



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

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Iau, 6 Mawrth 2008
Thursday, 6 March 2008**

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Alun Cairns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Mohammad Asghar	Plaid Cymru The Party of Wales
Angela Burns	Ceidwadwyr Cymreig Welsh Conservatives
Alun Davies	Llafur Labour
Ann Jones	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Lynne Neagle	Llafur Labour
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Ann Beynon	Cyfarwyddwr Cymru, BT Wales Director, BT
Edwina Hart	Y Gweinidog dros Iechyd a Gwasanaethau Cymdeithasol The Minister for Health and Social Services
Douglas Johnson-Poensgen	Cyfarwyddwr, Strategaeth a Thrawsffurfio, Gwasanaethau Llywodraeth, Gwasanaethau Byd-eang BT Director, Strategy and Transformation, Government Services, BT Global Services
Thomas Moran	Prif Gynghorwr Polisi, Cyfarwyddiaeth Gwasanaethau Cyhoeddus Principal Policy Advisor, Public Services Directorate
Vanessa Phillips	Pennaeth Cyfrifyddiaeth Gyllidol, Polisi a Rheolaeth, Llywodraeth Cynulliad Cymru Head of Financial Accounting, Policy and Control, Welsh Assembly Government
David Rosser	Cyfarwyddwr, CBI Cymru Director, CBI Wales
Pat Vernon	Pennaeth Cynnwys y Cyhoedd a Chleifion, Llywodraeth Cynulliad Cymru Head of Public and Patient Involvement, Welsh Assembly Government

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

John Grimes	Clerc Clerk
Abigail Phillips	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 1.30 p.m.
The meeting began at 1.30 p.m.*

Ymddiheuriadau a Dirprwyon Apologies and Substitutions

[1] **Alun Cairns:** I call the committee to order and thank Members and the witnesses, whom we will come to in a moment, for their attendance. We have received no apologies and there are no substitutions. I remind Members that the usual Standing Orders apply in relation to mobile phones, language, and all other issues.

1.31 p.m.

Ymchwiliad i Bartneriaethau Cyhoeddus-preifat Inquiry into Public-private Partnerships

[2] **Alun Cairns:** We are grateful to Mr David Rosser and Mr Thomas Moran from the Confederation of British Industry for coming to answer our questions. I also thank them for their paper. Mr Rosser, will you introduce yourself and your colleague, and make a few opening remarks or draw particular attention to some issues from your paper?

[3] **Mr Rosser:** Thank you, Chair. I am David Rosser, the director of the CBI in Wales, and I am accompanied by my colleague, Thomas Moran, who is the CBI's principal policy adviser in our public services directorate, based in London. We are pleased to have the opportunity to address the committee today in its examination of public-private partnerships and private finance initiatives in Wales. We note that the committee has received relatively few responses from operators of PPP and PFI projects in the UK. The CBI represents most companies that are involved in these markets, and we have consulted with those members in the preparation of our response to you.

[4] The CBI has a dedicated team of staff and a group of member companies that are active in working with the UK Government to improve public services and the business involvement therein. The CBI is also active in Business Europe's PPP taskforce—the group of business representative organisations across the European Union countries—in developing international markets for PPP, which are growing significantly. We believe that Wales's relative lack of penetration in terms of usage of PPP and PFI has contributed to a capital and service backlog in public-service infrastructure in Wales, which desperately needs addressing. We hope that the Welsh Assembly Government will take the lead in directly using PPP and PFI, where appropriate, and in encouraging other public authorities in Wales to examine the potential for PPP and PFI in delivering increased and improved public services.

[5] It is important to note that the differing models for PPP have moved on tremendously over the last 10 years or so from the initial PFI projects. There are now models of different types that cater for different kinds of services, and in our evidence we have tried to highlight both the capital-intensive services that PFI has delivered and some of the softer services around social care, where PPP models have developed and are now able to make a real contribution. PPP is excellent in aligning the priorities of public authorities with delivery mechanisms and those who are delivering services, to deliver improved efficiencies and an enhanced quality of services for citizens. We believe strongly that differing PPP models can offer real benefits to public-service users in Wales, but that, if Wales is to make better use of PPP, there needs to be a real public sector commitment to it. It is not a market that one can dip into and dip out of; there needs to be real commitment. We would hope that the committee recommends to the Welsh Assembly Government that it makes such a commitment, that it sets up structures that enable public authorities in Wales to take best

advantage of these markets, that it engages with, and talks to, the PPP industry, and that it uses it where it works. It is a market that requires investment in expertise but that can pay real dividends.

[6] **Alun Cairns:** Thank you, Mr Rosser. You refer in your paper to local improvement finance trusts, and ‘Building Schools for the Future’, as strategic partnership models. Would these be beneficial in overcoming some of the procurement issues that have been highlighted in the past or would these models distance the decision-making processes further from the democratic body establishing it?

[7] **Mr Moran:** The key point about LIFT and BSF, which is a local education partnership model—I will call it LEP—is that there is no one model that is definitely right. In fact, even within the LIFT and LEP models, which have been used in England for new hospitals and schools, big changes have been made in the few years of their existence. You asked whether they would be appropriate for overcoming some of the problems, particularly around procurement. One of the most interesting, and indeed fruitful, elements of the LEP model for ‘Building Schools for the Future’ is that the local authority will be commercially engaged with the commercial consortium, typically made up of private sector companies with perhaps a range of voluntary sector providers involved. That close commitment, where all sides have a commercial and, of course, an outcome, incentive to ensure that it works is already demonstrating a real improvement. With regard to working together in delivering new schools, there is a great deal to look at with that model.

[8] With regard to the democratic side, a big part of the BSF model is that you are consulting really closely with the parents and children who will be directly affected. Just over the border, in Bristol, where the first BSF school has been opened, we are already seeing a real improvement. Children who were being taught in dilapidated, crumbling schools are now being taught in state-of-the-art facilities that the Government is committed to. I have seen it myself, and it is a real improvement and certainly something worth investigating.

[9] **Alun Cairns:** Please tell me about the scale. In paragraph 9 of your paper, you talk about the scale that would be necessary. A great deal of the criticism has focused on the administrative costs of setting up certain PFI or PPP models and the support that is needed. If you are really going to achieve the potential or so-called benefits, a significant scale is required for operating it.

[10] **Mr Moran:** It is hard to draw any hard and fast rules about a certain amount of money or number of organisations that need to be involved, because it will differ from case to case. For example, with a PFI model, a certain amount of money will be required to be involved in delivering a scheme. However, some PPP models, where there are services involved—in our response we mentioned such examples as drug treatment work in south Wales and welfare-to-work models—will, typically, be on a smaller scale, but there will still be public-private involvement on a very different financial scale. So, as I say, it is difficult to draw hard and fast rules on that.

[11] **Alun Ffred Jones:** You refer to the non-profit distribution models that have been developed; one such example in Wales is Glas Cymru. You refer to the fact that the model caps the return on the private sector funding but may dilute risk transfer. Please explain what you mean when you say that it may dilute risk transfer.

[12] **Mr Moran:** I will go on to answer the question specifically, but the issue that we have more generally with risk transfer, which is one of the big aspects of PPP and PFI, is ensuring that the risk is allocated to the most appropriate bodies. Part of that is ensuring transparency. Without commenting specifically on Glas Cymru, the important requirement for a good PFI model is to ensure that all parties are clear where the risks lie, where they need to

work together and where incentives can be aligned so that all parties have a direct interest in ensuring that the delivery, programme or service works as effectively as possible.

1.40 p.m.

[13] **Alun Ffred Jones:** Yes, but one of the advantages of PFI is that the risk is transferred on to the private sector. So, in that sense, why would the NPD model dilute that?

[14] **Mr Moran:** As we have mentioned already, it is not necessarily a matter of the model being better or worse in terms of diluting the responsibility, because there will be different models that are most appropriate for different types of scheme. The CBI has said, throughout, that we are not necessarily wedded to the idea that PFI is the best model. If you look back at the history of this, since 1992, when PFI first came on the scene, there has been quite an evolution through different models, as David mentioned. Each time a new model emerged, I am sure that someone will have said, 'This is absolutely the best model, we cannot see any improvement on it'. We have learned from mistakes and learned lessons from things that have been done well and we have moved on to what we have now. I mentioned the BSF model and LIFT model, which have taken the best aspects and built on those. So, to say that one particular model was best for diluting risk, or whatever else, would probably slightly close down the debate when the whole point is to try to bring in as much innovation and new ideas as possible.

[15] **Alun Ffred Jones:** I take that point. You would still argue, presumably, that one of the advantages of PFI is that an element—or perhaps a very big element—of the risk is transferred to the private sector.

[16] **Mr Rosser:** Yes, we would. Some risks are better transferred to the private sector, while some, particularly around uncertainty of demand, are better left with the commissioner of services. Probably the easiest risk to transfer to the private sector is the initial one of building the infrastructure and delivery on time.

[17] **Alun Ffred Jones:** Experiences of companies such as London Underground have been highlighted, where the risk was initially transferred to the private sector but it fell back immediately to the public sector. All that happens is that a company says that it cannot go on. In that sense, is the risk really transferred or is it merely taken over while it suits the private sector? I am merely asking the question.

[18] **Mr Moran:** The situation of the company that you mention is still ongoing, so I would be weary of talking in any great detail about that.

[19] **Alun Ffred Jones:** We know the result though, do we not?

