



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

**Y Pwyllgor Cyllid  
The Finance Committee**

**Dydd Iau, 2 Hydref 2008  
Thursday, 2 October 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 pwyllgor yn bresennol**  
**Committee members in attendance**

Mohammad Asghar	Plaid Cymru The Party of Wales
Nick Bourne	Ceidwadwyr Cymreig Welsh Conservatives
Angela Burns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Alun Davies	Llafur Labour
Chris Franks	Plaid Cymru The Party of Wales
Ann Jones	Llafur Labour
Huw Lewis	Llafur Labour
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

Yr Arglwydd/Lord Dafydd Elis-Thomas	Cadeirydd Comisiwn y Cynulliad Chair of the Assembly Commission
John Griffiths	Llafur (Y Dirprwy Weinidog dros Sgiliau) Labour (Deputy Minister for Skills)
Lynne M. Hamilton	Cyfarwyddwr, Grŵp Gwella Busnes a Buddsoddi Adnoddau, Yr Adran Plant, Addysg, Dysgu Gydol Oes a Sgiliau Director, Business Improvement and Resource Investment Group, the Department for Children, Education, Lifelong Learning and Skills
Mark Leighfield	Pennaeth Llwybrau Dysgu 14-19 Head of 14-19 Learning Pathways
Yr Athro/Professor Brian Morgan	Ysgol Reolaeth Caerdydd, Athrofa Prifysgol Cymru Caerdydd Cardiff School of Management, University of Wales Institute Cardiff
Jeremy Williams	Partner, Hugh James Partner, Hugh James

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

Dianne Bevan	Prif Swyddog Gweithredol Chief Operating Officer
Claire Clancy	Prif Weithredwr a Chlerc y Cynulliad Chief Executive and Clerk to the Assembly
John Grimes	Clerc Clerk
Steven O'Donoghue	Pennaeth Adnoddau'r Cynulliad Head of Assembly Resources

Abigail Phillips

Dirprwy Glerc  
Deputy Clerk

*Dechreuodd y cyfarfod am 1.35 p.m.  
The meeting began at 1.35 p.m.*

### **Ymddiheuriadau a Dirprwyon Apologies and Substitutions**

[1] **Angela Burns:** Welcome to this meeting of the Finance Committee. I extend a warm welcome to you all. I particularly welcome Huw Lewis and Chris Franks, who are new members of the committee; we are delighted to have them with us. Participants are welcome to speak in Welsh or English, and we have translation facilities. I ask you to switch off mobile phones. If there is a fire alarm, the ushers will tell us what to do, and, if necessary, direct us to the fire exits.

[2] I have a few other comments to make. Alun Ffred Jones, who was one of our committee members, has e-mailed to ask me to tell you how much he enjoyed our meetings, and to pass on his thanks to the committee staff for their support and guidance. That is very kind of Alun Ffred to do so.

[3] **Ann Jones:** Chair, can we place on record our thanks to Alun Ffred for his time on the committee, and for putting up with some of us who had tantrums?

[4] **Angela Burns:** Absolutely. We shall miss him, but I am sure that we have a stalwart replacement.

[5] I have one more general comment. We have a packed term ahead of us, because we have the budget coming before us. I thank committee members for your patience, commitment and indulgence in organising extra meetings. I also thank the Chairs of other committees, particularly Helen Mary Jones, Chair of the Children and Young People's Committee, for moving their meetings around to accommodate our extra committees. So, I thank all of you and the other Chairs.

1.36 p.m.

### **Ymchwiliad i Bartneriaethau Cyhoeddus-Preifat: Tystiolaeth gan yr Athro Brian Morgan Inquiry into Public-Private Partnerships: Evidence from Professor Brian Morgan**

[6] **Angela Burns:** I welcome Professor Brian Morgan and Jeremy Williams. We are delighted that you could come; thank you. I ask you to give a brief introduction to your paper and then we will take questions from the rest of the committee.

[7] **Mr Williams:** In terms of timing, our report deals with a number of points that came out in the committee's first report, which we welcome. In summary, our report looks at public-private partnerships in the round. Brian and I wanted to leave you with the message that, in terms of the perception of public-private partnerships and their potential use in public sector projects, they should be looked at as an option and not an obligation. It is, effectively, a tool in the box. That is the overriding point that we want to get across, because it is not the only game in town but it must at least be considered as an option.

[8] We started off looking at the use of PPP in terms of the way in which public investment

is made in England, and giving the percentages about PPP making up 10 to 15 per cent of the investment. We then highlighted the fact that, in Wales, although there has only been a limited use of private finance initiative/PPP, it has not been used to the extent to which it has been used in England and by our Celtic cousins. We see that it is a useful tool in the overall context of procuring public sector projects, but it must be looked at in conjunction with traditional funding, if the public purse has sufficient money. However, it is not appropriate to look at it on the basis that it is simply PFI. The legacy that early PFI schemes seem to have created has discoloured the view of PPP; PFI is only one sub-set of PPP. The early schemes that were implemented, and the associated costs, were exorbitant. The consultants involved in those particular projects were the ones who benefited, and it was entirely disproportionate to the size of the schemes. Given the PFI projects in Wales, and the size of a number of the original projects, they were not of a size to merit the use of PFI.

1.40 p.m.

[9] What we see is that the market has matured during the last 10 years, since PFI was implemented, and public-private relationships are now governed by all sorts of different models. We have tried to highlight a few of them in relation to the sectors in our paper. We have looked at waste management, regeneration, social housing and schools, and we have tried to highlight the myriad of different models used in relation to the different sectors. No one model can be used across each different sector.

[10] On the approach of the Assembly in its next review, in terms of looking at the model, it is probably an analysis that needs to be done sector by sector. In order for you to achieve this, and in order for the lack of investment infrastructure in Wales to be addressed, I think that a permanent strategic investment board will need to be established here. In your report, you usefully referred to the setting up of a unit. There used to be a unit in the Assembly a few years ago, but this is more of a financial partnerships unit, along the lines of what is already established in Scotland, Northern Ireland and Ireland. That sort of permanent body, in effect, will help to create a centre of excellence in the Assembly, which will help in terms of looking at these models and addressing the points that you usefully concluded in relation to your report.

[11] **Angela Burns:** Thank you for that, it is much appreciated. We will now dive straight into questions, because we have a lot of questions to ask you.

[12] **Alun Davies:** Thank you for your paper. I will start at the end and the conclusion that you have reached, which you outlined this afternoon, in terms of a permanent strategic investment voice, with which I would agree. Those committee members who visited Northern Ireland last spring were impressed with how the Northern Irish strategic investment board appeared to be working and how it was set up. How do you see different investment models working? You mention Glas Cymru here, but almost in passing. Do you see Glas Cymru as a good model for us to use in Wales, or would you prefer the more traditional PFI models, where the public sector procures directly from the private sector without getting into a different financial model?

[13] **Mr Williams:** I will pick up on that before Brian comes in. That is why you need a unit that is able to advise in terms of the different sectors and pressures in those sectors. It may well be that, in terms of public finance, money is available for that to be procured in a traditional sense. If not, then you have to look at the particular sector. For example, look at how Scotland, in relation to education, has looked at not-for-profit distributing organisations—in effect, acting as the special-purpose vehicle for the delivery of schools. That is one way forward, but that is appropriate for that sector within that country. We alluded to that in the report on the basis that that model is being utilised successfully in Wales. So, we are not saying that the answer for each sector is to utilise not-for-profit

distributing organisations, but it is definitely an option to be considered.

[14] **Professor Morgan:** The key point here is that the Glas Cymru model worked in that sector for a good reason—it was brought in to purchase existing assets, so it is an ownership mechanism for purchasing existing assets and delivering an existing service in a public-private partnership arrangement where the assets are owned privately, but held in some sort of trust for the public. That is good for using and organising the ownership of existing assets. However, most public-private partnerships are about creating new assets and building new infrastructure and there is much more risk involved in building new infrastructure and developing new services than there is in the Glas Cymru model. So, I do not think that the Glas Cymru model will be replicable across the board. For example, it would not work for British Rail. You could not have gone to British Rail and said, ‘Let’s do a Glas Cymru here’.

[15] **Alun Davies:** Why?

[16] **Professor Morgan:** Because the structure is far too complex. Owning the reservoirs and the pipes and delivering it is one thing but for the railways there is the rolling stock, the stations and so on to consider. It is not at all obvious that it would work in every setting. As I said, it was much more complicated for British Rail, and I do not think that it would work as easily in terms of building assets. So, it is not a panacea.

