naw coleg arall—10 coleg i gyd yn cymryd rhan—wrth ddatblygu rhaglen o brynu yn mhermau strwythurau, arferion a

developments across, not just those 10 colleges, because it is not a closed club, other colleges will be able to come in. The fact that the lead is being taken by the college, which in this report is a good college, is, I think, particularly effective.

You ask about savings on the proposals in the report. I can give you anecdotes. One college, for example, which has centralised its procurement, has already saved £60,000 on purchases that it has made since it centralised. Before this report, on the basis of our own report on energy management, one college brought in energy advice and has cut its energy costs from just under £90,000 to something over £50,000. It has reduced them by about 25 per cent. Another college has brought in advice on its telephone system and the way it is using it—this is a professional firm of consultants who advise on how to get the best value in the telephone system—and estimates that that will save about £75,000. These are significant savings. How many will actually come as a result of this report and the guidance and how many would have come otherwise, one is never able to answer. What one can say, though, overall, is that the amount that the sector spends on procuring goods and services is in the order of about £70 million a year. If this resulted in savings of just a couple of per cent, that would be a total saving of about £1.5 million. I do not think one will necessarily see savings in quite that way. One of the areas where a clever purchasing strategy can often result in savings is with computer procurement. There are two ways in which you can use your bargaining power. One is perhaps to get cheaper computers and another is to get more computing with the same amount of money. I think, at the end of the day, one has to look at this in two ways. One is saving money and the other is perhaps improved quality, improved resourcing, as a result of being able to get better value.

**Janet Davies:** You have begun, Professor Andrews, to get reports from institutions on the progress they are making—

**Professor Andrews:** We are getting reports

datblygiadau consortia nid yn unig ar draws y 10 coleg hwnnw, oherwydd nid clwb caeëdig mohono, bydd colegau eraill yn gallu ymuno. Mae'r ffaith mai'r coleg, sydd yn un da yn ôl yr adroddiad hwn, sydd yn cymryd arweiniad yn effeithiol iawn yn fy marn i.

Yr ydych yn holi am arbedion ar y cynigion yn yr adroddiad. Gallaf roi enghreifftiau ichi. Mae un coleg er enghraifft, sydd wedi canoli ei broses brynu, eisoes wedi arbed £60,000 ar bryniadau a wnaethpwyd ganddo ers iddo ganoli. Cyn yr adroddiad hwn, ar sail ein hadroddiad ein hunain ar reoli ynni, cafodd un coleg gyngor am ynni ac mae wedi gostwng ei gostau ynni o swm ychydig yn llai na £90,000 i swm ychydig dros £50,000. Cafwyd gostyngiad o tua 25 y cant. Mae coleg arall wedi derbyn cyngor ar ei system ffôn a'r modd y mae'n ei defnyddio—cwmni proffesiynol o ymgynghorwyr yw'r rhain sydd yn rhoi cyngor ar sut i gael y gwerth gorau o'r system ffôn—ac mae'n amcangyfrif y bydd yn arbed tua £75,000. Mae'r rhain yn arbedion sylweddol. Ni ellir dweud faint a ddaw yn sgîl yr adroddiad hwn a'r arweiniad a faint a fyddai wedi dod fel arall. Yr hyn y gellir ei ddweud, fodd bynnag, yn gyffredinol, yw bod y sector yn gwario tua £70 miliwn y flwyddyn ar brynu nwyddau a gwasanaethau. Os arweiniodd hyn at arbedion o ryw un neu ddau y cant, byddai hynny yn golygu arbed cyfanswm o tua £1.5 miliwn. Ni chredaf y byddwn yn gweld arbedion yn yr union ffordd honno o reidrwydd. Un o'r meysydd lle y gall strategaeth brynu ddeallus arwain at arbedion yn aml yw prynu cyfrifiaduron. Gellir defnyddio'ch gallu i fargeinio mewn dwy ffordd. Prynu cyfrifiaduron rhatach yw un ffordd o bosibl a'r llall yw cael mwy o gyfrifiaduron am yr un faint o arian. Credaf, ar ddiwedd y dydd, bod yn rhaid ystyried hyn mewn dwy ffordd. Mae un yn arbed arian ac mae'r llall o bosibl yn dod ag ansawdd gwell, adnoddau gwell o ganlyniad i werth gwell.

**Janet Davies:** Athro Andrews, yr ydych wedi dechrau derbyn adroddiadau oddi wrth sefydliadau ar y cynnydd y maent yn ei wneud—

**Yr Athro Andrews:** Yr ydym yn derbyn

from institutions, but I think the development programme on which the college I mentioned is taking the lead, is going to be very central on this. We will want to work with those who are involved in that programme, so that rather than just having reports from individual institutions, we can develop something that will run right through the sector. That way I think we will get a better out-turn for everybody.

**Janet Davies:** OK. Thank you.

**Alun Pugh:** I am looking at paragraph 4.24 on page 71. It states 'the key requirement in any institution's procurement arrangements is the need for a purchasing strategy'. However, at the moment, most institutions do not have such a strategy. What steps are the council taking to make sure that each institution does produce that document?

**Professor Andrews:** Very much what I have just been saying, in fact, Alun, that the exercise which is being conducted now by these colleges, with the lead college I mentioned, is very much designed to format the strategy which each college can then take and adapt itself.