[20] **Mr Moran:** We do, yes, but we do not know exactly what the consequences will be. The risk allocation is ensuring that the chances of something going wrong are minimised. Some of the potential risks are that projects will not be delivered and that projects might go over budget. Official statistics show that, over a fairly long period, PFI projects are being delivered 80 per cent on time and 80 per cent on budget, whereas non-PFI comparable projects are nearer to 30 per cent. So, you see a firm indication that using PFI models, if done properly, can minimise those kinds of risks and ensure that taxpayers get the value for money that they need.

[21] **Mr Rosser:** The other point that we would like to make is that, while there will undoubtedly be some examples where the model has fallen down, it does not invalidate the model. There are many more examples where the model has worked, where the risk on delivery has been transferred successfully and where outcomes have been improved.

[22] **Alun Davies:** That is an interesting statement. Your argument is that 30 per cent of traditionally procured projects are not delivered on time and to budget, but that 80 per cent of PFI projects are delivered on time and on budget. Surely the real issue is management in the public sector. What we have to do is improve public sector management skills, rather than outsource all of these projects.

[23] **Mr Rosser:** I am all in favour of improving public sector management skills and operating skills.

[24] **Alun Davies:** It is not, in itself, an argument to outsource anything at all, is it?

[25] **Mr Rosser:** We would argue that the private sector is inherently better at those transactional and management skills and that, by aligning the incentives for the private sector with the objectives of the public authority, you are more likely to achieve that. A private sector operator will typically have very real consequences for getting it wrong and incentives and rewards for getting it right. It strikes me that, all too often in the public sector, those consequences and rewards are not in place in the system. We therefore think it much more likely—and the statistics prove it—that the private sector will deliver better against those specified objectives.

[26] **Alun Davies:** I am interested in your remarks that the private sector is inherently better than the public sector at the construction of fixed assets for, let us say, a school or a hospital. You started this presentation and your paper by suggesting that this is largely a matter of horses for courses—in that a particular form of procurement is better than others in some cases—but now you are changing that message by saying that the private sector is inherently better than the public sector.

[27] **Mr Rosser:** In that kind of project management, it probably is.

[28] **Mr Moran:** The other thing to add to that is that, throughout the development of private involvement—and, increasingly, voluntary sector involvement in public services—parts of the public sector are doing things brilliantly, whether for a particular school or a particular way of managing a project; equally, there are companies and voluntary sector bodies doing exactly the same. The corollary to that is that there are areas of fairly bad practice in all sectors. For us, it does not make a great deal of sense for the public sector or any other to shut its eyes to the potential to learn from, and work with, the private and voluntary sectors, because, as David said, the evidence shows that you can get a great deal of innovation and new ideas, and, potentially, real improvements through partnership.

[29] **Alun Davies:** We could go on all afternoon about this. [*Laughter.*]

[30] **Alun Cairns:** I am very conscious of the time because, strictly speaking, we are halfway through our evidence session and we need to use this opportunity. Do you want to pursue any other questions, Alun?

[31] **Alun Davies:** There are things that I want to deal with later in the evidence gathering. Do you want me to deal with them now?

[32] **Alun Cairns:** If you mean question 4 in our notes, then yes.

[33] **Alun Davies:** You say in your written evidence—and you have repeated this afternoon—that public-private partnerships are successful in the delivery of high-quality public services, and that they generate efficiency savings and better outcomes. I understand and appreciate that. We have received evidence to the contrary, of course. Some of that

evidence suggests that commercial confidentiality stifles transparency and accountability. Clearly, a private business, particularly one that is listed on the stock exchange, does not give the same level of accountability in its financial transactions and contractual information as a public sector body would. So, there is a lack of accountability. There is also the softer issue, perhaps, of the public sector and public service ethos. Mr Rosser, in one of your answers, you mentioned the incentives for private sector delivery. There is, in some way, a contradiction between the incentivised approach and the ethos of public service. Certainly, we have been given evidence to show that the private sector delivers in a different way, and that that is sometimes not as good as the public sector's way.

[34] **Alun Cairns:** I will have to stop you there, Alun.

[35] **Mr Rosser:** I will take the second part of that, and my colleague will deal with the transparency question afterwards.

[36] I would strongly refute your suggestion that workers in the private sector have a different service ethos from those in the public sector. Private sector companies succeed only by satisfying their customers consistently. Should they fail to do that consistently, they soon find themselves without any customers.

[37] I query the suggestion that nurses and doctors who work in a BUPA hospital are less committed to their patients than those who work in an NHS hospital. I think it would be odd to think otherwise. Having experienced both, I do not recognise your claim.

[38] Private sector companies will be held to account for delivering the objectives of the contract into which they have entered. Specifying those objectives clearly and well, and rewarding companies for meeting those objectives while penalising them for failing to meet them, which is what well specified PPPs do, should ensure that we get better quality public services. I strongly object to the point about the public service ethos.

1.50 p.m.

[39] **Mr Moran:** To add to that, what we really see is a public service ethos, rather than a public sector ethos. I just mentioned front-line social services and looking after vulnerable children in foster care, and the people who provide those services really care about the job that they do. They do the job, because that is their vocation. That is what they want from life. It is slightly simplistic to separate that into a public sector or different employer and the service being delivered.

[40] On transparency and commercial confidentiality, there are two main points that I wish to make. First, effective contract management between the authority and the company or consortium should be—and this comes back to making sure that PPPs have good contract management—an ongoing process, and there should be steps in place to undertake regular contract reviews to ensure that everything is being delivered. Part of that involves doing a full audit of what is going on and how the service is being delivered by the company.

[41] Secondly, on transparency more generally, and recognising the value but also the liability of PPPs, all the companies that we represent have these risks and assets on their balance sheets—and you mentioned the stock exchange—and they are out there as part of the national and annual accounts. So, for them, it is not a matter of wanting to hide anything, and they would absolutely agree that PFIs and PPPs should be as transparent as possible.

[42] **Joyce Watson:** I want to explore the flexibility of PFI contracts. A criticism of PFI that has arisen during this inquiry refers to the lack of flexibility that it provides, which leads to the perception that the public sector is locked in for the duration of the contract and that

changing needs requiring the renegotiation of the contract terms may result in additional costs.

[43] **Mr Moran:** I will answer that, if I may. One of the overall points is the vital importance of planning effectively before you spend any public money. For example, if a PFI project is to build a hospital or a school, you need to make sure that the hospital or school meets the needs of the community, and that you plan ahead for demographic changes. However, I will go back to the point that I made previously, about the evolution of this model. In addition to the building, PFI contracts, which might typically cover 25 years, as you all know, will include maintenance provision, so that what is built does not slowly fall into disrepair. Modern contracts, or the ones that are around at the moment, have far more flexibility than the kind of things that we saw previously. They will have, as I mentioned, contract breaks to ensure that these things are reviewed, and that there is flexibility in the finance. I do not think that there is a great deal of evidence of massive inflexibility at the moment, because there is an increasingly close liaison. I mentioned the Building Schools for the Future model, under which you work constantly with the local school, local governors and the local authority. That means that you are making sure that the services continue to fit not just with the commercial enterprise, but with the community as a whole.

[44] **Joyce Watson:** In your evidence, you recognise that the public sector comparator has limitations and that it may not be the best tool for assessing value for money in a PFI procurement. You also say that it does not reveal the whole story and does not take into account factors that are more difficult to measure, such as managerial dynamism and the potential for future innovation, and that contracting authorities are now encouraged to apply a broader assessment of value for money. What would the CBI consider to be the best approach to evaluating the value for money of a potential project, prior to procurement?

[45] **Mr Moran:** I will answer that, if I may. The first thing to say about value for money is that it is about more than just money. All parties are now clear that value for money means getting a good-value service, but it also means looking at what that service will be rather than just the pounds and pence that are involved.

[46] On the limits of the public sector comparator, which the UK Treasury has put forward, it is a hypothetical comparator, because the project, whatever it is—let us say a school—has not been built yet. So, you have to model that kind of thing. As we say in our evidence, modelling would suggest that a saving of between 4 and 10 per cent could be made. However, the innovation and dynamism that you mentioned is much harder to measure, and is perhaps impossible. The best way to incentivise that kind of thing, which I think we all agree would benefit the service, is to have the use of alternative methods of provision, whether from the private and voluntary sectors or the public sector. Getting ideas from as many different people and organisations as possible is likely to bring increased value. So, that is a benefit that cannot be included, but which would tell in favour of PFI and similar models.

[47] **Angela Burns:** I shall roll two questions into one now, if I may. You talk at length in your response about the need to have the right environment for PPP to flourish. You also talk a lot about political stability and the will to succeed, and about giving confidence to the sector. What form would you like that to take? How do we make that tangible if we move further along this route? Secondly, would you like to see some kind of overarching body set up to give advice, similar to the bodies that they have in the UK? I know that you mention reinstating the finance advice unit, but would you like it to go further than that? I would like you to deal with the question of political stability and what it is that you are seeking, and which box we should tick to give your members more confidence if we were to move forward.

[48] **Mr Rosser:** The first thing that we would like to see is a clear statement from the

Welsh Assembly Government that it is prepared to consider all models of delivery for public services. The CBI is currently working with the Welsh Local Government Association on just such a clear public commitment from both organisations to explore ways of taking this agenda forward. We would very much like to see the Welsh Assembly Government endorsing that and reinforcing it. While the Assembly Government might make statements that the use of the private sector in the NHS in Wales, for example, is restricted to delivering the health service, such statements send out a powerful message to the PFI and PPP community that there is an objection to dealing with the private sector on principle, which is very unfortunate.