[17] **Angela Burns:** Alun, is your next question a follow-on question?

[18] **Alun Davies:** Yes, it is. Do you see mutualism as a viable option for the development of these financial models? You talk about housing associations, and your report shows examples. Do you see mutualism as a means by which we can use the markets while maintaining a level of social ownership, if not public ownership?

[19] **Professor Morgan:** The key thing—and, again, Jeremy will come in on this—is who bears the risk. Who is organising the risk management here? Mutualisation, through the Glas Cymru model, is quite an interesting form of ownership but somebody has to bear the risk and, when you are building, constructing and maintaining assets, it is about the sharing of that risk. PPP forces people to identify the risk and then value and cost it and share it in some way. A simple solution that says, ‘Let’s mutually own it’, without identifying who is going to bear the risk at the end does not take us very far.

[20] **Mr Williams:** In terms of mutuality and its relevance to a particular sector, it lends itself to the social housing sector more readily than to other sectors but, again, you are going to have to do an analysis in the round in which you look at the money that is available and the types of models that you will require and investment, perhaps, from the private sector.

[21] **Nick Bourne:** Thank you for the paper and presentation. You have touched on the perception, particularly in Wales, that involvement of the private sector in whatever shape or form is a bad thing. I and many others believe that engaging with the private sector is desirable, so how do we go about changing that perception? It is different from the perception in England and probably even those in Scotland and Ireland. Why is there this horror, almost—although perhaps that is putting it a bit too strongly—of involving the private sector, and how do we alter it?

[22] **Mr Williams:** There is a political issue relating to the politics of Wales but, given the size of the schemes, which may not have been most effectively put together initially—and a lot of costs are incurred in trying to put these schemes together—it is understandable that there has been bad press. The problem that we have is with the word ‘private’ in ‘private finance initiative’ and ‘public-private partnership’. If you called it something totally different, for example ‘financial partnership’, you would probably not get the same sort of resistance.

There is no doubt that the whole area is very complex, but, basically, what you are talking about are relationships between the public and the private sectors. You have traditional public procurement through which, inevitably, you are dealing directly with the private sector. If you wanted to build a particular property, you would obtain an external private sector contractor. There are all sorts of relationships and it is about how you badge it and sell it.

[23] **Nick Bourne:** Why is the situation in Wales different from that in Scotland and Ireland?

[24] **Professor Morgan:** You are right about the perception. We have created that perception because we have done some strange things, such as abolishing the private finance union in 2001-02. Ireland, Northern Ireland and Scotland were trying to develop new ways of approaching this area and we turned our back on it, in a way. So, we did create the perception that the private sector was not welcome to be involved in a lot of these areas in Wales. So, if we go down the route of bringing in a private finance initiative unit or a private finance unit or a strategic investment unit or whatever we want to call it, just creating it will probably not suddenly change the perception of Wales and its welcome of business; we will have to do a lot more, because, for the last six or seven years, we have been going in the wrong direction.

1.50 p.m.

[25] **Joyce Watson:** You said earlier that the model that you use depends upon who takes the risk. The current climate shows clearly who takes the risks when things go wrong. The risks, clearly, come back to Government. If the ships are sinking, somebody has to refloat them, and it seems that, worldwide—it is not about Wales, or even Britain—the only game in town when the ship is sinking is for it to be refloated by the public through Government intervention. That will be at the forefront of people's minds as we enter this debate.

[26] **Mr Williams:** I absolutely agree. We cannot argue against what is going on in America at the moment affecting the global market.

[27] This is obviously a complex issue, but one must ask whether there is sufficient money in the public purse to deliver the capital investment required in Wales over the next few years. The answer to that is probably 'no'. Therefore, how are we to deliver in what is, in effect, a crumbling infrastructure? The only way, quite simply, is to engage with the private sector. That need not be a bad thing, provided that you approach it properly according to the particular sector. It is a complex issue, and risks vary between one sector and another. Take social housing, for example. When you analyse that sector's requirements, you may well find that it is the community mutual model, which the Assembly endorses, that is appropriate. However, for other sectors, that might not be appropriate. For example, it may prove necessary to set up some type of strategic partnership with the private sector to deliver secondary schools within an area because, obviously, the private sector can bring certain skills to bear, and it has the potential to bring in the finance needed to deliver.

[28] **Professor Morgan:** It is about risk, and we knew, coming here today, that saying that risk management expertise is to be found in the private sector would be questioned by a few people. What we would like to emphasise is that it is about explicitly identifying a risk. You cannot always get the answer right, of course, but the trouble is, when you bundle things together in the public sector, the public sector absorbs a huge amount of risk without knowing what that risk is, because it has not been identified in the first place. Quite often, we have huge construction-sector building over-runs because the risk has not been identified and therefore, ultimately, it has just been lumped in with everything else.

[29] The private sector is good at identifying risk, but whether at the end of the day it is just as good at sharing that and financing and pricing it right is another matter.

[30] **Jenny Randerson:** I note that you do not include the health sector among the examples that you give in your paper. Can you give any examples of where you think the health sector has followed a good model of private sector finance use?

[31] **Mr Williams:** You will not be surprised to hear that we did not put health in, and that is obviously on the basis of the contents of the ‘One Wales’ document. We thought that we would try to avoid that. We thought about it, and the strategic partnership arrangements between the public and the private sectors adopted in England, in the form of local investment finance partnerships, have been successful in terms of primary healthcare. That model has been adapted for and adopted by the education sector in England for its Building Schools for the Future programme for secondary schools, which is being implemented at a fair pace. That gives you an example of a type of model that can, in effect, be used not only in the health sector, but in other sectors as well.

[32] **Professor Morgan:** We did not include that example for the reason that Jeremy gave. You are right enough; it is strange that health was singled out as something unique that should not be subject to the rigours of a public-private partnership. Health is integrated into every other sector, such as social services and even housing; it percolates right the way through, and trying to separate it out as something completely different is a fallacy. Therefore, there are tremendous opportunities in the health sector for public-private partnerships. We would be foolish to ignore that, given that our waiting lists are not exactly ones to be championed; we should really be thinking about revisiting that debate.

[33] **Jenny Randerson:** One of your references is to the Scottish Futures Trust. When we went to Scotland, the Scottish Futures Trust was still in an early stage of development. However, as I understand it, it will integrally involve local authorities. Do you have the latest information on whether that model is getting off the ground and is likely to be successful?

[34] **Mr Williams:** The latest information that we have is probably what you have. In effect, it has undergone a consultation process. It seems, politically, that that model will ultimately replace PFI. However, as you can imagine, because it is a new model, and a new way of raising finance, it will take a certain amount of consultation and, effectively, shaping, for it to become reality. Again, that is a model that we in Wales should be looking at, because, in effect, it reflects the not-for-profit organisations being established, which are then able to raise money cheaper than through private finance. It will, in effect, be drawing on the capital markets for debt, bonds, and so on, but it will be very much run on the lines of a not-for-profit model.

[35] **Professor Morgan:** If it is run along those lines, then it will surely fail. The not-for-profit model works under certain circumstances, where there is very little risk involved. Profit, in effect, is defined as the reward for risk taking—you earn a profit for undertaking risk. Therefore, if you think that you can put a model together to build new assets across the Scottish economy, and somehow not put that risk somewhere and get someone to take a reward for that, then it is almost like Sharia law, where you have someone saying that you cannot charge interest. However, there is some sort of sideline, where you pay someone to give you the money—it will be put out under a different name. However, just using the not-for-profit model to build new assets in a risk environment is doomed to fail.

[36] **Mohammad Asghar:** What you say, Professor Morgan, is very interesting. You mentioned risk and profit—when you take more risk, you make more profit. I believe that PPP and PFI are two sides of the same coin, whereby the departments of health, education, transport, and so on, share private money to improve the future prospect of the department, and ease the departmental financial burden. There is an interesting point in your report on an innovative way of using Treasury guarantees to reduce borrowing cost; could you elaborate



on that point to us? You have talked about profit and risk, and in your paper you state that the Treasury is using innovative ideas to reduce borrowing. Could you clarify this?