**Alun Pugh:** Did you say that 14 colleges now have a senior manager with overall responsibility for the issue of procurement?

**Professor Andrews:** Which means there is another—I was going to say another 14 institutions, but if we keep with the colleges—another nine colleges certainly need to take that step.

**Alun Pugh:** Looking at the number, and looking at this best practice report, how can we rely on that, because some colleges seem to believe that they have purchasing officers, but when they are asked to produce a body they find difficulty in producing one?

**Professor Andrews:** We know that such a person exists, but as to the strength of the

adroddiadau oddi wrth sefydliadau, ond credaf fod y rhaglen ddatblygu lle mae'r coleg a grybwyllais yn cymryd arweiniad yn mynd i fod yn ganolog iawn yn hyn o beth. Byddwn am gydweithio â'r rhai sydd yn ymwneud â'r rhaglen honno, ac felly yn hytrach na chael adroddiadau gan sefydliadau unigol, gallwn ddatblygu rhywbeth a fydd yn rhedeg ar draws y sector cyfan. Yn y modd hwnnw credaf y byddwn yn cael canlyniad gwell i bawb.

**Janet Davies:** O'r gorau. Diolch yn fawr.

**Alun Pugh:** Yr wyf yn edrych ar baragraff 4.24 ar dudalen 71. Mae'n nodi 'the key requirement in any institution's procurement arrangements is the need for a purchasing strategy'. Fodd bynnag, ar hyn o bryd, nid oes strategaeth o'r fath gan y mwyafrif o sefydliadau. Pa gamau y mae'r cyngor yn eu cymryd i sicrhau bod pob sefydliad yn cynhyrchu'r ddogfen honno?

**Yr Athro Andrews:** Yn debyg iawn i'r hyn yr wyf newydd ei ddweud, mewn gwirionedd, Alun, pwrpas yr ymarfer sydd yn cael ei gynnal ar hyn o bryd gan y colegau hyn, gyda'r coleg arweiniol a grybwyllais, yw yn bennaf i lunio'r strategaeth y gall pob coleg wedyn ei mabwysiadu a'i haddasu ei hun.

**Alun Pugh:** A ddywedasoeh fod gan 14 coleg bellach uwch reolwr â chyfrifoldeb cyffredinol dros y broses brynu?

**Yr Athro Andrews:** Sydd yn golygu bod un arall—yr oeddwn yn mynd i ddweud 14 sefydliad arall, ond os cadwn at y colegau—mae angen i naw coleg arall yn sicr gymryd y cam hwnnw.

**Alun Pugh:** O ystyried y nifer, ac wrth ystyried yr adroddiad arfer gorai hwn, sut y gallwn ddibynnu ar hynny, oherwydd ymddengys fel petai rhai colegau yn credu bod ganddynt swyddogion prynu, ond pan ofynnir iddynt roi unigolyn gerbron maent yn ei chael hi'n anodd i wneud hynny?

**Yr Athro Andrews:** Gwyddom fod y fath berson yn bodoli, ond o ran cryfder y

systems that lie behind that and the structures, one cannot be so sure. That is one of the things that will be part of the audit review, which will be the follow-up exercise to this, which we will conduct in April.

**Alun Pugh:** A structured approach to managing suppliers is the key to an efficient and effective procurement process. The National Audit Office found very variable practice in this area. Has the Council set a deadline by which time all institutions should have reviewed and streamlined their supplier arrangements?

**Professor Andrews:** At the moment, 13 colleges have now moved on this and have got supplier lists. Again, we will be looking for an end of year position statement and following it up with that audit review in April.

**Alun Cairns:** Professor, paragraph 4.26 highlights the financial limits above which staff should obtain written quotations and a higher level, obviously, for the tendering initiative is required. These range from £6,000 to £50,000 for tendering in particular. That is obviously a very wide range in financial terms. What do you believe to be an appropriate level?

**Professor Andrews:** It really does depend on the institution. If you have a relatively small institution like, say, the Workers Educational Association, one would expect that to be taken probably at the level of the director. If you have a very large college with a number of campuses, then decisions will be taken by managerial staff at varying levels according to cost values. That is the way it would work with most institutions, but above a particular level one would expect it to go to the level of principal, and at certain levels to the finance committee of the college.

**Alun Cairns:** Are you saying, then, that you think it is right that the smaller colleges have a much higher level before they initiate a tendering process?

**Professor Andrews:** No, the opposite in fact

systemau sydd y tu ôl i hynny a'r strwythurau, ni ellir bod yn sicr. Dyma un o'r pethau a fydd yn rhan o'r arolwg archwilio y byddwn yn ei gynnal ym mis Ebrill, a fydd yn ymarfer dilynol i hyn.

**Alun Pugh:** Mae ymagwedd strwythuredig tuag at reoli cyflenwyr yn allweddol i broses brynu effeithiol ac effeithlon. Bu'r Swyddfa Archwilio Genedlaethol yn canfod arfer gwahanol iawn yn y maes hwn. A yw'r Cyngor wedi gosod dyddiad cau pan ddylai pob sefydliad fod wedi adolygu a symleiddio eu trefniadau cyflenwi?