[49] As for tangible actions, some capacity needs to be put in place for the public sector as a whole to engage in this market if it is serious about doing so. Capacity and the quality of procurement is the key to getting this right, so reinstating the PFI unit or some similar such central resource for the public sector in Wales to assist public authorities in Wales in procuring in this area would be a tangible sign that Wales is open for business and wants to take this forward wherever it makes sense.

[50] **Angela Burns:** I would like quickly to come back on that. We have talked about the fact that we might have PPP, PFI and public sector delivery. If we can accept the fact that we can have different methods of achieving our objective, why is it so difficult for industry to accept a statement that says that we do not intend to use PFI in health? We are allowing the finance to be in different formats, so why can we not allow the ways in which we handle our objectives to be in different formats? Why would that cause such unease in the private sector?

[51] **Mr Rosser:** I think that tone is terribly important in this area. The tone of much of the political comment on this area in Wales is quite negative towards private sector involvement. The number of transactions carried out outside the health service is very low, and virtually none of them is done in service directly procured by the Welsh Assembly Government, although some local authorities have more of an open stance on this. That tone is quite important, because a statement saying that you will consider it in other areas, but not doing so is problematic. Companies need to invest in this market, as does the public sector.

2.00 p.m.

[52] **Alun Cairns:** What are the consequences of getting the tone wrong, or what are the benefits of getting the tone right?

[53] **Mr Rosser:** The PPP/PFI market is growing—there is a huge market for it in England and it is developing internationally, and it is why I specifically mentioned that point. There are many opportunities for companies to get involved and seek business. If the message goes out that Wales does not really want to do this, companies will take up the many opportunities elsewhere, and invest their time and energies in developing those markets.

[54] **Alun Ffred Jones:** On that statement, the news has come out recently that many companies have shifted many of the PFI elements to offshore branches of their companies that do not pay UK tax, although the UK pays for the schemes. Do you think that that is unfortunate, or do you approve of it?

[55] **Mr Moran:** The bigger issue is about whether or not companies are moving their commercial activities elsewhere, because what we have seen since 1997, since when there has been a big increase in public investment, is a big increase in the public services market and companies investing and bringing in their experts to deliver that. What we have seen in the past two or three years is an increase in the sense that other places, such as the middle east, Australia, Spain and eastern Europe, are using these types of models. Therefore, companies are potentially wondering whether the UK is their most important market.

[56] **Alun Ffred Jones:** My question was specifically on moving to offshore tax havens such as the Cayman Islands and Jersey, and so on. Do you think that that helps to engender confidence?

[57] **Mr Moran:** I do not have the details of that, so I would not want to comment.

[58] **Mr Rosser:** I do not have the details either.

[59] **Alun Cairns:** The point has been made, but tax legislation is probably beyond the mandate of this committee.

[60] **Alun Ffred Jones:** We were talking about general attitudes towards PFI, were we not?

[61] **Alun Cairns:** I will ask the question in a different way. Are you saying that there is a limited amount of capital out there, and that the wrong tone will mean that there is less opportunity to access that capital? However, if that is the policy decision of the Government, we must accept that.

[62] **Mr Rosser:** Yes, if that is the policy decision of the Government, that is fair enough—it is a democratically-elected Government and business will invest its energies, efforts and time where it thinks that there is a market for it to participate in. If we send out the message that Wales does not want to participate in business, there are opportunities for business—that is the only point, and it is a policy decision for the Welsh Assembly Government.

[63] **Mr Moran:** To add to that, David may have mentioned it earlier, but in terms of the public services industry, investing in these big capital projects or, increasingly, the services that I mentioned earlier in terms of social care, is not the kind of thing that you can turn on and off and expect to be able to put out—for example, an invitation for a specific contract, because these types of companies invest heavily in their people and infrastructure so that they can participate in the UK to deliver these types of services. It takes time to build that up across the UK, as you have seen over the past 10 to 15 years, but we cannot assume that that will always be there, and there must be a continued commitment from all sides to ensure that that is being developed.

[64] **Alun Davies:** It is a fascinating answer, and we could go on all afternoon about this—

[65] **Alun Cairns:** I want a short question. [*Laughter.*]

[66] **Alun Davies:** Mr Rosser, you described the growing and successful international market, and you are absolutely right—your analysis is spot on—but that in itself gives me considerable concerns. You are right to say that it is an enormously growing and successful market, and that there is an enormous profit to be made by a number of different companies, and all of that profit is derived in general from taxpayers or the public sector. My concern is that I want taxpayers' money to be spent well and efficiently, and I have great concerns when companies make such enormous profit at the expense of a taxpayer. That is where there are serious public concerns about this model of procurement.

[67] **Mr Rosser:** I am also a taxpayer and public service user, and my kids go to the local comprehensive school and all the rest of it. What I want is for every public-private partnership or private finance initiative contract that is let to be evaluated in terms of providing best value for money, and that is what happens. If companies, through innovation and efficiency, can make a profit from doing that, I do not have a problem with that as a

taxpayer and service user.

[68] **Alun Davies:** I do not have a problem with that, but I do have a problem with what could be called enormous excess profits.

[69] **Mr Rosser:** There have been some examples with early schemes where, through refinancing and the fact that it was early days and neither party probably had the visibility in terms of where the service and project was going to go, companies made significant losses and others made significant profits. I believe that we have moved on from that. Current project deals are much better at sharing such profits. We are now much better at predicting how schemes will develop over their lives, and mechanisms are now in place to address the concerns that you rightly raise.

[70] **Alun Cairns:** Joyce, is your question on this theme? Otherwise, I will go back to our structure.

[71] **Joyce Watson:** It follows on from an answer that Thomas gave earlier, when we asked about Assembly Government support. It was, rightly, said that the private sector invests heavily in its people to deliver services. I wanted to explore that a little. The public sector has equally invested large sums of money in its people to deliver services for an incredibly long time, and I did not find your answer persuasive. The other side of it is that we are asked to decide that all the investment that we have made year-in, year-out in the public sector to deliver services should be abandoned. I was not clear whether the point that you were trying to make was valid.

[72] **Mr Moran:** I will return the favour, if I may, and ask you to rephrase the question. I am not entirely sure what you mean.

[73] **Joyce Watson:** You gave an answer about the Assembly's long-term commitment to be open to the private sector's investing in the public sector. Part of that answer was that we had to give that commitment to allow the private sector to trade because it invests heavily in its staff, and then would be working perhaps in, not necessarily the public sector, but in public service delivery—

[74] **Alun Cairns:** I think that we have got the point.

[75] **Mr Moran:** I apologise if I was not clear. The point that I was trying to make is that there is clearly value to be gained from seeking out the very best in terms of investing in staff and innovation in the private or public sector, and there is an increasingly blurred line between the private, public and voluntary sector—and I keep saying 'voluntary sector' because, in many cases, that is the term that is used. In many cases, under Transfer of Undertakings (Protection of Employment) Regulations 1981 arrangements, it will be the same people, and that answers the earlier point about the public service ethos. So, it is not about denigrating the investment that has been made in, or by, the public sector in the past; it is about taking the very best of that and looking at what models and ideas there are to ensure that we do not rest on our laurels in thinking that public services are good but that we look at how they can be improved to make them even better.

[76] **Alun Cairns:** Thank you. I want to move on to our structure. Jenny Randerson is next.

[77] **Jenny Randerson:** I am listening to some of this with amazement.

[78] Beyond changing the rhetoric, which I understand is fairly fundamental, and reintroducing the PFI advice unit, can you think of any other general measures that you would

like the Welsh Assembly Government to introduce that would make the whole climate better for you as the private sector in terms of investment in Wales?

2.10 p.m.

[79] **Mr Moran:** Short of the specific things that you have just mentioned, which we put in our response, we would be very keen to see in Wales a more open dialogue about what different delivery models there are. You mentioned some of the non-profit models. We are not particularly hung up on what model is inherently better, because, as I said earlier, there has been a range of different ones, each arguably better than the last, that have happened and progressed and evolved. The open debate that was had across the UK—and across the world—10 to 15 years ago was the starting point for that.

[80] I recognise that that is a slightly vague recommendation, but a general commitment to looking in an open, honest and non-ideological way at what different delivery models and types of service delivery could be used, without shutting off at the outset ways that have proven to be successful in other areas would, arguably, be the most important thing that we would like to see.

[81] **Alun Cairns:** Do you wish to raise your final point, Jenny?

[82] **Jenny Randerson:** Yes. David Rosser referred earlier to the recent memorandum of understanding signed between the CBI and the Welsh Local Government Association. You also referred to the number of projects that have been done with local authorities, compared with the relatively few that have been done with the Welsh Assembly Government. Could you flesh out what that was about? You also said something about ‘some local authorities’; I am interested in your perception of local authorities as a whole. Was this memorandum designed to ensure that all local authorities were empowered to take advantage of PPP, and so on? What was the nature of that memorandum? Is it a case of trying to encourage the WLGA to lead and hope that the Welsh Assembly Government might follow?