[37] **Professor Morgan:** They are all complicated areas; it is almost along the same lines as our earlier discussion. Can risk be shared in some way? If the Treasury is prepared to take on some of the risk, and is prepared to give some sort of guarantee against the bonds, so that there is some sharing of the risk, then perhaps the finance side of that PPP project can have a risk share in the part that goes to the Treasury, and the construction and maintenance risk can rightly remain with the developer. There is no reason why all of the risk should be borne by one party; it is about identifying the risk, and sharing it in the best possible way. A Treasury guarantee could give you a reduction in risk for the least possible cost in the finance arena—it is just a sharing.

[38] **Mohammad Asghar:** Can you give an example? You said that it was innovative—what do you mean by that?

[39] **Professor Morgan:** Funnily enough, Glas Cymru comes to mind again. When it was trying to raise those huge amounts of bond issues on the market—

[40] **Mohammad Asghar:** So, you are talking about asking people to put money into bonds, are you?

2.00 p.m.

[41] **Professor Morgan:** The people whom you would be asking are those in the big City institutions who are used to putting together that kind of collateralised debt instrument. Sometimes, they are not put together that successfully, but they are used to putting the instruments together. They can raise the money, billions of pounds, quite easily.

[42] **Mohammad Asghar:** In that case, you are increasing the number of partnerships rather than using one source.

[43] **Professor Morgan:** We are spreading the risk, and using all the partners to bear some of it. It is not a bad way of doing it, really.

[44] **Angela Burns:** Thank you. Are you happy with that, Oscar?

[45] **Mohammad Asghar:** Yes.

[46] **Alun Davies:** I can understand that bonds are very popular at the moment, but we had some ‘colourful’ evidence, let us say, before the summer recess on the issue of risk, and it is fair to say that many people characterised value and risk in the way that you have described as, essentially, a fraud on the public sector. You are paying some businesses vast amounts of money to take on a risk that, in reality, is not that great. Building a school, for example, does not involve a great risk, or should not, and, as a result of that strategy, you have added enormous costs to the public sector. On health, we took evidence on two or three occasions last year about Baglan Moor hospital. We find that a facility worth £60 million has cost the public purse more than £300 million. Do you regard that as value for money?

[47] **Professor Morgan:** That is a nonsense statement, Mr Davies, if you do not mind me saying so, translating £60 million into £300 million. First of all, Baglan was designed as a whole-life project. All Assembly Members like to announce the building of a new hospital in their constituencies, but they do not talk about allocating the maintenance grant to support that hospital for the next 30 years. However, you have to put these things together. Your interesting report, which Jeremy referred to earlier, is very good on this point, arguing that

every project should be whole-life, whether it is financed by the private or the public sector. Every such project should be based on whole-life costs, because, once you have built something, it needs to be maintained. That is why there is very little—

[48] **Alun Davies:** You say that it needs to be maintained, but you could knock it down and start again a dozen times for that price, could you not?

[49] **Nick Bourne:** There are good and bad projects.

[50] **Alun Davies:** Let us ask the witnesses.

[51] **Nick Bourne:** It was not really a valid question; it was a statement about a project.

[52] **Mr Williams:** To answer that point, it may well be that you could, and goodness knows the reasons behind that. However, if you are talking about risk, you are asking the private sector, in effect, to build a facility and not get paid for it until it is operational. Even during the balance of the operational phase, it will be penalised if it is not performing. So, that is the risk. Reference is made to mortgaging the future, and so on, but it is no different from a typical mortgage. In effect, the facility—that is, the money—would not be there were it not for the private sector. The risk of the ongoing cost for the period of the lifecycle lies with the private sector, and that is why it will design the facility appropriately: to make sure that the maintenance costs are as low as possible. Ultimately, if the private sector does not deliver the facility, it will not get paid, and, for the 25 or 30 years of the contract, or however long it is, the private sector will still be on the hook.

[53] The point about the project that you mentioned is that the advice received at the outset in the public sector realm may well have been the wrong advice. We just do not know whether that is down to the consultants providing the advice or what, but the market has matured considerably, and we come back to the point about the importance of the public sector getting the right advice in setting these contracts up, monitoring them, and standardising them. That goes back to Brian's comment that you have actually made those points in your report. It comes back to the creation of a centre of excellence within the Assembly Government, and it should be a permanent body at that.

[54] **Alun Davies:** I appreciate that. The point about Baglan Moor hospital is that, if the companies in the consortia crashed, for example, the risk would return to the local NHS trust. So, the ultimate risk, as my colleague said earlier, rests with the public sector. At the end of the day, notwithstanding any of those issues over the next 30 years, say, if there a failure of that business—and it is difficult to accept any business plan that is for more than 30 years, because of the imponderables towards the end of that period—the ultimate risk still lies with the NHS trust. It would then have to take over the responsibility from that crashed business and pay all the additional costs for the remainder of the contract. So, there is a residual risk that rests with the public sector.

[55] **Professor Morgan:** Sometimes it works and sometimes it does not. For example, when Jarvis Construction went bust, it did not involve the taxpayer in any more cost; it was taken over by another company. Laing went bust and was also taken over by another company. They went bust on projects. You started your statement, Alun, by saying that the risk is minimal, but these are some of the biggest companies in the country going bankrupt because they misjudged the risks of a public-private partnership. However, when they went bust, someone else took them over, and the resulting costs did not end up as liabilities for the taxpayer.

[56] **Alun Davies:** One of the big risks with where we are going is that the major cost of any PPP is that of financing, and raising money from the markets. Broadly speaking, the cheapest

way to raise money from the market is via Government borrowing, so would you not agree or acknowledge that the cheapest and best way to maximise the Welsh pound would be for the Assembly Government—and you mentioned a crumbling infrastructure, although I would not agree with that characterisation of our infrastructure in Wales—to finance those projects itself, assuming that the legal frameworks are in place?

[57] **Mr Williams:** That is why the question about the Scottish trust was raised earlier. That is definitely an option. It may be appropriate for the education sector in the Welsh marketplace, but perhaps not for other sectors. So, it does need to be looked at. The point here is that, even though Wales is slightly behind the game when compared with our Celtic cousins, we can still learn from them, from how their projects have gone, and develop best practice from that.

[58] **Professor Morgan:** That is similar to Mohammad's point about the Treasury guarantee. If you feel that the Government has something huge to offer in reducing the cost of finance, bring in Treasury guarantees in some of these areas.

[59] **Angela Burns:** Thank you. I want to move on because I am very conscious of the time.

[60] **Nick Bourne:** As our report recognises, there is appropriate and inappropriate use of private sector funding, which I fully accept. You mentioned our Celtic cousins, and I am sure that the points were well made, but I wonder whether there is any other country that we should be looking to, in the Commonwealth, Europe or wherever, for experience that may be valid here?

[61] I will also sneak in a supplementary question on the Strategic Capital Investment Board, if I may. It is a good idea, provided you get the right people. I suspect that we do not want it to be stuffed with people of a civil-service mentality, who will not understand these issues. How do we go about getting that right and embedding it so that it remains accepted that that is the way forward?

[62] **Mr Williams:** We would probably learn from our Celtic cousins. The strategic investment board has been set up with a budget to recruit people who have expertise in procurement, construction, financing and operational issues. So, you would have a broad spread of expertise there, with a budget to engage people as needs be in relation to their particular areas of expertise. I do not think that you have to reinvent the wheel in that sense.

[63] On your first point, there are many countries that we could learn from, particularly in Europe, but England has exported the private finance initiative as a concept to a number of European countries, which have adapted it to their own economies. It will not always be suitable, because there are different pressures in different countries, and there is no real magic to it.

[64] **Professor Morgan:** The Scandinavians have really taken this on board. Given their existing large public sector, they have been looking at ways of bringing in more private sector expertise. They have made a lot of very innovative use of it, particularly in regeneration.

[65] **Mohammad Asghar:** These PFI and PPP schemes actually mean sharing and borrowing to invest in the public sector. In the present climate of the credit crunch, France is now asking for €300 billion from the European Investment Bank. However, Wales is a minor state in Europe. What do you think the future holds for the construction industry? I think that it is a bit bleak at the moment, particularly for PPP and PFI projects.

2.10 p.m.

[66] **Mr Williams:** Coming from a construction background, my view is that it is essential that we use this time not to run away from opportunities but to embrace them and move forward. The market will not stay the same; it will move forwards. There is no doubt that there is a real need for that infrastructure and investment in Wales. I come back to the point about the public purse. In effect, what I would like to see—and what is—happening in Wales is a national development plan that embraces the responsibilities of each and every Government department. Then, you would have that centre of excellence that would help each department to deliver the investment plans for those sectors.