**Yr Athro Andrews:** Ar hyn o bryd, mae 13 coleg wedi gweithredu ar hyn bellach ac wedi cael rhestrau o gyflenwyr. Eto, byddwn yn disgwyl datganiad diwedd y flwyddyn a byddwn yn dilyn hynny gydag arolwg archwilio ym mis Ebrill.

**Alun Cairns:** Athro, mae paragraff 4.26 yn tynnu sylw at y terfynau ariannol y dylai staff eu defnyddio i gael dyfynbrisiau ysgrifenedig ac mae'n amlwg bod angen lefel uwch ar gyfer y fenter dendro. Mae'r rhain yn amrywio o £6,000 i £50,000 ar gyfer tendro'n arbennig. Yn amlwg, mae hwnnw'n amrediad eang iawn mewn termau ariannol. Beth yw'r lefel briodol yn eich barn chi?

**Yr Athro Andrews:** Mae'n dibynnu'n llwyr ar y sefydliad. Os oes sefydliad cymharol fach gennych fel, er enghraifft, Mudiad Addysg y Gweithwyr, byddech yn disgwyl bod penderfyniad yn cael ei wneud ar lefel y cyfarwyddwr o bosibl. Os oes gennych goleg mawr iawn gyda nifer o gampysau, yna bydd staff rheoli ar lefelau amrywiol yn gwneud penderfyniadau yn ôl gwerthoedd cost. Dyna'r ffordd y byddai'n gweithio yn y mwyafrif o sefydliadau, ond uwchlaw rhyw lefel benodol, byddwch yn ei ddisgwyl i fod ar lefel y pennaeth, ac ar rai lefelau i fynd at bwyllgor cyllid y coleg.

**Alun Cairns:** A ydych yn dweud felly, ichi gredu ei bod hi'n iawn bod gan y colegau llai lefel llawer uwch cyn iddynt ddechrau proses dendro?

**Yr Athro Andrews:** Nac ydwyf, byddwn yn

is what I would expect. What the NAO is saying in the report, and rightly, is that this seems somewhat perverse in some cases.

**Alun Cairns:** That is the point of my question. Is it right then that the smaller institutions are at a much higher level, whereas the larger institutions are at a much lower level?

**Professor Andrews:** You are quite right. That is clearly wrong. We have been working with the sector. I was talking with my auditors about this and I have the figures for you. They have said that this is largely being sorted out now between colleges, or within colleges, so that the balance of procurement is related to the size of the college.

**Alun Cairns:** You mentioned that you are in the process of sorting that out. How far down the road are you and when can we expect the correct structures to be in place in all of the colleges?

**Professor Andrews:** I would have thought by April, at the latest.

**Alun Cairns:** Thank you. A fundamental way to reduce the prices paid for items is to aggregate orders, especially for items such as stationery, furniture and other consumables. This can either be done with organisations or through the use of purchasing consortia. What consideration has the Funding Council given to encouraging the sector to develop its own purchasing consortium or joining with the higher education sector consortium in Wales?

**Professor Andrews:** That is one of the issues that is central to the governance and management development programme that I mentioned to you. We have the lead college, which figures well here. That is one of the issues that will be central to that.

There are variations. Occasionally, institutions may be able to get a better deal

disgwyl y gwrthwyneb mewn gwirionedd. Yr hyn a ddywed y Swyddfa Archwilio Genedlaethol yn yr adroddiad, sydd yn hollol gywir, yw bod hyn i'w weld yn groes i'r graen mewn rhai achosion.

**Alun Cairns:** Dyna bwynt fy nghwestiwn. A yw'n gywir felly bod y sefydliadau llai ar lefel llawer uwch tra bo'r sefydliadau mwy ar lefel llawer is?

**Yr Athro Andrews:** Yr ydych yn hollol gywir. Mae'n amlwg nad yw hynny'n iawn. Yr ydym wedi bod yn cydweithio â'r sector. Yr oeddwn yn siarad am hyn â'm harchwilwyr ac mae'r ffigurau gennyf ichi. Maent wedi dweud bod hyn yn cael ei ddatrys i raddau helaeth ar hyn o bryd rhwng y colegau, neu o fewn y colegau, fel bod cydbwysedd y broses brynu yn gysylltiedig â maint y coleg.

**Alun Cairns:** Sonioch eich bod yn y broses o ddatrys hyn. Pa mor bell yr ydych wedi mynd a phryd y gallwn ddisgwyl gweld y strwythurau cywir wedi'u sefydlu ymhob un o'r colegau?

**Yr Athro Andrews:** Erbyn mis Ebrill ar yr hwyraff yn fy nhyb i.

**Alun Cairns:** Diolch yn fawr. Ffordd sylfaenol o ostwng y prisiau a delir am eitemau yw archebion cyfansymiol, yn enwedig ar gyfer eitemau megis papur ysgrifennu, dodrefn a nwyddau traul eraill. Gellir gwneud hyn gyda sefydliadau neu trwy ddefnyddio consortia prynu. Pa ystyriaeth y mae'r Cyngor Cyllido wedi ei rhoi i annog y sector i ddatblygu consortiwm prynu ei hun neu i ymuno â chonsortiwm y sector addysg uwch yng Nghymru?

**Yr Athro Andrews:** Dyna un o'r materion sydd yn ganolog i'r rhaglen ddatblygu llywodraethu a rheoli a grybwyllais wrthyf. Mae'r coleg arweiniol gennym sydd yn cael adroddiad da yma. Dyna un o'r materion a fydd yn ganolog i hynny.