[83] **Mr Rosser:** I will clarify one point first. I recall the original report in the *Western Mail* on this. The memorandum has not yet been signed, it is being developed. It was reported as something that had occurred—it has not, but we hope that it will shortly. It is about what my colleague has just referred to—getting out a clear statement and sending out a message that local government in Wales is committed to exploring how the private sector can work with it to help to deliver better services, where appropriate. Every service, and every deal, will have to be looked at on a case-by-case basis.

[84] It is not about committing any individual local authority, it is about the WLGA, we hope, as a representative body, sending out a message that local government as a whole in Wales is open for business. The CBI is not committing any individual companies to do deals, but we know that there are companies out there that want to do that. Therefore, it is a statement from two representative bodies, which, hopefully, sends out a clear message that we have moved on and that we want to work together, where appropriate, to deliver better services. As for individual examples, I would refer you to the WLGA evidence to this committee, which had some helpful and useful examples of good PPP and PFI deals.

[85] **Jenny Randerson:** That original report also said that the Welsh Assembly Government was partner to this memorandum—that appears to be inaccurate as well. However, was the Welsh Assembly Government present at your discussions, and did you get any messages from it?

[86] **Mr Rosser:** You should beware everything that you read in the papers. The report in the *Western Mail* referred to a conference that was run by BT and held in Swansea, at which

Andrew Davies was speaking. However, apart from that, we have had no discussions with the Welsh Assembly Government about our plans to develop this memorandum with the WLGA. I believe that both parties would be delighted if the Welsh Assembly Government felt inclined to sign up to it, and we would very much welcome its endorsement of it.

[87] **Alun Cairns:** I am conscious that we have run over time. I am grateful to you for the responses that you have given to our questions. Are there any other burning issues that you want to mention or draw to our attention?

[88] **Mr Rosser:** No, just that we welcome the fact that the Finance Committee is examining this issue, and we look forward to the open debate in Wales developing this area.

[89] **Alun Cairns:** Thank you, Mr Rosser and Mr Moran, for answering our questions in relation to our evidence session, and, no doubt, we will be using and reflecting on many of the comments that you have made in response to the questions posed.

2.15 p.m.

Ymchwiliad i Bartneriaethau Cyhoeddus-preifat: Tystiolaeth gan BT Inquiry into Public-private Partnerships: Evidence from BT

[90] **Alun Cairns:** We now move on to item 3 on the agenda, to receive evidence from BT. I ask that we now bring the witnesses to the table, so that we can pursue this session. I remind Members to be as succinct as possible, bearing in mind the tight timescales. We do not want to overrun, so if we have tight questions, we will try to press for tight answers as well.

[91] Mrs Beynon and Mr Johnson-Poensgen, thank you both for your written evidence and for agreeing to come to the committee today in order for us to pursue the discussion and our investigation into PPPs and PFI, on the use of private funds in public services. I ask you to make some opening remarks to draw our attention, should you wish to do so, to any particular element of your written evidence, but you can assume that the papers have been read.

[92] **Ms Beynon:** Diolch o galon am y gwahoddiad i ddod yma. Mae'r pwnc dan sylw yn un sy'n agos iawn at ein calonnau ac yn un yr ydym yn edrych ymlaen at gael trafodaeth drylwyr arno. Nid wyf am wneud sylwadau manwl ar y dechrau oherwydd yr ydych wedi derbyn y papur a buasai'n well gennyf neilltuo'r amser ar gyfer cwestiynau. Mae fy nghydweithiwr, Doug, wedi dod yma'n arbennig. Mae gan Doug arbenigedd ym maes strategaeth gwasanaethau cyhoeddus. Ef yw pennaeth strategaeth BT yn nhermau gwasanaethau'r Llywodraeth, dros Brydain gyfan, ac mae hefyd yn gyfrifol am ein hymwneud ni â'r Llywodraeth yn ganolog ac am brynu a gwerthu busnesau o fewn BT. Yr wyf wedi dod â rhywun gyda fi sy'n arbenigwr yn y maes, felly yr wyf yn gobeithio y gwnewch yn fawr o'r cyfle i groesholi Doug yn fanwl iawn, ar yr holl bwnc.

Ms Beynon: Thank you very much for the invitation to appear before you. The subject under discussion is very close to our hearts and is one that we look forward to having a thorough discussion on. I do not want to make detailed comments at the outset because you have received the paper and I would prefer to assign the time to questions. My colleague, Doug, has come here specially. Doug has particular expertise in the field of strategy in public services. He is BT's head of strategy in terms of Government services, for the whole of Britain, and he is also responsible for our dealings with central Government and for buying and selling businesses within BT. I have brought someone with me who is an expert in the field, so I hope that you will make the most of the opportunity to question Doug very closely on this whole issue.

[93] Hoffwn nodi ar y cychwyn mai un peth sy'n drawiadol am y papur yw ein bod wedi methu darganfod enghreifftiau penodol yng Nghymru o gydweithredu yng nghydestun partneriaeth rhwng y sector gyhoeddus a'r sector breifat. Mae hynny, ynddo'i hun, yn ddadlennol. Pe baech yn edrych ar yr hyn sy'n digwydd yn Lloegr, yr Alban ac yng Ngogledd Iwerddon, byddech yn sylwi ar sawl enghraifft—ac yr ydym wedi eu disgrifio yn y papur—o hynny'n digwydd mewn ffordd gymodlon ac adeiladol iawn. Mae'n gwestiwn o fod wedi creu partneriaeth ac ymddiriedaeth rhwng y gwahanol sectorau er mwyn darparu buddiant i'r cyhoedd, sef gwell gwasanaethau. Credaf mai ein nod ni i gyd fyddai sicrhau bod pobl yn derbyn gwell gwasanaeth. Mae manylion yn y papur o ran sut y gellid arbed arian ond, ar ddiwedd y dydd, yr hyn sy'n bwysig yw bod y gwasanaethau'n well ac yn cael eu darparu yn y modd mwyaf addas ar gyfer y dinasyddion sy'n eu derbyn. Mae hynny'n un o'r pethau pwysig. Yr wyf hefyd am nodi ein bod wedi ceisio dod ag enghreifftiau ger eich bron lle y bu arbedion. Maent wedi eu rhestru yn y papur. Mae rhai ohonynt yn ymwneud â BT, ac eraill sydd ddim oherwydd mae cwmnïau eraill sy'n weithredol iawn yn y maes.

[94] Mae hefyd yn bwysig i ni ystyried y ffaith bod y ffordd y darperir gwasanaethau yn effeithio'n uniongyrchol ar y ffordd y mae BT, fel cwmni, yn datblygu ac yn tyfu'i fusnes. O ran sut yr ydym yn tyfu ein busnes ym maes darparu gwasanaethau i'r sector gyhoeddus, mae twf yn digwydd yn yr Alban, yn Lloegr ac yng Ngogledd Iwerddon, ond nid yw'n digwydd yng Nghymru. Felly, yr ydym yn cyflogi llai o bobl yng Nghymru sy'n gweithio ar gytundebau Cymreig. Yr eironi yw ein bod yn cyflogi pobl yng Nghymru, neu bobl sydd wedi eu lleoli yng Nghymru, sy'n arbenigwyr yn y math hwn o waith, ond nid ydynt yn gweithio ar gytundebau Cymreig. Maent yn gweithio ar gytundebau ar gyfer rhannau eraill o'r Deyrnas Gyfunol neu, yn wir, ar gytundebau byd-eang. Mae pobl yng Nghymru, a Chymry ydynt, sy'n gweithio i BT ac sydd yn rhwystredig am nad ydynt yn gallu gweithio ar gytundebau ar gyfer gwasanaethau cyhoeddus Cymru yn yr un modd ag y maent yn gallu ei wneud ar gyfer yr Alban a

At the outset, I would like to note that one thing that is striking about our paper is that we failed to find specific examples in Wales of co-operation in partnership terms between the public and private sectors. That, in itself, is revealing. If you were to look at what is happening in England, Scotland and Northern Ireland, you would see a number of examples—which we have described in the paper—of that happening in a very conciliatory and constructive way. It is a matter of having created partnerships and trust between the various sectors in order to provide better services for the public. I think that all of us would aim to ensure that people received a better service. There are details in the paper about how we can save money, but, at the end of the day, what is important is that the services are better and are provided in the most appropriate way possible for the citizens who use them. That is one of the important issues. I should also note that we have tried to bring forward examples where savings have been made. They are listed in the paper. Some of them involve BT, and others do not because there are other companies that are very active in this area.

It is also important for us to consider the fact that the way in which services are provided directly affects the way in which BT, as a company, develops and grows its business. In terms of how we are developing our business in the area of service provision to the public sector, there is growth in Scotland, England and Northern Ireland, but it is not occurring in Wales. So, we employ fewer people in Wales who are working on Welsh contracts. The irony is that we employ people in Wales, or people who are based in Wales, who are experts in this type of work, but they are not working on Welsh contracts. They are working on contracts for other parts of the United Kingdom or, indeed, on global contracts. There are people in Wales, who are Welsh people, working for BT who themselves are frustrated because they are unable to work on contracts for public services in Wales in the same way as they are able to do for Scotland and Northern Ireland.

Gogledd Iwerddon.

2.20 p.m.

[95] Yr wyf wedi gosod y pwynt hwnnw gerbron gan ei fod yn agos at fy nghalon i. Dyna i gyd yr hoffwn ei ddweud i gychwyn, ac yr wyf yn hapus iawn i ateb eich cwestiynau.