[67] **Angela Burns:** May I just follow up on Oscar's point? Given the macroeconomic situation, do you think that there is a case to be made for us to help to alleviate some of the effects of this economic downturn by going forward with public spending as a method of keeping construction workers and workers in all the support industries employed, as the private sector has essentially shut up shop at present?

[68] **Professor Morgan:** Absolutely. That is a good point, Chair. The whole point of public works and public sector investment was to be counter-cyclical—to invest at different times in the cycle to reduce the amplitude of the cycle and stabilise the economy. However, it became the case that the public sector would invest during the whole cycle and would probably, to some extent, add to the amplitude of the cycle rather than reducing it, which is what it set out to do originally. This point in the cycle is almost classically made for public sector intervention or public sector construction, which would address your point very well. However, at the moment, the private sector will not be involved. We were just down in Cardiff bay and saw that lots of private sector construction has stopped, so it is an ideal time for the public sector to move ahead with construction projects. The construction industry has suffered in the past from boom and bust, so now is the time to use some of the spare capacity to even it out. That is a good idea.

[69] **Mr Williams:** I think that identifying that you have a plan to move forward will increase confidence in the private sector. It will know exactly what potential projects are going to come on-stream during the next three years, 10 years or whatever it may be, and that will help to improve competitiveness within the public and private sector and, invariably, will increase confidence. Ultimately, it will provide you with value for money.

[70] **Joyce Watson:** I am interested to hear the Keynesian view of spending your way out of trouble coming from the Conservative party. Putting that aside, according to very recent research, Cardiff is third when it comes to having the confidence of the City. Whether we have confidence in the City is another matter, but Cardiff has the confidence of the City. I think that London and Manchester came first and second, and Cardiff came third. If it is the case that the City is confident that we are ready to be invested in—and let us move away from the phrase 'to do business with'—surely that is good news.

[71] I also want to say that I am not entirely against bringing in some private finance to assist public funding, but we have to make a clear case about that element of risk. I think that people have a particular nervousness—now more than ever before—about where that risk truly lies. The rub of this, for all of us, is that the public should not be conned, which is what Alun alluded to earlier, into taking too much of that risk, which is not real. Once we can break that kernel, people can start having the real debate.

[72] **Professor Morgan:** That is well put. However, until you begin to dissect, identify and apportion the risk, that is, attempt to cost it, you will end up with a risk that no-one wants to bear, at the end of the day, and it will end up in the public sector. We will all be the worse for that, because a great deal of risk in the public sector means that we will go on failing to meet targets with build or maintenance. You must apportion that risk, but you are right that it is no good apportioning it in such a way that people make massive profits from it. You do not want

fixed long-term contracts, where, if you try to change a small amount, you are hit with huge penalties. You must have the flexible form of finance to which Jeremy alluded.

[73] **Angela Burns:** Thank you, Professor Morgan and Mr Williams. With regret, I must draw this session to a close, because we have other witnesses in a packed timetable. It has been very interesting to talk to you. As you know, the committee will now take a second look at this whole area, and we would like to come out with our view on the definitive models, if there are any, that we would like the Government to take a view on. We may come back to you at that point, if that would be all right. Thank you for your time.

[74] **Joyce Watson:** Can you hear that sound?

[75] **Angela Burns:** Yes we can; we think that it is coming from outside, but we are not sure about that.

[76] **Chris Franks:** It sounded electronic.

[77] **Angela Burns:** We will have a three-minute break, because I am not sure whether our next witnesses are ready yet. Feel free to grab a cup of coffee.

*Gohiriwyd y cyfarfod rhwng 2.17 p.m. a 2.20 p.m.  
The meeting adjourned between 2.17 p.m. and 2.20 p.m.*

**Ystyried Goblygiadau Ariannol y Mesur Arfaethedig ynghylch Dysgu a Sgiliau  
(Cymru)**

**Consideration of the Financial Implications of the Proposed Learning and Skills  
(Wales) Measure**

[78] **Angela Burns:** Good afternoon. I welcome our witnesses to today's session. I ask you to introduce yourselves for the Record.

[79] **Y Dirprwy Weinidog dros Sgiliau (John Griffiths):** Diolch, Gadeirydd. **The Deputy Minister for Skills (John Griffiths):** Thank you, Chair.

[80] I am John Griffiths, the Deputy Minister for Skills.

[81] **Mr Leighfield:** I am Mark Leighfield, head of 14-19 learning pathways.

[82] **Ms Hamilton:** I am Lynne Hamilton, director of business improvement and resource investment in the Department for Children, Education, Lifelong Learning and Skills.

[83] **Angela Burns:** Thank you very much indeed, Minister, for your paper and the information you have given us. It has been a fair amount for us to take on and we have a raft of questions. If you will forgive me, because time is short, we would like to start with the questions and then you can fill us in as issues arise.

[84] **John Griffiths:** Okay.

[85] **Angela Burns:** Jenny, would you like to start with your question?

[86] **Jenny Randerson:** I will start with what I see as a bit of a contradiction in the paperwork that has been supplied. The financial impact assessment says that the proposed Measure will require the allocation of £32.5 million annually until the full implementation in 2012. This suggests that the current level of funding for the 14-19 learning pathways will

continue as it currently stands, at £32.5 million. However, the paper that you have submitted as written evidence refers to the additional funds allocated for 14-19 learning pathways. So, for clarity, can you explain whether you intend the implementation of the proposed Measure to cost no more than the current £32.5 million, or whether additional funds will be allocated?

[87] **John Griffiths:** Yes, I can give you absolute clarity on that, Jenny. The £32.5 million is the total additional funding. The reference to additional funding in that paper is to the £32.5 million.

[88] **Jenny Randerson:** I will then press you on whether that is realistic. I ask that in light of the experience we had with the foundation phase and in light of other references in the paper about the additional costs of collaboration and co-operation, for example.

[89] **John Griffiths:** I believe that the money is sufficient. It is pump-priming money; it is a catalyst for change. There is the much bigger general envelope of funding for 14 to 19-year-olds in Wales, but this money has been very effective to date in taking forward the sort of change that we want to see. We are confident that it will continue to effect that change. Indeed, once the system that we want to see is up and running, extending choice and providing many more options for our young people, including many more vocational options, the co-operation and collaboration that underpins that—which will be required to make it happen—will involve much better use of that much larger envelope of existing funding.

[90] **Jenny Randerson:** Your paperwork also talks about the more effective allocation of resources; how are you planning to ensure that resources are more effectively allocated and more efficiently used? Can we have some specific examples of how you will fund something that is innately more expensive—because co-operation costs money and vocational courses are, in general, more expensive to deliver? In addition, you have tremendous ambition to bring more young people into education post-16. Those are often people who need more intensive education and development in order to ensure that they stay there. That all costs extra money. Obviously, it will have to come from somewhere, and we would like to know where it will come from.

[91] **John Griffiths:** In terms of this cohort—14 to 19-year-olds—the projected population will decline as evidenced in the paper that we have provided for the committee. At the same time, we expect participation to increase, although the population within 14 to 19-year-olds will decline, because we believe that the offer will be much more attractive to young people as we are extending choice and support within the system. We have allowed for that expected increase in participation in the assumptions that we have made, as evidenced in the paperwork. Therefore, we are quite confident that the necessary homework has been done to ensure affordability for the proposed Measure and that the necessary assumptions are built in.

[92] When it comes to the allocation of resources, the £32.5 million will continue to go to the 22 networks that have been effective across Wales in taking this agenda forward. We require them to detail how they will spend their allocations in a plan that must be approved by the Welsh Assembly Government. Therefore, there is Welsh Assembly Government control over the allocation. To date, it has been very positive in terms of the partnerships addressing the agenda and taking the agenda forward. We believe that those partnerships and networks that, over several years, have been built and proved effective will continue to be so as we roll this out.

[93] **Jenny Randerson:** Therefore, do I understand you correctly, Minister, that basically you think that you will save money because there are fewer young people coming through, which will offset the increase in the participation rate to a certain extent? So it is purely an issue of demographic factors?

[94] **John Griffiths:** It is to a certain extent. However, we still expect participation to increase, and that is built in to the funding.

[95] **Jenny Randerson:** Okay. Can I move on to another issue, Chair?

[96] **Angela Burns:** I will allow Ann to ask a quick supplementary question first.