Mae yna amrywiadau. Ar adegau, gall sefydliadau gael gwell bargaen trwy fynd at

by going to a consortium that is not simply one of other colleges. For example, perhaps linking with their local authority, if their local authority is able to get a particularly good deal on something. For the main, one would anticipate that better deals are likely to be had by working with other colleges, because of the likeness of the procurement. I, myself, would not necessarily say that one should simply work with a consortium of Welsh colleges. There is a consortium, which is based in a Wiltshire institution, which a number of Welsh colleges tap into. If they can get a better deal by linking up with another consortium, then that is fine.

**Alun Cairns:** Thank you. Paragraph 4.27 relates to market testing. I was surprised to note that half of the colleges did not market test and some relied on local authorities' direct services organisations to assess the efficiency of their in-house provider and did not compare the price and performance with what was available from the private sector. Would you enlarge on that paragraph, please?

**Professor Andrews:** In part, of course, what it is stating is that the colleges, before independence, were used to working with their local authorities and being guided by local authorities and, indeed, often procuring through local authority consortia in terms of produce. Afterwards, many of them continued to work in such a way. They had the facilities and they had the staff and they did not necessarily want to incur the perturbations and problems of going out and market testing. Market testing is, and certainly has been, quite a controversial area. It has been clear, in a number of cases, that where colleges have moved, it has not necessarily meant staff redundancies or anything of that sort, but it has meant bringing in outside caterers with their own capital to refurbish kitchens and canteens and restaurants and that sort of thing. The college ends up with a much better service. One is seeing that now increasingly throughout the sector. There is an illustration given somewhere in the report of problems with

gonsortiw m nad yw'n un o'r colegau eraill. Er enghraifft, efallai cydgysylltu â'u hawdurdodau lleol, os yw eu hawdurdod lleol yn gallu cael bargaen arbenning o dda ar rywbeth. Ar y cyfan, byddai rhywun yn rhagweld mai trwy gydweithio â cholegau eraill y byddwch yn debygol o gael bargaenion gwell oherwydd tebygrwydd y prynu. Ni ddywedwn o reidrwydd fod yn rhaid cydweithio â chonsortiw m o golegau yng Nghymru. Mae yna gonsortiw m a leolir mewn sefydliad yn Swydd Wiltshire y mae nifer o golegau yng Nghymru yn ei ddefnyddio. Os gallent gael gwell bargaen trwy gydgysylltu â chonsortiw m arall yna, gorau i gyd.

**Alun Cairns:** Diolch yn fawr. Mae paragraff 4.27 yn ymwneud â phrofi'r farchnad. Yr oeddwn yn synnu wrth nodi nad oedd hanner y colegau yn profi'r farchnad a bod rhai yn dibynnu ar sefydliadau gwasanaethau uniongyrchol yr awdurdodau lleol i asesu effeithiolrwydd eu darparwr mewnol ac nad oeddent yn cymharu'r pris a'r perfformiad â'r hyn a oedd ar gael yn y sector preifat. A wnewch chi ymhelaethu ar y paragraff hwnnw os gwelwch yn dda?

**Yr Athro Andrews:** Yn rhannol wrth gwrs yr hyn a ddywed yw bod y colegau, cyn dod yn annibynol, yn arfer cydweithio â'u hawdurdodau lleol ac yn cael eu harwain gan awdurdodau lleol ac, yn wir yn aml yn prynu trwy gonsortia llywodraeth leol o ran cynnyrch. Wedyn, yr oedd llawer ohonynt yn parhau i weithio yn y modd hwn. Yr oedd y cyfleusterau ganddynt ac yr oedd y staff ganddynt ac nid oeddent o reidrwydd eisiau ymdrin â'r problemau a'r aflonyddwch o fynd allan a phrofi'r farchnad. Mae profi'r farchnad yn faes go ddadleuol, ac yn sicr bu'n ddadleuol yn y gorffennol. Yr oedd yn eglur, mewn nifer o achosion, lle mae colegau wedi symud, nad oedd hyn o reidrwydd wedi golygu diswyddo staff neu rywbeth tebyg, ond yr oedd yn golygu dod ag arlwywyr allanol i mewn â'u cyfalaf eu hunain i adnewyddu ceginau a ffreuturiau a bwytai a'r math yna o beth. Mae gwasanaeth llawer gwell gan y coleg yn y pen draw. Gwelir hyn yn fwyfwy ar draws y sector. Cafwyd esiampl o broblemau sydd yn



catering. That college has gone down that route. I think that is to be encouraged. I have seen some refurbished catering facilities in consequence of this, which are extremely good.

**Alun Cairns:** Thank you for that. That is obviously a positive example. How many of the 28 institutions, though, have changed their structure to accommodate market testing as a result of the report?

**Professor Andrews:** I do not know. I am sorry, I cannot answer that.

**Alun Cairns:** When do you expect that the majority of organisations will be in a position to instigate tests in the market place?

**Professor Andrews:** I am not sure that all of them necessarily will. We do not have the authority over a college to say that it must market test. So all one can do is to work with colleges and ask whether, in their circumstances, they would be best advised to market test. It does not necessarily suit all colleges.

**Alun Cairns:** In relation to market testing, then, what savings have been achieved in those sort of examples that you have actually quoted?