I make that point because it is close to my heart. That is all I would like to say at the outset, and I am very happy to answer your questions.

[96] **Alun Cairns:** Diolch am y cyflwyniad. Joyce Watson sydd â'r cwestiwn cyntaf.

Alun Cairns: Thank you for the presentation. Joyce Watson will ask the first question.

[97] **Joyce Watson:** Could you expand on the innovative flexible models that you mention in your paper?

[98] **Mr Johnson-Poensgen:** I can pull on a number of examples. A good one would be Liverpool Direct, which is a joint venture partnership with Liverpool City Council; a true joint venture was created between BT and the council. The council seconded the staff, BT brought in capital and technology capability, and, between both parties, we worked together to transform the way in which services are delivered in the city of Liverpool.

[99] We are currently looking at ways in which we can develop not-for-profit public sector partnerships with social enterprises to enable them to scale in the delivery of public services. Again, that is another example of doing something beyond the traditional PFI or PPP, on which you have just heard evidence from the CBI.

[100] **Alun Ffred Jones:** Mae'r ffaith nad oes gennyhych enghreifftiau yng Nghymru yn ddiddorol. Pam nad oes enghreifftiau yng Nghymru? A yw'n ymwneud â graddfa? A ydych yn teimlo bod angen cynllun cynhwysfawr arnoch cyn ei fod yn werth i chi fynd i'r afael ag ef? Wrth sôn am y modelau gwahanol sydd wedi datblygu, sut y gwyddoch eich bod yn cynnig gwell gwasanaeth yn y pen draw?

Alun Ffred Jones: The fact that you do not have examples in Wales is interesting. Why are there no examples in Wales? Is it related to scale? Do you feel that you need a comprehensive plan before it is worth your tackling this? In reference to the different models that have developed, how do you know that you provide a better service at the end?

[101] **Ms Beynon:** Mae sawl reswm pam nad yw hyn wedi digwydd. Mae'n bosibl bod resymau ideolegol o ran rhyw fath o ragdybiaeth y bydd trosglwyddo gwaith i'r sector breifat yn tanseilio'r sector gyhoeddus mewn rhyw ffordd. Nid wyf yn deall pam mae hynny'n digwydd, ond dyna un posibilrwydd.

Ms Beynon: There are many reasons why this has not happened. It is possible that there are ideological reasons relating to some sort of assumption that transferring work to the private sector will undermine the public sector in some way. I am not sure why that is the case, but that is one possibility.

[102] Nid yw maint ar ben ei hun yn reswm. Mae'n well i brosiect fod yn weddol ei faint oherwydd mae gwneud cais ar gyfer cytundebau o'r fath yn gostus, felly os yw rhywun yn mynd i'r gost o baratoi ymateb i dendr, mae'n well bod y tendr hwnnw'n un

Size in itself is not a reason. It is better for a project to be quite big because applying for such contracts is costly, therefore, if someone goes to the cost of preparing a response to a tender, then it is better if that tender is significant. This is also related to knowing

weddol fawr. Mae hefyd yn ymwneud â gwybod sut i drefnu a rhedeg tendr o'r fath. Credaf fod angen edrych ar y gallu yn y sector gyhoeddus yng Nghymru i redeg cytundebau o'r fath. Dywedwyd hynny wrthyf gan bobl yn y sector gyhoeddus sy'n poeni am y sgiliau sy'n bodoli yn y sector hwnnw i redeg cytundebau, oherwydd yr hyn sy'n bwysig i'r sector breifat yw bod y cwsmer yn ddeallus ac yn ymwybodol o'r hyn y mae angen ei brynu, a pham a sut.

how to organise and manage such a tender. I think that we need to look at the ability in the public sector in Wales to manage such contracts. That point was made to me by people within the public sector who are concerned about the skills that exist within that sector to manage contracts, because what is important to the private sector is that the customer is intelligent and aware of what they need to purchase, and why and how.

[103] **Alun Ffred Jones:** A ydych yn awgrymu bod y sector gyhoeddus yng Nghymru yn anneallus?

Alun Ffred Jones: Are you suggesting that the public sector in Wales is not intelligent?

[104] **Ms Beynon:** Ddim drwyddi draw, nac ydwyf. Ni fyddwn byth yn dweud y fath beth, ond mae'r gallu i brynu'n ddeallus yn sgil prin ac anodd. Mae'n sgil prin yng Nghymru. Nid wyf yn dweud nad yw'n bodoli, ond mae angen mwy o bobl sydd â'r gallu hwn.

Ms Beynon: Not entirely, no. I would never say such a thing, but the ability to purchase intelligently is a rare and difficult skill. It is a rare skill in Wales. I am not saying that it does not exist, but there is a need for more people who have this ability.

[105] **Mr Johnson-Poensgen:** To pick up on your third question, which was related to whether or not the private sector can better deliver public services, I do not think that that is the case. Increasingly, public services to citizens are delivered by a complex web of public sector bodies, private sector organisations and third sector organisations that have to work together collaboratively to deliver an outcome. Most contracting between the public and private sectors over the last decade or so has focused on improving the efficiency of a public sector body. So, essentially, if you take lean manufacturing and try to re-engineer how a local authority works, efficiency does not necessarily improve the quality of service. I could give you the example of call centres where we all know, from our own experience, that pressing 1 or 2 to access various services might be more efficient for the call centre, but it certainly does not improve the citizen's experience of that service. I do not therefore accept that the private sector's involvement is necessarily better, but we do have a part to play.

[106] **Alun Ffred Jones:** From the examples that you have given, are there any in which you have entered into a cross-border contract with a group of local authorities?

[107] **Mr Johnson-Poensgen:** Yes. We have a number of joint venture partnerships, particularly in England and Scotland. Currently, we have councils in the Suffolk area that are working together to enable that collaboration. They are taking a thematic approach to particular public services and outcomes, and collaborating to contract in order to enable more effective delivery.

[108] **Alun Ffred Jones:** It would be worth getting some information on that.

[109] **Alun Cairns:** Whatever information you can share about those models would be useful.

[110] You have talked about Liverpool, and now you have talked about other local authority areas. Can you tell me about the decision-making process within the public sector that has got to that? Was that driven from the centre—from the Treasury or from the DTI—or was it merely a local authority decision to implement those sorts of changes and to get your

involvement?

[111] **Mr Johnson-Poensgen:** Each case varies slightly, but I think that most of us know the anecdote that goes that real change happens because of unreasonable people. So, it needs a person with a vision. In Liverpool, it was Sir David Henshaw, who took on quite a challenge in trying to transform the city. He had a vision of how a private sector partner could help him achieve that as part of bringing the bits and pieces of the jigsaw puzzle together, and he had the personal commitment and leadership to make it happen. The examples differ, but whoever is setting the contract must believe that the private sector can make a valuable contribution to the overall mix. PFI is different, of course—

[112] **Alun Cairns:** I accept that; that is not an issue. I am trying to work out whether it was a unilateral local authority decision to go down that route, or whether it was prompted by the DTI, a mixture of both, or whether DTI or Treasury permission was required in that regard.

[113] **Mr Johnson-Poensgen:** Almost all the public-private partnerships that we have been involved in were commissioned by local authorities.

[114] **Alun Cairns:** Thank you.

[115] **Joyce Watson:** That brings us on nicely to vision. We know that, more recently, maybe not in Wales, but certainly elsewhere, private sector provision of public services has grown. It has grown principally because of the efficiency savings that the sector can deliver but which public agencies fail to deliver. Leading on from that, we have heard in the course of this inquiry various concerns. I will put some of those concerns to you now and invite you to comment on them.

[116] A concern that is continually brought to our attention is that the private sector may lack understanding and awareness of the requirements and the ethos of the public sector. Following on from that, the needs of the private sector may be met at the expense of public service.

[117] **Mr Johnson-Poensgen:** The first thing to say is that the majority of companies working in the public sector in the UK, such as BT, have very large public sector businesses. In the case of BT, it is a turnover of £2 billion a year. We are in this game for the long haul, and that means that we have to operate in a way that is empathetic to the ethos of the public sector and public services. Increasingly, we are delivering services directly to citizens in some of our joint venture partnerships. I do not believe that private sector is good and public sector is bad. The best partnerships are those in which innovation flows both ways. We have learnt an awful lot from working alongside our public sector clients, and we are now trying to cycle that into improving the commercial models and the nature of the partnerships that we propose to future customers.

[118] **Ms Beynon:** There is another element, in that we are continually in dialogue with Government on issues such as carers in the community and what can be done to support them, because we have a proactive solution in BT. We would share that information with Government. When the flexible working legislation was introduced, we played an active part in the dialogue that helped to frame the legislation.

2.30 p.m.

[119] That demonstrates a public ethos and care for people. So, as a company, it is essential that we have that attitude towards the community, and towards social responsibility, drilled into us. We would hope to impart that into the dialogue with Government—not purely in

terms of commercial relationships, but also in terms of policy relationships, which are active and continuous.

[120] **Alun Cairns:** Alun Davies, your question follows on from that, but we will have to move on shortly. I am conscious that the Minister is waiting outside, and we did not expect her to be coming to this meeting, so we need to press on.