[97] **Jenny Randerson:** I am sorry.

[98] **Ann Jones:** To follow on from what you were saying about the 22 networks working together, I assume that those are based roughly on the 22 local authority areas. What provision is there for cross-border provision of training, particularly for those living in, for example, Saltney, Flintshire, who would look to a Chester college rather than travelling 40 miles west to stay in Wales? Are there any opportunities for those cross-border issues to be considered?

[99] **John Griffiths:** We are very keen to be flexible and to go with the grain with regard to local circumstances. It will be quite possible for local options menus, including providing the choice that is required, to operate across local authority borders. I will ask Mark to comment on further cross-border arrangements, as far as north-east Wales and north-west England are concerned, and any other similar positions across Wales.

[100] **Mr Leighfield:** The main thrust of the policy is to ensure that learners have access to the options that we are proposing in terms of the minimum entitlement wherever they are in Wales and covered by the proposed Measure. Therefore, within the proposed Measure itself, there is the opportunity for cross-border collaboration, and we have had examples of where that has occurred across Wales. Basically, it involves, on occasions, institutions looking to purchase provision from other providers, and they are in a position where they might be able to do that.

[101] **Ann Jones:** Will a pupil have the choice to do that? If the pupil decides that he or she wants to go to a college close to the border and the authority suggests that something similar could be done elsewhere, is that pupil choice still there?

[102] **Mr Leighfield:** The local authority would be required to form a local curriculum; the young person would have the right to elect to study a particular programme from the curriculum that was actually on offer. It may include provision that is offered outside of that particular authority area.

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

2.30 p.m.

[104] **Jenny Randerson:** If I can take you back to the issue of co-operation, which I touched on earlier, the explanatory memorandum refers to that duty and it states that there will be no direct costs associated with co-operation, because the networks currently receive the funding. The paper that you submitted as written evidence recognises that there are costs to co-operation. Can you clarify whether you think that there will or will not be costs, and what those costs are?

[105] **John Griffiths:** On direct costs to learning providers, we say that there will not be any direct costs to those providers, such as FE colleges, because they already have staff to plan the curriculum and do the timetabling. The networks, which have a major role in this area, often do not have that expertise or capacity, so we fund the networks to the tune of £75,000 per network to take forward co-operation and collaboration. Typically, it would be one

postholder in the local authority, or possibly a number of postholders with some responsibility for working-up that co-operation and collaboration, coming to the cost of £75,000.

[106] **Joyce Watson:** My question follows on from that. I thank you for the paper and the supporting documents, which have been more than useful. On the issue of collaboration, I want to explore the idea that there are concerns about how you plan to promote collaboration when the current funding methodology could encourage competition.

[107] **John Griffiths:** One of the reasons for the difference in funding is that post-16 funding is for learner activity—it is not purely done on the numbers. That is because there is a great variety in the volume of learning undertaken by the 16-plus cohort—they may do very little or they may do considerably more. Fourteen to 16-year-olds within compulsory school ages follow the national curriculum, which is much more predictable. That is why there is a difference in the funding mechanisms. I am aware that there is a feeling that the funding of post-16 learner activity fuels competition between different colleges and schools.

[108] The Measure, in requiring providers to meet the minimum entitlement of the number of options, will drive co-operation and collaboration, because no institution will be able to provide those choices on its own. There will have to be a coming together. There are also duties in the Measure to ensure co-operation and collaboration outside of providing the minimum entitlement. So, when we look at the totality of the situation, we can be confident that that co-operation and collaboration will take place.

[109] **Joyce Watson:** The reference to reconfiguration says:

[110] ‘This expenditure has been designed to produce the catalyst that will promote reconfiguration of the full envelope of funding for 14-19 year olds so that it more effectively meets the needs of learners in the 21st century’.

[111] Should the reference to reconfiguration be taken to suggest that there may be a plan to modify the current funding methodologies? If so, how?

[112] **John Griffiths:** Reconfiguration in that context refers to what I mentioned earlier, namely making much better use of existing public money, scarce resource as it obviously is. So, it is about reconfiguration in that sense. It is not about changing the funding formula, but about ending the duplication, which we know is part of the current system, and about ensuring that, in extending choice, we also have economies of scale.

[113] **Joyce Watson:** The paper submitted in evidence, as written, has suggested that the implementation of the Measure will lead to increased post-16 participation, to which you have already alluded. If we have that anticipated increase in participation—I think that Jenny has already asked this, but I will ask it again—will it offset any potential cost savings due to the projected decline in population? I think that you have already answered that.

[114] **Angela Burns:** Okay. Nick, you wanted to come in.

[115] **Nick Bourne:** Just to clarify, the £75,000 that you referred to, which will go to the existing networks, will continue on the same basis or at the same level. I know that some local authorities would suggest that they have a disproportionate amount of work, because they are larger, and although some of the costs are standard, some are not. Is giving that standard amount, rather than any variation, sensible? Are you satisfied that it is sufficient to meet the current costs that they have in administering the process?

[116] **John Griffiths:** I am confident that it is a sufficient amount of money to meet the ongoing costs of co-operation, because that has been our experience to date. Co-operation,



widening of choice and the coming together of providers has taken place across Wales in the way that we have wanted and at the pace that we have expected. Local Department for Children, Education, Lifelong Learning and Skills offices have been working closely with the local networks and driving the agenda. So, I am confident that that sum of money is adequate.

[117] On the size of local authorities, as you said Nick, many of the costs are fixed, regardless of size, and we would not want to differentiate between local authorities because of that situation.

[118] **Nick Bourne:** The explanatory memorandum also refers to expected savings on those who are not currently in education, employment or training as a result of their going into education, which is welcome in financial and individual terms as well as in terms of benefit to society. Has there been any attempt to calculate that? Given the complications of the Barnett formula and that much of that saving is probably centralised Government spending, can we expect a clawback from this? Has there been any discussion of that in Westminster, because, in a sense, it is using devolved money to save on a non-devolved budget?

[119] **John Griffiths:** This is tricky territory. I have heard figures mentioned in terms of lifetime costs if someone has been unemployed and has led an unproductive life and has not had the necessary education and training. It is a huge drain on the public purse. I have seen a figure, factoring in issues such as crime, anti-social behaviour, community disruption and so on. I cannot remember the figure, but it was a big one. I do not know if Mark or Lynne are aware of any work that has been undertaken on this matter; I am certainly not aware of any.

[120] **Mr Leighfield:** No.

[121] **Nick Bourne:** It might be worth pressing the point with the Minister for Finance and Public Service Delivery. We would have a card to play with the Treasury, in terms of trying to draw down some money from Westminster, if we are making a saving on its budget and we are confident that that is happening. I think that we should argue that case.

2.40 p.m.

[122] I have one last point. Again in the explanatory memorandum, there is reference to £10.5 million being set aside for widening choice and associated activities, which I am sure we would all strongly support. Is that additional to the £32.5 million? It probably is and it probably comes out of that, but it is a transitional amount. How long will it be transitional for? How many years is it going to be paid for? How are we able to accommodate it for some years and then suddenly there is £10.5 million extra swirling around in the system? It may not be swirling around, but you know what I mean. How is it that we are able to build that into the £32.5 million for a few years and then suddenly it is not needed? Where does the money go?

[123] **John Griffiths:** As you said, Nick, it is included in the £32.5 million, which continues until 2012. Thereafter, it would be mainstreamed. That funding would go into the revenue support grant and the allocations to FE colleges in the normal way. It is part of bedding in the system and, once the system is fully up and running, we will expect it to continue as a matter of course, in the normal way that Government conducts itself.

[124] **Angela Burns:** Are you happy with that, Nick?

[125] **Nick Bourne:** Yes.

[126] **Mohammad Asghar:** The explanatory memorandum mentions learning coach support. There will be costs associated with the development of the learning coach function—training

and development. Those are currently met from the £20.6 million expenditure budget of the specific grant for 14 to 19 learning pathways. The paper submitted shows that the costs associated with learning coaches will decline over time. However, given that participation rates are predicted to rise, as stated earlier, there might be an increased requirement for learning coaches over time. Would the quoted £20.6 million revenue budget have sufficient funding to cover that increase, and have the increased participation rates been taken into account when assessing the cost of learning coaches?