**Professor Andrews:** In the one particular college, it no longer continued to lose money on its catering.

**Alun Cairns:** What sort of sums are we talking about in terms of financial savings?

**Professor Andrews:** They were in the tens of thousands. They were not in the hundreds of thousands—the loss that was being made.

**Alun Cairns:** What estimate do you make in terms of savings in a full financial year for all the colleges if they did move to more market testing?

**Professor Andrews:** I have no idea. I am

gysylltiedig ag arlwyo rhywle yn yr adroddiad. Mae'r coleg hwnnw wedi dilyn y llwybr hwnnw. Credaf y dylid ei annog. Yr wyf wedi gweld rhai cyfleusterau arlwyo, a adnewyddwyd o ganlyniad i hyn, sydd yn arbennig o dda.

**Alun Cairns:** Diolch am hynny. Dyna enghraifft gadarnhaol, mae'n amlwg. Sawl un o'r 28 sefydliad, fodd bynnag, sydd wedi newid eu strwythur er mwyn cymhwysu profi'r farchnad o ganlyniad i'r adroddiad?

**Yr Athro Andrews:** Ni wn. Mae'n ddrwg gennyf, ni allaf ateb hynny.

**Alun Cairns:** Pryd y disgwylwch y bydd y rhan fwyaf o'r sefydliadau mewn sefyllfa i ddechrau profi yn y farchnad?

**Yr Athro Andrews:** Nid wyf yn sicr y gwnaiff pob un ohonynt o reidrwydd. Nid oes gennym yr awdurdod dros goleg i ddweud wrtho bod rhaid iddo brofi'r farchnad. Felly yr unig beth y gellir ei wneud yw cydweithio â'r colegau a holi a fyddai'n ddoeth iddynt brofi'r farchnad yn eu hamgylchiadau hwy. Nid yw o reidrwydd yn addas i bob coleg.

**Alun Cairns:** Ynglŷn â phrofi'r farchnad felly, pa arbedion a gafwyd yn y math o enghreifftiau a ddyfynnwyd gennych mewn gwirionedd?

**Yr Athro Andrews:** Mewn un coleg yn arbennig, ni pharhaodd i golli arian ar ei arlwyo.

**Alun Cairns:** Pa fath o symiau o arian yr ydym yn sôn amdanynt o ran arbedion ariannol?

**Yr Athro Andrews:** Yr oeddent yn ddegau o filoedd. Nid oeddent yn gannoedd o filoedd hynny yw y golled a wnaethpwyd.

**Alun Cairns:** Beth yw eich amcangyfrif chi o'r arbedion mewn blwyddyn ariannol gyfan ar gyfer y colegau i gyd petaent yn dechrau gwneud rhagor o brofi'r farchnad?

**Yr Athro Andrews:** Nid oes unrhyw syniad

sorry about that. For example, earlier in the report the illustration of a college that is making £0.5 million profit on its catering and childcare services is quoted. I cannot for a moment see that college wanting to go out and market test. It is doing superbly well managing those services for itself. It also has the advantage that the facilities are available to its own students as part of their training programme. That is partly why I said that it does depend on individual colleges.

**Alun Cairns:** Thank you. Paragraph 4.28 highlights that 60 per cent of institutions do not have a formal energy management policy and 80 per cent do not have a water management policy. What energy audit has been conducted since the report?

**Professor Andrews:** We know that eight colleges now have energy management policies. We would want to see the others follow suit over the course of the next year. In terms of energy management, we have already produced guidance ourselves in 1998 for institutions. We—when I say ‘we’ I mean the Welsh Funding Councils, in that we led a consortium of the three funding councils, England, Scotland and ourselves on energy management—produced a report and a guide and we have shared that with the FE sector in that the greater part of it was equally applicable to the FE sector. It has not made as much use of it as we would like, although I did quote the example of the college earlier on that has made significant savings. We will want to see this carried through in the course of the next year so that all colleges have energy management policies.

**Alun Cairns:** In relation to the significant variations in the unit prices that colleges were paying for gas and electricity, if all colleges contracted to the lowest unit price, what annual financial savings could we expect?

**Professor Andrews:** I do not know. All I can tell you about that is that, for the small to medium sized college, the saving was about £25,000. There are a number of colleges

gennyf. Mae'n ddrwg gennyf am hynny. Er enghraifft yn gynharach yn yr adroddiad dyfynnwyd esiampl o goleg sydd yn gwneud elw o £0.5 miliwn ar ei wasanaethau arlwyo a gofal plant. Ni allaf weld am eiliad y byddai'r coleg hwnnw am fynd allan i brofi'r farchnad. Mae rheoli'r gwasanaethau hynny yn arbennig o dda ei hun. Mae'n fantais hefyd bod y cyfleusterau ar gael i'w fyfyrwyr ei hun fel rhan o'u rhaglen hyfforddi. Dyna yn rhannol pam y dywedais mai dibynnu ar golegau unigol a wna.

**Alun Cairns:** Diolch yn fawr. Mae paragraff 4.28 yn tynnu sylw at y ffaith nad oes gan 60 y cant o'r sefydliadau bolisi ffurfiol dros reoli ynni ac nad oes gan 80 y cant bolisi rheoli dŵr. Pa archwiliad ynni a wnaethpwyd ers yr adroddiad?