[121] **Alun Davies:** Diolch am eich cyflwyniad, ac am eich tystiolaeth ysgrifenedig. Yr hyn sy'n fy mhoeni wrth ystyried hyn—nid y pwnc hwn yn unig, ond sut yr ydym yn gweithredu'r prosiectau hyn—yw gwerth am arian i drethdalwyr. Dyna sy'n fy ngyrru. O'r hyn yr wyf yn ei glywed, a'r hyn yr wyf yn ei weld, mae llawer o arian trethdalwyr yn cael ei wario ar y prosiectau hyn, ac mae elw yn cael ei wneud, a gallai'r elw hwnnw gael ei ddefnyddio i wella gwasanaethau cyhoeddus. Un mater o bryder i mi yw mai'r ffordd orau, efallai, o gael gwerth am arian i drethdalwyr yw drwy wella rheolaeth yn y sector cyhoeddus.

Alun Davies: Thank you for your presentation and for the written evidence. The concern that I have when we consider this—not just the issue itself, but also the question of how we implement these projects—is value for money for taxpayers. That is what drives me. From what I hear and see, there is a great deal of taxpayers' money going into these projects, and profits are made, and those profits could be used to improve public services. One of my concerns is that perhaps the best way for us to achieve the best value for taxpayers is by improving management in the public sector.

[122] **Ms Beynon:** Un peth allweddol yw sgwrs adeiladol rhwng darparwyr posibl a'r bobl sy'n prynu'r gwasanaeth. Dyna un o'r pethau sydd angen ei wella yng Nghymru: y gallu i gael trafodaeth agored ymlaen llaw, cyn i unrhyw wasanaeth gael ei brynu neu i unrhyw benderfyniad gael ei wneud ynglŷn a pha fath o wasanaeth sy'n cael ei brynu. Bydd hynny, ynddo'i hun, yn sicrhau bod y gwasanaeth sy'n cael ei brynu yn berthnasol, ac yn rhoi gwerth am arian. Nid wyf yn meddwl bod digon o amser yn cael ei dreulio yn trafod hynny ymlaen llaw.

Ms Beynon: One key point is that we must continue the constructive dialogue that is under way between the possible providers and those procuring the service. That is one of the things that needs to be improved in Wales: the ability to have that open dialogue before any service is procured, or before any decision is made regarding what kind of service is procured. That, in itself, will ensure that the service procured is relevant and that it provides value for money. I do not think that enough time is spent in discussing that beforehand.

[123] Ar y cwestiwn ynglŷn ag elw, efallai y byddai Doug am drafod hynny'n benodol.

In terms of the question about profits, perhaps Doug could deal with that.

[124] **Mr Johnson-Poensgen:** There is an element of risk in building either an infrastructure or delivering a service. We have seen some bad examples of super-profits being made from either PFI or public-private partnerships, and your question touches upon that. Whether a risk is retained inside the public sector, or transferred to the private sector, it needs to be well-managed. If the private sector is to take on the risk of delivering infrastructure, for example, there should be some reward for managing that risk well, but the reward should be at an appropriate level, and should depend upon the total cost to the taxpayer being less than it might have been. That is the point of the public sector comparator. Equally, I would expect any responsible private sector organisation to enter willingly into an arrangement that shares out what may be perceived as excess profit, so that, ideally, it can be used as further investment into improving the quality of the service that is being delivered.

[125] **Jenny Randerson:** You have partially answered my first question, which relates to the impression that Wales is closed for business, and I think that your comments have been

fairly damning. However, in your comments, Ann, you mentioned the lack of management skills in the public sector, but, to a certain extent, you build up those skills by actually doing the job. Do you have a solution to that, other than just having to grit our teeth and learn from our mistakes? Is there a particular approach that the public sector could take in order to build up those skills?

[126] **Ms Beynon:** There is a lot of work being done at a UK level in the Office of Government Commerce in terms of honing those skills. There is a continual improvement process ongoing in that organisation, and an understanding that procurement is becoming increasingly complex. Engaging in those debates is important for Wales—we must not shut ourselves off from those core debates, because knowledge is being shared. For example, as experience is gained in different models of partnership working, that will often be shared through the OGC, and the OGC itself is involved in a continual dialogue with industry. It is fundamental that Wales is part of that.

[127] When it comes then to Value Wales, which I suppose is the Welsh equivalent of OGC, then it is important to ensure that that organisation is engaged. I am sure that it is, and I know from discussions that we have had with Martin Sykes that he is engaged; he has come from the OGC. It is about increasing that debate and driving that organisation to ensure that there is an investment in its skills base.

[128] **Mr Johnson-Poensgen:** Potentially, we could take a lesson from the way in which the Ministry of Defence has started to try to improve its procurement. We have all heard anecdotes about overrunning, or very expensive, defence projects, and we are used to the idea of consultants operating on the client side to enable a customer to procure. However, something that I do not see beyond the Ministry of Defence is the use of what they refer to as a ‘customer’s friend’. A private sector organisation could otherwise be bidding for a contract, but, in a particular case, it will not bid for a contract but bring the supply side perspective to the customer’s side of the table. Sometimes, this occurs after the initial shortlisting, when a company has been excluded but has an understanding of the programme and some of the capabilities necessary to deliver it. It will then work with the customer to enable it to find an appropriate balance between its requirements and managing risk and deciding which risks can best be transferred or are best managed on the private or public sector side. I see that as quite an effective way for the public sector to learn how things work on the supply side and, therefore, become a better procurer.

[129] To give one further example, again from the Ministry of Defence, we currently have three very senior military officers on secondment in BT actually running bids in local government. All of them will go on to be senior reporting officers on Ministry of Defence programmes once they have finished their six-month stints. They are realising exactly what it is like on the other side of the fence, and I suspect that they will be far more capable customers as a result.

[130] **Jenny Randerson:** Thank you; that was a fascinating and helpful answer. We have heard reference to BT’s involvement in the conference with local authorities, the WLGA and so on. Did you have a formal part in that?

[131] **Ms Beynon:** I spoke at the conference in January.

[132] **Jenny Randerson:** Are you hoping to be part of this memorandum of understanding?

[133] **Ms Beynon:** From what I understand, it is between the WLGA and the CBI. BT is a member of the CBI, so we would be engaged in that through our membership of the CBI. It was a very constructive debate. I would not believe everything that one reads in the *Western Mail*, because the conference was not particularly about PFI; it was about PPP and different

models and it was about taking the question ‘Is Wales open for business?’ almost as a challenge to everyone in the room to be open about that issue. It was almost a liberating experience. It was a very well attended event and the debate was very robust. We started with a critique of BT, because we thought that we should allow ourselves to be criticised before we criticised anyone else. Out of that has come this discussion, which I welcome, between the CBI and WLGA and other discussions between local authorities and BT and other private sector companies in a very open and constructive way. That is exactly what we need; we all need to talk to each other more and understand each other better so that we deliver better outcomes for our citizens.

[134] **Mr Johnson-Poensgen:** I wish to touch on a point about commercial confidentiality, which was raised before by the CBI in evidence. The supply side is fairly incestuous; we obviously recruit each other’s staff and we partner with each other as often as we compete, so I do not necessarily buy the argument that commercial confidentiality should prevent this sort of joint working. We are all in this game for the long term.

[135] **Ms Beynon:** To go back to the seminars, we invited several private sector companies; we made a point of inviting our own competitors to come along.

[136] **Angela Burns:** You have answered a great deal of my question, which was to ask you what we need to do in order to allow PFI to flourish. In your paper, you end with an exhortation that we must step up to the mark and be bold and brave, and so on. That is excellent, but what tangible things can be done? You mentioned military officers working in BT to help to facilitate PFI bids, but do we need something along the lines of a larger national forum, such as a Welsh version of Partnerships UK? Would that help? I am looking for a couple of really tangible action points to get PFI moving. If we chose to go down that road, what would you like to see?

[137] **Mr Johnson-Poensgen:** The first thing to say is that I draw a very firm distinction between PFI, which is a financing approach to building infrastructure, in particular, that lends itself quite well to construction projects but not necessarily to technology projects, and public-private partnerships, which can also be joint ventures with the public sector and the third sector.

2.40 p.m.

[138] **Angela Burns:** I use PFI—and I meant PFI there—and PPP; I mean the alternative ways of financing public ventures.

[139] **Mr Johnson-Poensgen:** Financing is a part of it, but also the ability to draw on the best of the public, private and third sectors in order to deliver better services to citizens, while also hopefully finding a better way to spend the taxpayers’ pound.

[140] In terms of tangible suggestions, a Partnerships UK method is always a useful capability to have, but beyond that I think that an open dialogue between the public, private and third sectors about particular projects, early in the lifecycle, to examine the ways in which things could be done differently would also be useful. I spoke at a conference last week where I said that the public sector does not ask enough unreasonable questions, forcing the private sector to come forward with innovative ideas about how to try to address that unreasonable question, whether it be a new commercial model or an entirely new approach to the way in which a service could be delivered. The problem with the public sector procurement approach is that it inevitably tries to level the playing field. The problem with levelling the playing field is that someone says, ‘I have an apple; that is the answer to what you need. Here is a banana; that is the answer to what you need’, and what you end up with is fruit salad, which is neither one nor the other. Often, it is a sort of dumbing down to the lowest common denominator so

that you can make a price comparison. One of the principal challenges to the way in which the public sector procures is to enable that innovation to meet an unreasonable demand, to see its way through a lifecycle of procurement. That does not mean to say that it is bad value for money, but it is an intelligent discussion about how to deliver the best improvements in the service for the taxpayer or the citizen.