[127] **John Griffiths:** It is important to make it clear that we are talking about a learning coach function rather than a learning coach as an individual. It is a function of support, advice and assistance. It is not always a matter of recruiting an individual to do the job and, where an individual does it, he or she is usually an existing teacher or lecturer who is tasked with that function. So, it is a matter of providing training and professional development for those individuals, and it is not a matter of recruiting a large number of new people, which is a misconception sometimes found in the public realm and in the media. Putting it in that light gives affordability a different context. We have already trained several hundred learning coaches who are operating in our schools and colleges. Once we get the number of learning coaches that we think we need, the need to train new people will recede. We have factored the expected increase in participation into the figures in the papers.

[128] **Angela Burns:** Thank you, Deputy Minister. I am cognisant of the time, but we have many more questions to ask you. Would you be able to stay for a few more moments to take at least a few of them?

[129] **John Griffiths:** Of course.

[130] **Angela Burns:** We also have other witnesses to come in. Alun, could you address some of the written evidence?

[131] **Alun Davies:** This committee, in many ways, bears the scars of the inquiry into the foundation phase. We found that process of identifying how DCELLS had costed that programme and how it was to be introduced quite difficult. Can you reassure us that the financial information that you are presenting this afternoon is robust?

[132] **John Griffiths:** I can give the committee that assurance. A lot of work has gone into the assumptions, projections and figures that are in the papers, which you have been able to peruse and examine. It is based on experience over several years. When I first became an Assembly Member in 1999, like others here, there was education and training action plan and the education and training action group, and Peter Hain had been taking this agenda forward in terms of widening choice, co-operation and collaboration, and tackling duplication in provision for 14 to 19-year-olds. Since then, we have seen a lot of progress with the networks right across Wales taking the agenda forward. So, there is a lot of experience to draw on in terms of costs and expenditure. It is not removed from reality in our assumptions and projections; it is based on actual experience and rolling out across Wales.

[133] **Angela Burns:** I reconfirm the importance of Alun's question. We found before real confusion about and misunderstanding of how the systems operated from those within Government to those out in the field. We would also like an assurance that the source of your information is correct and timely. Again, with the foundation phase, there was a real problem that some of the information being fed into the system was out of date or in bits. We want to ensure that, going forward, this Measure, which is very good, has the funding for it to be carried out.

[134] **John Griffiths:** I appreciate that concern and the role of the committee. As I said, the projections and the assumptions are based on on-the-ground experience, and they draw on the

partnerships built within the networks. All the key stakeholders and all the key players—the providers, the local authorities, the FE colleges, the voluntary sector and private companies—have had an input into the exercise that has produced these figures, as well as having a key role in rolling it out and in creating the experience that we have drawn on.

[135] **Angela Burns:** I see that you have a question, Jenny. Is it a supplementary to Alun's?

[136] **Jenny Randerson:** No. It very much follows on from your question.

[137] So that we have absolute clarification, in the case of the foundation phase, we discovered that DCELLS did not have the required information back from local authorities as it had anticipated, and therefore projections were far from perfect. From what you say, Minister, are you giving an absolute guarantee that all the FE colleges and all the local authorities have provided the information required to feed into your figures?

[138] **John Griffiths:** We are quite confident, Jenny, that the partnership, built up over several years between the local networks—which in themselves are partnerships between key stakeholders—and our local area offices, working very closely together and with a constant exchange between the two, has provided us, through history and experience, with all the information necessary to put accurate and realistic figures and projections together.

[139] **Alun Davies:** Following on from that, you provided us with some additional financial information for this meeting, which goes beyond that which was provided originally. My concern is that that suggests to me that this is very much work in hand rather than being built on the experiences as you have outlined them this afternoon. To what extent do you have the information upon which you were able to make these judgments? If the financial information that we have been provided with for this meeting goes beyond that which you have provided to the Assembly for its broader consideration of this Measure, you can assure us that this is not work that is continuing, but work that has been completed and tested.

[140] **John Griffiths:** I think that I can offer you that assurance, Alun, because, initially, we did put together information and statistics that I am confident provide this committee with the assurance that it needs about affordability. We were keen to provide wider information to the committee, however, for the committee's own understanding of the context of what we are taking forward with the Measure.

2.50 p.m.

[141] **Alun Davies:** Again, bearing the scars of the foundation phase, one of the difficulties that we found with that is that the Assembly Government was saying, 'We are making the money available', but the teachers were telling us, 'But it's not coming to us'. I would argue that we are in a similar situation with local authorities in this policy area, in that money is being made available to local authorities. To what extent can you therefore guarantee that the funding that they are bringing to this partnership will be sufficient to deliver the policy that you are determining? We do not have the means to direct local authorities at present—and I assume that you are not looking for those powers—to spend a defined amount of money on this project; you are, in some way perhaps, assuming that local authorities will provide their share of the funding.

[142] **John Griffiths:** We have to work within our Welsh Assembly Government policies and strategic direction in terms of local government autonomy, and our general funding arrangements with all of the partners and key stakeholders involved. That is how the Welsh Assembly Government works, and the Measure has to be taken forward within that structure. We have figures for the current allocations and expenditure for the age groups concerned—in schools and colleges. Therefore, drawing on experience to date, and the history of the 14 to 19

learning pathways projects, networks and activity around Wales, the funding has been there, is there, and we expect it to be there in the future. If there were any problems in that regard, then we would have to re-evaluate our current way of doing things, which applies across the board for Welsh Assembly Government policy and activity anyway.

[143] **Alun Davies:** You say in this paper that:

[144] ‘As the majority of funding to local authorities is unhypothecated the potential expenditure by local authorities on the 14-15 age cohort in secondary schools can only be broadly estimated’.

[145] It raises alarm bells among committee members when we see that sort of broad-brush approach, because we feel that, six months ago, we were having similar conversations on a different policy area.

[146] **John Griffiths:** All I can say is that this is how the Welsh Assembly Government works. There is not much hypothecation in how we fund local authorities and education. We want to work in close partnership with local authorities. We have seen the fruits of that in terms of policy and policy delivery, and we expect to continue to see that effective way of delivering and developing policy in the context of how we handle these matters. As I say, if there were any problems, and there have not been, because the 14 to 19 experience has been very positive, but if it did not continue to develop in that way, then we would have to consider the situation at that point. However, up until now, history has been positive in that regard, and we have no reason to believe that that will not be the case in the future.

[147] **Angela Burns:** Thank you for that, Minister. I am conscious of your time, but Oscar has one quick question on this.

[148] **Mohammad Asghar:** I have one small question. There are quite a few gaps to be filled in this Measure. For example, you have not addressed the issue of overseas students in our universities and colleges. From £2 million we only have 450 overseas students in Wales; India spends £14 billion on overseas students, and there is nothing there. On the Measure, you have done an estimate of population and participation. On what did you base this projection of the student population, and whether students will come to our universities? You are missing those who will be coming here from abroad. I do not know whether that is a relevant point, Chair.

[149] **Angela Burns:** Thank you for that question, Oscar. Perhaps I may say something, Minister, which may alleviate your need to answer that question now. We still have a significant amount of questions that we would like to ask you, which we would like to have addressed before we can put forward the Finance Committee’s view on this. I understand that you are under time pressure, but would it be possible for you to come back at a convenient time to go through the rest of the questions? We are only halfway through, and although I could ask for some of the evidence in writing, that would not be the same as discussing it, and we perceive this to be an exceptionally important piece of legislation and we would like to be able to comment on it in a fair and informed way.

[150] **John Griffiths:** I very much agree on the importance of the Measure, and I would be happy to come back and give further evidence.

[151] **Angela Burns:** I thank all three of you for coming, and I am sorry that we ran over time. We will be in touch about an opportunity to take this forward.

[152] I trust that everyone is content with that? I see that you are. There were so many questions left to ask, and I was conscious of the time.

2.57 p.m.

**Cyllideb Ddrafft Comisiwn y Cynulliad 2009-10**  
**Assembly Commission Draft Budget 2009-10**

[153] **Angela Burns:** Good afternoon to our new presenters. I am sorry to have delayed you with our previous investigation. Thank you for coming. I know that none of you need any introduction, but for the record, I ask you to introduce yourselves.

[154] **The Presiding Officer:** Thank you, Chair. I shall speak in Welsh initially, which is my practice, as you know. I will answer questions in the language in which they are asked, providing that that is an official language of the Assembly.