**Yr Athro Andrews:** Gwyddom fod polisiau rheoli ynni gan wyth coleg bellach. Hoffem weld rhai eraill yn eu hefelychu yn ystod y flwyddyn nesaf. O ran rheoli ynni, yr ydym eisoes wedi cynhyrchu arweiniad ein hunain ar gyfer sefydliadau ym 1998. Gwnaethom—pan ddywedaf ‘ni’ yr wyf yn golygu Cynghorau Cyllido Cymru, gan inni arwain consortiwm o'r tri chyngor cyllido, Lloegr, yr Alban a ninnau ar reoli ynni—gynhychu adroddiad a chanllaw ac yr ydym wedi'u rhannu â'r sector Addysg Bellach gan fod y rhan fwyaf ohono yr un mor berthnasol i'r sector Addysg Bellach. Nid yw wedi gwneud cymaint o ddefnydd ohono ag y byddem yn ei ddymuno, er imi ddyfynnu'r enghraifft yn gynharach o'r coleg sydd wedi gwneud arbedion sylweddol. Byddwn am weld hyn yn cael ei weithredu yn ystod y flwyddyn nesaf fel bod gan bob coleg bolisiau rheoli ynni.

**Alun Cairns:** Ynglŷn â'r gwahaniaethau sylweddol yn pris fesul uned yr oedd y colegau yn talu am nwy a thrydan, pe bai pob coleg yn contractio i'r pris isaf fesul uned, pa arbedion ariannol blyneddol y gallem eu disgwyl?

**Yr Athro Andrews:** Nid wyf yn gwybod. Yr unig beth y gallaf ei ddweud wrthyich am hynny yw mai tua £25,000 oedd yr arbediad i goleg bach i ganolig o ran maint. Mae yna

which probably are getting their energy at a cost that is pretty well as low as they are likely to achieve but there are others where there would be significant scope for savings. However, if you ask me to guess across the sector as a whole, I think it would run into some few hundreds of thousands, not into millions.

**Alun Cairns:** In relation to the pricing and energy policy, you have been able to give some examples, for which I am grateful. Do you believe that you have a role in paying close attention to the potential savings that are available in terms of encouraging the switching of processes within the colleges?

**Professor Andrews:** The question that you are asking is very much central to the broader issue of what is happening at the moment. As I mentioned earlier, we were a funding council without any powers over the governance and management of institutions, other than in connection with things like financial health monitoring, probity in the use of public funding and quality assessment of provision.

What has been happening over the last few years, which began out of concern about some weakness in management and governance—and I would emphasise not so much in Wales—has moved on to a rather broader agenda of a funding council working with institutions, not just on the broader issues of governance that we were talking about earlier, but on a number of managerial issues such as the ones that we are talking about now. We can only do that in partnership with institutions. We do not have any authority to go in and make decisions or manage. Nor, indeed, have we got the expertise. However, what we can do is to act as a catalyst for change. That is something that we are doing increasingly. For us, this is something of a cultural change. It is very different from the responsibilities that we have under the 1992 Act, and it is only something that can be worked through in partnership with institutions. As I say, we do not have any authority to come in and manage them or instruct them to do things in this way or that. Nor have we necessarily got

nifer o golegau sydd yn fwy na thebyg yn cael eu hynni am gost sydd fwy na lai cyn ised ag y maent yn debygol o'i gael ond mae rhai eraill lle y byddai potensial sylweddol dros arbedion. Fodd bynnag, pe baech yn gofyn imi ddyfalu ar draws y sector cyfan, credaf y byddai o gwmpas rhai cannoedd o filoedd nid miliynau.

**Alun Cairns:** Ynglŷn â'r prisio a'r polisi ynni, yr ydych wedi gallu rhoi rhai enghreifftiau, ac yr wyf yn ddiolchgar am hynny. A ydych o'r farn bod rôl gennych wrth dalu sylw manwl i'r arbedion posibl sydd ar gael trwy annog cyfnewid prosesau o fewn y colegau?

**Yr Athro Andrews:** Mae'r cwestiwn a ofynnwch yn ganolog iawn i'r mater ehangach sef yr hyn sydd yn digwydd ar hyn o bryd. Fel y soniais yn gynharach, yr oeddem yn gyngor cyllido heb unrhyw bwerau dros lywodraethu a rheoli sefydliadau, ac eithrio mewn cysylltiad â phethau fel monitro iechyd ariannol, gonestrwydd o ran defnyddio cyllid cyhoeddus ac asesu ansawdd darpariaeth.