[141] **Ms Beynon:** The third sector is important as well. There is a huge skills capability in the voluntary sector to deliver some services, which should not be discounted. That is seen in cancer care in the community and intensive one-to-one care for disabled people in the community—a lot of that is best delivered by the voluntary sector.

[142] **Mr Johnson-Poensgen:** We are actively working with some social enterprises to enable them to scale.

[143] **Mohammad Asghar:** I have a few questions to ask. I agree with Alun that there is always an element of profit in private partnership, which has to be utilised, reinvested and grown. However, in this case you are saying, in conclusion, that local government is moving painfully slowly in the public sector in Wales. What policies do you want to see from the Welsh Assembly Government with regard to private sector involvement in the provision of public services and infrastructure? BT is an international firm and you are spending probably—mathematically, I do not know—maybe less than 0.01 per cent in Wales, and you make an annual contribution of £237 million, and you pay more than £1 billion in tax. So, basically, you are not investing in your company in Wales in the way that you should.

[144] **Ms Beynon:** We probably invest more in Wales than we get back.

[145] **Mohammad Asghar:** Yes, but I am talking about other parts of the world, outside of the UK. BT is a British company and you should take care of this part of the world first. What do you want us to do to make you invest here?

[146] **Ms Beynon:** I think that the question is about the tone and the messages being sent out. It is about the willingness to collaborate, to be open for discussion, to embrace new ideas, to talk about new approaches, to think about new models and to have that leadership beaming out and clearly evidenced in debate and discussion and in public statements throughout. I think that there is mood music that has to be there.

[147] In terms of practicalities, I would go back to the point about ensuring that there is an understanding about governance and procurement and that that is embedded and discussed. There are very competent people in Wales who understand all of these things and they need to be engaged with, and there are legal firms and other consultancies that have that expertise to support open dialogue on the way that those processes can be taken forward, so that there is a development of an understanding on how best to proceed. Sometimes people are scared because it is uncharted waters, so the Government needs to provide that chart that allows people to steer through the choppy waters.

[148] **Mr Johnson-Poensgen:** I agree with that.

[149] **Alun Cairns:** Thank you both very much for the evidence that you have given. You have broadened the basis of our inquiry. We have generally looked at the financing of delivery of infrastructure up to this stage, but the shared services that you have spoken about have been enlightening, and I have no doubt that that will inform a significant part of our recommendations to the Welsh Assembly Government, depending on the view of the committee. I am grateful for the time that you have given and for your responses.

2.45 p.m.

Mesur ynghylch Gwneud Iawn am Gamweddau'r GIG
The NHS Redress (Wales) Measure

[150] **Alun Cairns:** We had expected only officials to come for this item, but the Minister for Health and Social Services, Edwina Hart, has kindly rearranged her schedule to be here and to respond to our questions, which I welcome. You will remember that we have not allocated individual questions to Members, so we will try to follow a theme, as per the usual structure.

[151] Minister, in the first instance, I apologise for running late and for keeping you waiting. Thank you for rearranging your diary to be here. We are extremely grateful for that. The NHS Redress (Wales) Measure is the very first of the Assembly's Measures, and, as a result, is the first Measure that we have had to scrutinise. We have been extremely grateful for the responses that you have provided to date, particularly in relation to the tight timescale that existed. We recognise its effect on your office and officials, and we know that you understand its effect on the committee. I ask you to make a few introductory statements, if you are happy to do so, Minister, and to introduce your colleagues for the Record, and then we will follow with questions.

[152] **The Minister for Health and Social Services (Edwina Hart):** Thank you, Alun. Given that this is the first Measure, it has been difficult to get to grips with some of the financial issues around it. There were issues when we looked at the costs in the beginning, but we have started to rectify them in the second look that we have had at the figures, which is important. That is all that I would like to say, apart from introducing Pat Vernon, the official who is taking the legislation through, and Vanessa Phillips from the finance department of my directorate.

[153] **Alun Cairns:** It is now open to Members to ask questions. I will start off, given the lack of response. We accept that the figures that were presented at the outset were not as robust as they could have been, Minister, and we have debated and discussed that in the Chamber. What reassurance can you give us about the robustness of the data that have subsequently been presented?

[154] **Edwina Hart:** When looking at the figures, it is important to note in the first place that not all the figures are attributable to the NHS redress arrangements, and thus the Measure, but they go wider. In the beginning, we sent questionnaires to the national health service about current staffing levels, and the responses indicated that a considerable number of staff is already employed in the areas of complaints, claims and investigations. We felt that it was reasonable to assume that the existing resources could be reorganised to operate any new arrangement. However, more recent work done by the service indicates that there will be a need for more investment in staffing if these arrangements are to be delivered successfully. Having had the opportunity to go back, I now think that we have far more robust figures in front of us today.

[155] The work that we have done acknowledges that there are still considerable differences between the trusts, which is interesting. Looking at the sizes and the mix of the organisations will also be important as we get to grips with them. A particular need has been identified with the trusts, namely that it is important that the person dealing with some of these issues is of sufficient seniority. Someone's position in the food chain, as it were, is sometimes important when dealing with a matter, as they can then ensure that the work is done properly in future. That is an important issue. We also have to look at the skills.

[156] Therefore, we may not need to invest as much as £1.8 million, but I am erring on the

side of caution by keeping it at that figure, as I would not want to underestimate the costs significantly; I would rather overestimate them. That is our honest appraisal of the current position, Chair.

2.50 p.m.

[157] **Alun Cairns:** We are grateful for that. What assurance can you give us that the sample that was based on the Department of Health survey is representative of the Welsh population?

[158] **Edwina Hart:** It was relatively representative, and I do not think that we have any difficulties in that regard; as far as we are concerned, that was okay.

[159] **Jenny Randerson:** I wish to turn to the investigation of the impact on the ombudsman. I seek some clarification. When Scotland adopted a similar system in 2005, it led to a 128 per cent increase in the number of cases referred to the ombudsman. If you applied that to the 191 cases that went to the ombudsman, that would produce a figure of 398, and not 364, which is the figure used in your assumptions. I just wanted some explanation on that.

[160] **Edwina Hart:** The issues around the ombudsman are quite interesting in relation to the NHS Redress (Wales) Measure, because if a lot of cases go to the ombudsman, there might be an impact on his work and on what he needs to do, such as seeking professional advice if he must deal with clinical issues. I think that there is a recognition of those particular issues. So, we are confident that we have taken those points into account in dealing with the ombudsman, but there are wider issues that arise from this legislation regarding what the ombudsman's role should be.

[161] **Jenny Randerson:** I realise, from my other life as a member of the Proposed NHS Redress (Wales) Measure Committee, that there are many uncertainties around this. You have chosen a figure of 100 possible additional cases. On what basis have you chosen that figure? This is more than nit-picking, Minister; I am anxious that we pin down precise figures. I realise that you cannot give us a single figure, but I think that the range of figures should be as accurate as possible. So, I am interested in why the paper states that the ombudsman's broad estimate is that he might see an additional 100 cases annually. Is that his estimate, and did he take the numbers in Scotland into account?

[162] **Edwina Hart:** It was his estimate. We would have to check with him whether he took Scotland into account, but, as far as I am aware, this was a well educated estimate on his part. We took that fully into account when considering the issues. He was the person best able to advise me on what the figure might be.

[163] **Angela Burns:** Thank you for coming to the meeting, Minister. My questions are all about advocacy services to enable people to seek redress from the NHS. I have been working on this in collaboration with other Members in other committees. What is unclear is how many advocacy services will be provided by the community health councils, how they will grow and how they will be funded. In the interim financial report, it was stated that the services could be funded through the amalgamation of CHCs, but that is not on the cards at the moment. I want to know whether you have any good or cast-iron figures on how much advocacy we need, how much more it will cost, and where we will get the money from to support our citizens through the CHCs.

[164] **Edwina Hart:** We have looked at the additional cost of what is required, because advocacy is a key issue in the new arrangements. We think that advocacy requests could increase in the CHC context, and we would look at the budget requirements for that in the

round. There are also issues regarding mediation, which we reckon will cost around £150,000 a year. In very real terms, this is what we have assessed to be the particular costs so far, but, if this Measure is successful and many people are drawn to the service, we might have to revisit how CHCs and others are involved in providing assistance in the long term.

[165] **Angela Burns:** Do you still see the CHCs as being the prime providers of the advocacy services to enable people?

[166] **Edwina Hart:** CHCs currently provide advocacy services, but a range of people provide advocacy services across the piece. It is important that people have an element of choice regarding where they go to get advocacy services, as some will have more specialist requirements. We use many varied services.

[167] **Ann Jones:** I want to ask you about the impact of the NHS Redress (Wales) Measure on the Welsh Health Legal Services. I note that they are likely to be called on more frequently in the earlier stages of the Measure, and certainly while it beds down. There is an initial estimate of an additional 10 to 15 per cent of solicitors' time, equating to an additional cost of approximately £150,000 for each of the two years: a total of £300,000. How robust is that? Will those fees go sky high?

[168] **Edwina Hart:** I think that the figure is fairly robust in light of the advice that we have taken regarding the Measure's impact on the Welsh Health Legal Services. We have discussed it with various representatives, who feel that it is a fairly robust figure in this instance.