[155] Diolch, Gadeirydd, am eich croeso. Yr ydym yn eich cymeradwyo am roi amser caled i Weinidogion, ac yr wyf yn siŵr y byddwch yr un mor gadarn gyda ni. Thank you for your words of welcome. We applaud you for giving Ministers a hard time, and I am sure that you will be just as firm with us.

[156] Yr ydym o falch o gael ymddangos gerbron y pwyllgor, ac o'n perthynas gyda'r pwyllgor. Yr ydym yn ceisio ateb unrhyw geisiadau am wybodaeth sydd yn dod inni yn ystod y flwyddyn, ac yr ydym yn hynod o awyddus i gael ein gweld fel corff agored a thryloyw. Mae'n blesur gennyf gyflwyno ar gyfer y cofnod, Claire Clancy, prif weithredwr a chlerc y Cynulliad a Dianne Bevan, prif swyddog gweithredol a chyfarwyddwr cyllid y Comisiwn. Mae'n briodol i mi gyfeirio at Steve O'Donoghue, sydd yn awr yn dwyn y teitl pennaeth adnoddau'r Cynulliad ac mae yntau gyda ni yma. We are pleased to appear before the committee and we are proud of our relationship with the committee. We try to respond to any requests for information in year, and we are eager to be seen as an open and transparent organisation. It is my pleasure to introduce, for the record, Claire Clancy, the chief executive and clerk to the Assembly, and Dianne Bevan, the chief operating officer and finance director of the Commission. I should also mention Steve O'Donoghue, who is now head of Assembly resources, and who is also with us today.

[157] Rhof amlinelliad o'r gyllideb yn sydyn. Yr ydych yn gwybod bod cynnydd o 3.4 y cant o'i gymharu ag eleni, sydd yn is na lefelau presennol chwyddiant mewn prisiau, ac yn is na'r cynnydd o 4.8 y cant yng nghyfanswm cyllid bloc Cymru. Mae'r Comisiwn wedi cymryd penderfyniad gwleidyddol, a sensitif, yr wyf yn credu, ynglŷn â hyn. Yr ydym fel comisiynwyr, a finnau fel cadeirydd, yn atebol yma heddiw am gymryd cyfrifoldeb am y penderfyniad hwnnw i addasu ein cyllideb i'r cyd-destun economaidd cyfalafol presennol. Yr ydym yn credu bod y gyllideb hon yn sicrhau'r cydbwysedd cywir rhwng rhoi sylw i anghenion y Cynulliad a'r Aelodau a bod yn synhwyrol yn yr amgylchiadau economaidd. I will give you a brief outline of the budget. You will know that there has been an increase of 3.4 per cent on this year, which is below the current level of price inflation, and below the 4.8 per cent increase in the overall Welsh block. The Commission has taken a political, and, I believe, sensitive decision in relation to this. We as commissioners, and I as chair, are answerable here today for taking responsibility for the decision to adapt our budget to the current economic and financial situation. I believe that this budget ensures the right balance between paying attention to the needs of the Assembly and its Members and being sensible in the current economic climate.

[158] **Chris Franks:** As Members are probably aware, I am a commissioner, and it would be

inappropriate for me to participate in this debate, so I will withdraw.

[159] **Angela Burns:** Thank you. Llywydd, is there any other statement that you would like to make?

[160] **The Presiding Officer:** No.

3.00 p.m.

[161] **Nick Bourne:** Thank you for your introduction, Llywydd. Following your statement about the 3.4 per cent increase being below the increase in the departmental expenditure limit component, which is good, can you reassure us about the level of the service, given that it is below the 4.8 per cent? I also want to ask a few supplementary questions that relate to that. This is all built on the assumption of a 2.5 per cent price and pay inflation, which looks pretty optimistic as things currently stand. Can you give us some reassurance on that?

[162] **The Presiding Officer:** On the second point—and I will ask the chief executive to comment further, if she is so moved—the substantial proportion of our budget is based on salaries, both Member and staff salaries, and those are under our control, as it were. However, energy costs increases and other inflationary pressures on the services that we purchase are not under our control, but we believe that our way of monitoring our resource position and our actual spend enables us to adjust to the context. Therefore, we firmly believe that there will be no diminution in service for Members as a result of our decision.

[163] **Mrs Clancy:** A total of £28 million of the budget is spent on salaries and, for staff, we are in the middle of a three-year pay deal, so there is certainty about the levels of pay for the coming year. We are also confident that there is sufficient funding in key priority areas to deliver a high standard of services. For example, there is still £1 million for accommodation and maintenance, there is sufficient funding for 370 staff, which is the current level, and the information and communications technology budget is £4 million, up from £3.4 million. The crucial area of outward-facing activity on external communications is also up from £0.5 million to £0.9 million. So, we are trying to ensure that there is sufficient funding in all priority areas to maintain the current level of services but also to allow for growth.

[164] We have also tried to look for ways of achieving efficiencies and, sometimes, that means investing. For example, there are many capital investments in pieces of software or systems, and a topical example is that for maintaining the records on AMs' allowances. That is so that we do not have to have staff grinding through the records. It has required quite a few members of staff to grind through those records in the past, but, if we spend £30,000 on the piece of software that Scotland has, it will mean that we do not need those staff numbers in future. So, we are trying to look at ways of working differently and smarter in all areas of the business. It is not about asking people to work harder or beyond their contracted hours; it is about finding better ways of doing things.

[165] **Nick Bourne:** On pay inflation, if there is a three-year pay deal—for all staff, presumably—I realise that you could accommodate that fairly easily. However, the Llywydd mentioned circumstances outside your control, and, while I accept that we can only take a punt at fuel costs, and so on, we can do that and take a punt at where they are heading. Have you done that in any sense? Have you allowed for what will almost certainly be a significant increase on last year's costs, and so perhaps needs to be built in? Has it been built in? I just want to press you on that.

[166] **Mrs Clancy:** For 2009-10, we have budgeted £359,000 for electricity. For gas, it is £51,000 and for other fuel it is £10,000. Steve, does that build in an increase on the current year?

[167] **Mr O'Donoghue:** It does.

[168] **Mrs Clancy:** Of what sort of percentage?

[169] **Mr O'Donoghue:** I think that it is 2.5 per cent. [*Inaudible.*]

[170] **Nick Bourne:** Could you come to the table, Steve, because Jenny cannot hear?

[171] **Jenny Randerson:** Not just for me, but for the Record.

[172] **Nick Bourne:** The question was whether we have enough built into the budget for the increase in fuel and energy costs. I think that the answer was that there has been an amount incorporated, of about 2.5 per cent. I suspect that that is not nearly enough. I think that that is where we were.

[173] **Mr O'Donoghue:** That is right. Sorry, I will just introduce myself. I am Steve O'Donoghue, the head of Assembly resources. We have allowed 2.5 per cent across the board on goods and services, but the point that the Presiding Officer made was that we have to manage the budget as a whole and, where we can make savings to offset the increased costs, that is what we will do. On the energy front, we have a programme to target efficiency savings on energy consumption. We will be working very closely with our building management system to ensure that we reduce the energy consumption of the buildings, which will have an impact on cost.

[174] **Mrs Clancy:** BDSP Partnership Ltd did some work for us on energy consumption in the Senedd, which showed that, if we made a series of fairly simple changes to how we manage energy consumption in the building, we could achieve an energy reduction of about 25 per cent, which is likely to match the increase in fuel prices.

[175] **Nick Bourne:** So, you are satisfied that it is a robust figure, if I press you on it.

[176] **Mrs Clancy:** Yes.

[177] **Mohammad Asghar:** If your budget is reduced, you will probably be compromising your services somewhere. You should be increasing your budget rather than decreasing it. I want to know why you are putting aside 2 per cent for contingency. How much contingency was used in 2007-08 and how much is expected to be used this year? What was this contingency money used for?

[178] **The Presiding Officer:** I believe, Mohammad, that you asked this question of us last year.

[179] **Mohammad Asghar:** Well, I was concerned—

[180] **The Presiding Officer:** It was a good thing, because, following the discussion last year, we had a serious look at it. I was concerned and compared the situation with that in other places where I have part responsibility for significant budgets. We agreed that the level of contingency was to remain at 2 per cent, rounded to £1 million. I think I am right in saying that our outturn for 2007-08 was within 1.6 per cent of the budget, and so we are confident that we can operate effectively with 2 per cent contingency funds. Do you want to add anything on that?

[181] **Ms Bevan:** I will just say that we have remained clearly within our contingency in the current year. The contingency that we spent that has turned into recurring costs will be

replenished within the budget. So, we are reasonably confident.