Yr hyn sydd wedi bod yn digwydd dros yr ychydig o flynyddoedd diwethaf, a ddechreuwyd oherwydd pryder ynglŷn â rhai gwendidau mewn rheoli a llywodraethu—a hoffwn bwysleisio nad yn gymaint yng Nghymru—wedi symud ymlaen tuag at agenda ehangach o gyngor cyllido yn cydweithio â sefydliadau, nid ar y materion ehangach o ran llywodraethu yn unig yr oeddem yn sôn amdanynt yn gynharach, ond ar nifer o faterion rheoli megis y rhai yr ydym yn siarad amdanynt nawr. Ni allwn wneud hynny ond trwy bartneriaeth â'r sefydliadau. Nid oes unrhyw awdurdod gennym i fynd i mewn a gwneud penderfyniadau neu reoli. Nid yw'r arbenigedd gennym ychwaith. Fodd bynnag, yr hyn y gallwn ei wneud yw gweithredu fel catalydd dros newid. Dyna rywbeth yr ydym yn ei wneud fwyfwy. I ni, mae hyn yn newid diwylliannol. Mae'n wahanol iawn i'r cyfrifoldebau sydd gennym o dan Ddeddf 1992, ac ni ellir ond ei weithredu trwy bartneriaeth â sefydliadau. Fel y dywedaf, nid oes gennym unrhyw awdurdod i ddod i

the ability to do that.

mewn a'u rheoli neu'u cyfarwyddo i wneud pethau mewn un ffordd neu'i gilydd. Ac nid oes gennym ychwaith o reidrwydd y gallu i wneud hynny.

**Alun Cairns:** In acting as the catalyst, and informing the partnership and encouraging better financial prudence in the colleges, do you feel that greater information on the potential savings on your part would act as a much stronger encouragement to the other organisations to restructure their systems?

**Alun Cairns:** Wrth weithredu fel catalydd, a thrwy hysbysu'r bartneriaeth ac annog gwell gofal ariannol yn y colegau, a ydych yn teimlo y byddai rhagor o wybodaeth am arbedion posibl ar eich rhan chi yn rhoi anogaeth llawer cryfach i'r sefydliadau eraill i ad-drefnu eu systemau?

**Professor Andrews:** Yes. We do not have the information as such, but in that catalyst role we can bring colleges together, and those colleges that have done this well and have made the savings can share their good practice. That is one of the best ways of influencing an institution, when they see that another institution has done this and made this saving.

**Yr Athro Andrews:** Ydwyf. Nid yw'r wybodaeth gennym fel y cyfryw, ond drwy'r rôl o fod yn gatalydd gallwn ddod â'r colegau ynghyd, a gall y colegau hynny sydd wedi gwneud hyn yn dda ac wedi gwneud arbedion rannu eu harfer da. Dyna un o'r ffyrdd gorau o ddylanwadu ar sefydliad, pan welant fod sefydliad arall wedi gwneud hyn ac wedi gwneud arbedion.

**Peter Black:** We are talking about savings that can be made from better procurement practices, etc. What about the interests of Agenda 21 in terms of procurement and in terms of the way colleges manage their resources and their energy? Are you encouraging colleges to follow that agenda?

**Peter Black:** Yr ydym yn siarad am arbedion y gellir eu gwneud trwy arferion prynu gwell, ac ati. Beth am fuddiannau Agenda 21 o ran y broses brynu a'r modd y mae'r colegau yn rheoli eu hadnoddau a'u hynni? A ydych yn annog colegau i ddilyn yr agenda honno?

**Professor Andrews:** Which agenda, sorry?

**Yr Athro Andrews:** Pa agenda, mae'n ddrwg gennyf?

**Peter Black:** Agenda 21. Environmental considerations.

**Peter Black:** Agenda 21. Ystyriaethau amgylcheddol.

**Professor Andrews:** Ah, right. Sorry, I was still on the report here. We have encouraged colleges in that way, and many colleges are very sensitive to this. However, again it is not something where we have any authority or control over colleges. It is only something where we can share good practice and good thinking, and encourage.

**Yr Athro Andrews:** O iawn. Mae'n ddrwg gennyf, yr oeddwn yn ystyried yr adroddiad o hyd. Yr ydym wedi annog colegau yn y ffordd honno, ac mae llawer o golegau yn sensitif iawn yn hyn o beth. Fodd bynnag, eto nid yw'n faes lle mae gennym awdurdod neu reolaeth dros y colegau. Mae ond yn rhywbeth lle y gallwn rannu arfer da a meddylfryd da, ac annog.

**Janet Davies:** One last question. I take your point about the importance of getting better services, better quality products or a greater number of products, under the procurement situation but I wondered if there might be a time when you could give the Committee an

**Janet Davies:** Un cwestiwn olaf. Derbyniaf eich pwynt ynglŷn â phwysigrwydd cael gwasanaethau gwell, gwell cynnyrch o ansawdd neu nifer fwy o gynnyrch, o dan y sefyllfa brynu ond tybed a fydd yna adeg pan allwch roi amcangyfrif i'r Pwyllgor o

estimate of likely financial savings to be achieved as a result of implementing the NAO's recommendations.

**Professor Andrews:** We can try to do that, Chair. However, if you will forgive me, I have some words of caution. If you are asking what are the benefits of this report, one is going to be improvements in governance, improvements in management, improvements in provision and you cannot quantify those in cash terms. Another, hopefully, will be—but there are a lot of other things coming in on this one—that one will not have colleges running into financial problems and having to make staff redundant, with the resultant costs. There will be significant savings there. However, it will be difficult to say to what extent that might be influenced by this report, by what the Welsh Office has done in putting the responsibility on us and the governance and management development programme. It will not be possible to parcel out. One, hopefully, will be able to get some figures on savings across the sector as a result of improved procurement practices and energy management. Undoubtedly, quite a lot will be because of this report acting as a catalyst. Not all will be. The energy management illustration I gave you precedes the report and came as a result of our own guidance of 1998. However, hopefully, we will be able to come back—and I guess we will probably need to be looking through the accounts of the next academic year, which is 2000-01—we might possibly come back with interim figures after the accounts for 1999-2000, but this report would not have had a chance to influence that in the full year. Certainly at the end of 2000-01 we could come back with some ideas of savings. What we could not tell you was how many stem from this report and how many stem from the governance and management development programme. The programme I told you about, with the lead institution on procurement, arises out of the governance and management development programme, although no doubt it would be partly influenced by the report. A lot of savings will come from that. Trying to isolate the savings from this report is almost impossible. However, this would be a major

arbedion ariannol tebygol a wneir o ganlyniad i weithredu argymhellion y Swyddfa Archwilio Genedlaethol.