[169] **Alun Davies:** This is an entirely different report from the one that we received before Christmas. It appears to contain all the information that we were looking for at that time. In that sense, I am confident that we now have the figures that we need to take this process forward and to report. Are you happy, Minister, that the additional costs outlined here are entirely robust and that you can fulfil them through your budgets?

[170] **Edwina Hart:** I am content with the advice that I have received that suggests that I will be able to contain the costs, and with the robustness of it. However, as Minister, I am reliant on the advice that I have received from the various organisations that have advised me. As I said in response to Jenny's question earlier, I am advised by the ombudsman on these matters, and I have also received advice from other sources on its impact on the Welsh Health Legal Services. From that point of view, we think that we have taken all measures possible to try to get the information that is required to produce this report.

[171] **Alun Cairns:** Does anyone else have a burning issue? I see not. Therefore, I thank you, Minister. As I said at the outset, this is the first Measure, and we are extremely grateful for the full co-operation that we have had from you and your officials. Can you assure us that lessons will be learned from the process? In a perfect world, we would have been considering these data at the outset so that, when we reported to the Measure committee, we could have given a wholly representative feel, and support for the robustness of the figures at that time, because that is what I am sensing from this meeting. I would not expect you to answer for other Ministers, but, within your portfolio, can you assure us that, when future Measures pass through, this committee will have the opportunity to consider and scrutinise the information as we have it now rather than in the form in which it was presented previously?

[172] **Edwina Hart:** I can assure you that I have learned many lessons from the way in which this Measure was introduced, which has not been of our making in the National Assembly. I will endeavour to give much better financial information, if it is available, when the appropriate Measures come forward.

[173] **Alun Cairns:** I thank you, Minister, once again for rearranging your schedule to come to the session, and I apologise for our running late.

[174] **Edwina Hart:** Thank you, Chair.

2.48 p.m.

Blaenraglen Waith y Pwyllgor Cyllid Finance Committee Forward Work Programme

[175] **Alun Cairns:** Are there any comments, questions, or other issues that you would like to raise in relation to the forward work programme?

[176] **Ann Jones:** I would like to make a bid that, in relation to future inquiries, we look at the trunk road programme and at school expenditure across the UK. I know that other Members will have other interests, but I have a particular interest in the A55 and in whether we are serving the travelling public on the A55 in a correct manner. It would also be good to do a comparison of school expenditure across the UK. The Committee on School Funding in the second Assembly undertook work in that sphere. There is still a lot that we need to look at in that regard. So, I would like to make a bid for those two in the next forward work programme.

[177] **Alun Cairns:** I should have said that Lynne Neagle has been called away on other Assembly business, but she has left me a note for this item that concurs with what Ann Jones said, suggesting school expenditure and the trunk road programme.

3.00 p.m.

[178] **Jenny Randerson:** I would be particularly interested in the school expenditure programme. I am fully supportive of the idea of also looking at the trunk road programme, but that programme moves much slower by its nature—a gleam in Ieuan Wyn Jones's eye now will become a reality in 15 years' time. [*Laughter.*] I regret to say that it is true. It is not a criticism—we could go back to the days when Rhodri Morgan had control of it, and I would say the same thing. It is the nature of that type of spending throughout the UK. So, I would like to prioritise school spending, because I think that is where we would get a faster impact from our investigation, but it does not mean that I am not interested in the trunk road programme.

[179] **Alun Cairns:** Alun Ffred, did you have a comment? You raised your pen earlier, and I was not sure whether it was to attract my attention or not.

[180] **Alun Ffred Jones:** Yes. The scope for the Assembly and public bodies' ability to borrow or fund investment also appeals to me.

[181] **Alun Cairns:** Which one is that?

[182] **Alun Ffred Jones:** It is the third from the bottom—'The scope for the Assembly and public bodies in Wales to borrow to fund investment in capital projects.' It may not be a very extensive project, but it would be very useful.

[183] **Angela Burns:** I was also going to make a bid for that one, because I thought that it might be very useful to tag it on after the PFI/PPP inquiry, because it is about finding ways of funding the programmes that we wish to undertake. I also like the idea of a short inquiry into the bureaucracy associated with specific local grants, because slashing bureaucracy is a tangible thing that we can achieve.

[184] **Alun Cairns:** If we are not careful, we will all be in favour of doing them all.

[185] **Angela Burns:** I think that they are all very worthwhile things to undertake.

[186] **Alun Davies:** I agree with the point that has just been made, in that the scope for the Assembly and public bodies in Wales to borrow is something that we should look at, and we can do it within the envelope of the current inquiry, because we are talking about the procurement and operation of public services and public assets. How we fund that is a key part of what we are doing at the moment, so I would like to see this inquiry included in the forward work programme.

[187] **Alun Cairns:** I feel that there is a consensus being formed. I will make a suggestion and then I will bring in Joyce. If there is general consensus around that, is it feasible—and I look to the clerk for guidance, as well as to Members—that we can run the scope for borrowing inquiry as an add-on to what we are currently doing, and even potentially add a section to this report, although it may lengthen it, and take evidence in relation to it, as well as conducting the inquiry into school expenditure across the UK? Would that generally satisfy Members? The budgets are out of the way for a while, which was responsible for delaying this inquiry. The supplementary budget has been passed, and we will not have one for some time. Therefore, we potentially have the opportunity to do this.

[188] **Joyce Watson:** I would be keen to look at that short inquiry, because while local authority grants may be small, they are hugely important to the people who receive them. If bureaucracy is getting in the way of delivery at a local level—and devolution, and devolving things where it makes a difference is what we are about. It is not necessarily a big inquiry for us to do, but it could have a significant impact, and the time is right because you have new local government coming in May, whoever those people may be, to try to influence.

[189] **Alun Cairns:** So, is it feasible that we can add an inquiry into the ability to borrow funds to our existing report as a supplementary report, or whatever it might be? We can also commence the inquiry into school expenditure across the UK, and we can have a quick inquiry into the grants, that could be similar to the foot-and-mouth disease inquiry that we had. It may well be that it needs a fuller, more in-depth inquiry, but at least that would flag up issues that might need addressing. Are we comfortable with that?

[190] **Alun Davies:** I have no objection to any of that. I agree with the points that have been made, but I would not want to lose sight of the gap in higher education spending, because that is going to be a real crisis for us before the end of this Assembly, and we should address it as a priority, probably not during this term but certainly after the summer and next year.

[191] **Alun Cairns:** Okay. That is noted for when we will discuss the forward work programme next time round, but please raise it then as well. Are we happy with the way forward? Do you have what you need? We are almost doing them all now.

[192] **Mr Grimes:** My only concern as clerk is that, on one hand, Members want reports quickly and, on the other, the biggest constraint that I have is Members' time for meetings. We can write reports if Members can take the evidence. I just make that observation.

[193] **Alun Cairns:** We will endeavour to pursue it on the basis that we have suggested.

[194] **Angela Burns:** In the light of that comment, I would like to suggest that we make the scope for European investment a separate report. I like tangible ends, but we could run it as the PFI-PPP inquiry finishes, because we will be in the mindset of thinking about all the ways

in which we can access money to help the Government to deliver. I would hate to see us end up with something that is so long that, months later, we still have not got to the end.

[195] **Alun Cairns:** That point is well made, but I think that much of it will be to do with legal issues in terms of the scope for the Assembly to borrow at this stage, and it may well give rise to how it potentially wants to borrow in the future, which may form a separate report. Alun Ffred, I am conscious that you flagged this up. Are you comfortable with that?

[196] **Alun Ffred Jones:** Sorry, I missed that. You said that you want it done as a separate report.

[197] **Angela Burns:** It could be a separate report or a run-on.

[198] **Alun Cairns:** I suggested that it could be a run-on from what we are doing. A lot of it is potentially to do with legal matters, because it is about where the Assembly stands now, but it may well give rise to issues that need further investigation at a later stage. So, it could be a factual, 'Where are we with that?' report.

[199] **Alun Ffred Jones:** I am comfortable with whichever way you want to do it.

[200] **Jenny Randerson:** It is not entirely about legal matters. Other parts of the UK have had a more flexible approach to funding, with the use of the European Investment Bank, for example, and have also maximised their use of European grants in a way that we have not. I am not talking about the European social fund and the major block; I am talking about some of the smaller pots of European money and so on. We need to do some comparator stuff with other parts of the UK or even with the other one or two small nations in the rest of the EU on this, because, as a nation, we are badly lagging behind in terms of flexibility in the way in which we access public funds, and it is not all down to the Treasury.

[201] **Alun Davies:** There is a level of timeliness with this, because, whatever is happening with the reviews of the Barnett formula and different stuff coming out of the UK Government, our Government and the Government in Scotland, there is going to be a debate on this issue across the United Kingdom in the next political year, after September. The work that we do could make an important contribution to that debate.

[202] **Alun Cairns:** It seems that we have a consensus, which is always good.

3.09 p.m.

Cynnig Trefniadol Procedural Motion

[203] **Alun Cairns:** Our next item is on the supplementary budget report, and it is suggested that we go into private session to consider the report. That is normal practice. Would someone like to propose that?

[204] **Ann Jones:** I propose that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 10.37(vi).

[205] **Alun Cairns:** I see that the committee is in agreement.

Derbyniwyd y cynnig.

[206] *Motion carried.*

Daeth rhan gyhoeddus y cyfarfod i ben am 3.09 p.m.
The public part of the meeting ended at 3.09 p.m.