**Yr Athro Andrews:** Gallwn geisio gwneud hynny, Gadeirydd. Fodd bynnag, os maddeuwch imi, mae gennyf rai geiriau o rybudd. Os ydych yn gofyn beth yw manteision yr adroddiad hwn, un ohonynt fydd gwelliannau o ran llywodraethu, gwelliannau o ran rheoli, gwelliannau mewn darpariaeth, ac ni allwch feintoli'r rhain yn nhermau ariannol. Mantais arall, gobeithiaf, fydd—ond mae llawer o bethau eraill yn dod i mewn ar hyn—yw na fydd colegau yn mynd i anawsterau ariannol a gorfod diswyddo staff, gyda'r costau dilynol. Bydd arbedion sylweddol yn hynny o beth. Fodd bynnag, bydd yn anodd dweud i ba raddau y gall yr adroddiad hwn ddylanwadu ar hynny, o ganlyniad i'r hyn y mae'r Swyddfa Gymreig wedi ei wneud drwy roi'r cyfrifoldeb arnom ni a'r rhaglen datblygu llywodraethu a rheoli. Ni fydd modd gwahaniaethu. Gobeithio y bydd hi'n bosibl cael rhai ffigurau ar arbedion ar draws y sector o ganlyniad i wella arferion y broses brynu a rheoli ynni. Yn ddi-os, bydd cryn dipyn yn deillio yn sgîl yr adroddiad hwn yn gweithredu fel catalydd. Ond ni fydd pob un. Mae'r esiampl o reoli ynni a roddais ichi yn rhagflaenu'r adroddiad ac yn dod o ganlyniad i'n harweiniad ni ym 1998. Fodd bynnag, gobeithio y gallwn ddod yn ôl—a thybïaf y bydd angen inni edrych ar gyfrifon y flwyddyn academaidd nesaf sef 2000-01—y gallwn ddod yn ôl gyda ffigurau dros dro o bosibl ar ôl cyfrifon 1999-2000, ond ni fyddai cyfle gan yr adroddiad hwn i ddylanwadu ar hynny yn y flwyddyn gyfan. Yn sicr ar ddiwedd 2000-01, gallwn ddychwelyd â rhyw syniad o arbedion. Yr hyn na allem ei ddweud wrthy ch yw faint fyddai'n deillio o'r adroddiad hwn a faint fyddai'n deillio o'r rhaglen datblygu llywodraethu a rheoli. Mae'r rhaglen a soniais amdani wrthy ch, gyda'r sefydliad arweiniol ar y broses brynu, yn deillio o'r rhaglen datblygu llywodraethu a rheoli, er y byddai wedi ei ddylanwadu'n rhannol gan yr adroddiad hwn yn sicr. Bydd llawer o arbedion yn deillio o hynny. Mae bron yn amhosibl ceisio ynysu'r arbedion oddi wrth yr adroddiad hwn. Fodd bynnag, hwn

catalyst in producing savings in that procurement area.

**Janet Davies:** Thank you very much. The Committee appreciates fully the importance of the further education sector in providing skills, training and progressing towards a better economic base in Wales, as well as the value to people individually of training and education in the further education colleges. On behalf of the Committee, I thank you, Professor Andrews, Mr Shortridge, and your colleagues for your very full and helpful answers. As you will know, a draft transcript will be sent to you so that you can check its factual accuracy before it is published. When the Committee publishes its report eventually, the transcript will be included as an annex. Thank you very much.

fyddai'n prif gatalydd wrth gynhyrchu arbedion yn y maes prynu.

**Janet Davies:** Diolch yn fawr iawn ichi. Mae'r Pwyllgor yn llawn werthfawrogi pwysigrwydd y sector addysg bellach o ran darparu sgiliau, hyfforddiant a datblygu tuag at sylfaen economaidd well i Gymru yn ogystal â'r gwerth i bobl yn unigol o gael hyfforddiant ac addysg yn y colegau addysg bellach. Ar ran y Pwyllgor, diolchaf ichi, Athro Andrews, Mr Shortridge a'ch cydweithwyr am eich atebion llawn a defnyddiol iawn. Fel y gwyddoch, caiff trawsysgrifiad ei anfon atoch fel y gallwch wirio ei gywirdeb ffeithiol cyn iddo gael ei gyhoeddi. Pan gyhoedda'r Pwyllgor ei adroddiad yn y pen draw, caiff y trawsysgrifiad ei gynnwys fel atodiad. Diolch yn fawr iawn.

*Daeth y sesiwn cymryd tystiolaeth i ben am 12.19 p.m.  
The evidence-taking session ended at 12.19 p.m.*