[182] **Alun Davies:** In your budget statement, you discuss the efficiency savings that you plan to make. I would be grateful if you could run through how you see those savings being made, and how realistic you believe a net saving is at the moment.

[183] **Mrs Clancy:** One of the best ways to give a realistic picture is to look at what we have managed to achieve this year. So far, we have delivered £239,000 in efficiencies this year. That has been through restructuring the services in the corporate unit, for example, so altering the jobs that you have. A more recent example is that the Presiding Officer has decided to have one fewer post in the Presiding Office. We will be combining those duties with those of my secretary, and so will save a post by doing that. However, there is no diminution in service, because we have made sure that one person can deliver the dual responsibilities. One of the biggest things that we did was the internal restructuring of the fees office and putting people into HR. By combining those roles, there were efficiencies in the management chain that saved £134,000. So, we have a simple target, which is a financial figure for efficiency savings rather than some measure. Each time a post becomes vacant, the line management chain will be required to justify why that post needs to be filled again and what the person holding that post will do. So, there is to be a rigorous examination of the continuing need for posts. We will look for ways of delivering in a more streamlined way.

3.10 p.m.

[184] I mentioned one example of where systems can help us, but there are a couple of others on the committee side. If we introduce a new system, over time, it will help to relieve the pressure on staff. There are some other things that we can do. For example, we renegotiated the lease for the north Wales office, and we bought the bus, so we are using less space in Colwyn Bay, which has an ongoing cost saving. Those are tangible examples that show that we can do it, and we will look out for further examples like that. So, we are very confident that, over a year, we can deliver £300,000 of efficiency savings.

[185] I have made it sound easy, but it means managing the budgets actively. One thing that you might be interested in—although someone might have a question on this—is that we have quite a well developed performance management framework. We have monthly reports on finances to the management board and to the Assembly Commission. We have a strong system of internal control that is managed by the corporate governance committee, which has independent members and an independent chair. We have brought copies of our briefing for you to take away, if you would like to. Within that, you will see an example of our performance management dashboard. It contains key measures and milestones to show that we are on track, not only with the money that we are spending, but also in delivering the key outputs that you all expect of us.

[186] **The Presiding Officer:** If I may, I will add to that something about how the Commission functions and its interrelation with the Business Committee. Having worked for many years in an extremely inefficient parliamentary system somewhere else, I was keen for there to be an improvement on that, when I had some influence over how a parliamentary system operated. There should be an interrelation between the democratic services delivered for Members and how they function and the cost of the operation, the estates and so on. I am pleased about the strong relationship that exists, so far, between the directors, the heads of service who deliver directly, and the commissioners.

[187] I see that Chris Franks has gone, but, to pardon his blushes, were he here, I will just say that each commissioner has taken on specific areas of responsibilities in a kind of portfolio, and each one works closely with the relevant director. I also have an overview. The Commission and the Business Committee hold a joint meeting at least twice a year and more



often, if necessary—and that happened with the budgetary process—so that the business needs of Members and of the Assembly, namely how we do our work, are factored into the process. The efficient use of committee time and of Members' time on committees and so on are factors of the service or democratic needs of the institution, but those needs are also driven by the effective use of human resources, because our staff, especially committee staff, are our most important resource in our work, and by potential investment in technology.

[188] Finally, I will just flag up the iChange project and the strategic ICT replacement, because we may come back to you on this later this year or next year, and it is clearly set out in our capital spending for 2009 onwards. They will mean that the Members who return here after the next election will have far more effective IT, and that the business systems that our Commission staff operate will be far more effective. Some of you will no doubt have met our enthusiastic consultant, who is leading us through this. That is very much part of the Commission's way of operating.

[189] **Mrs Clancy:** May I add one other thing about the Commission's way of operating? I strongly believe, as does the Commission, that it would have been easier to build in more money and give ourselves some expansion room, but, in the current economic climate, that would have been the wrong thing to do. I am confident that we can deliver. If ever I sit in front of you and need to say, 'You are asking for a cut too far; this will compromise services.' I will tell you that. We will ask for the budget that we believe we need to deliver the services that the Assembly requires. We will do our level best to ensure that it is no more and no less than that.

[190] **Alun Davies:** I would like to come back on that point.

[191] **Angela Burns:** I think that both you and Jenny want to do so.

[192] **Jenny Randerson:** I wanted to come back on the ICT issue.

[193] **Alun Davies:** May I just pick up on one of the answers? The Presiding Officer, as ever, anticipated my supplementary question. You gave us very good examples of the ways in which you have been able to cut costs and achieve savings during this financial year. However, they were non-recurrent savings in many ways. You can reorganise a department only once, unless you live in a state of permanent revolution. How do you intend to repeat this time and again? The Commission is not a large organisation where these substantial savings can be achieved simply through staff and management reorganisations year on year without cutting back—and this is where the Presiding Officer anticipated my question—on the quality of the services to the democracy.

[194] **Mrs Clancy:** You are right to say that they cannot be repeated year on year, but I do not believe that we have yet reached the point where they cannot be repeated. Some areas have taken a more rigorous look at how they do their work than others. I am sorry to repeat myself, but we have two or three systems changes that we can make that will, in the coming year, make that difference. We have 370 staff. That is not a large organisation, but it is still one within which you are able to look for such efficiencies.

[195] **Alun Davies:** Do you see this as being a two, three or four-year programme?

[196] **Mrs Clancy:** Of cost reductions?

[197] **Alun Davies:** In staffing terms.

[198] **Mrs Clancy:** It depends how much you do at any one time. The furthest I would want to go is to say that we are confident that we can deliver the £300,000 in 2009-10; when we

come back to talk about 2010-11, whether we can take more costs out depends on the demands on the services that the Assembly needs and on how effectively we have been able to make the changes we have planned for next year. I am not sure that I can predict that far ahead and give you the optimum size, because the demands and the services are changing, as are the ways in which we can deliver those services.

[199] Technology is also changing. Another way that we have been able to reduce the budget has been by phasing some of the work that we need to do at some point, such as archiving the audiovisual streams. We do not have to do that in the coming year, but we will have to do it at some point. Technology is improving all the time. It may well be that, although the cost of doing that in 2009-10 is £300,000, if you do it when the technology is more mature, the cost could be a fraction of that. So, it is not just about doing things with people; it is about finding the right systems and technology to do the job.

[200] **The Presiding Officer:** I would like to add to that. The key driver for me is the multi-skilling of our staff and the ability of our staff to undertake their work—the Record and interpretation is one field; Member support and committee support are others. As we become a more effective legislature, one of the things that really works well here is the way that some of our more experienced committee support people—whom we still call clerks, although I am desperately looking for a better name—are able to take business all the way through from its initial stages, as we did this week. We were led by a team of people who have the skills to do that. That is what streamlining the organisation is about. It is not about reducing the number of jobs or cutting back; it is about maintaining the increase within control when there is a demand, but enabling us to do our work and support Members more effectively through the increasing skills levels of our own staff. I pay tribute to the way in which they have responded.

3.20 p.m.

[201] I think that we have moved seamlessly from constitution 1 to constitution 2 with the implementation of the Government of Wales Act 2006. That is not us; we have done it at the management level and at a commissioner level, but it is our staff that have done it. We have a number of intelligent people who are able to adapt to new contexts working for us now, many of whom were recruited internally; whenever we have an important appointment, it is internally advertised and we have been able to recruit good people with significant experience, which adds to our skills. Therefore, we try to be a lean and mean, flexible parliamentary body.

[202] **Angela Burns:** Thank you very much.

[203] **Jenny Randerson:** I am rather concerned at the lack of a figure put on the potential ICT developments and the possibility of the supplementary budget. Claire said earlier that she was confident that she could produce a figure and work to that figure in terms of the savings. Why is it not possible to produce a figure to put into the budget at this stage so that you have the confidence that that money is there if it is needed for ICT development?

[204] **The Presiding Officer:** If you let me answer the general point, I can say that we have an absolutely clear understanding of what the cost is of maintaining the present performance of the present contract.

[205] **Jenny Randerson:** I meant further development.

[206] **The Presiding Officer:** Yes; that is the whole point. The further development was undertaken through commissioning a very clever consultant to deal with this for us. He will report to the Commission in December and at that stage we will have to begin to take difficult

decisions about where we invest. I will want to see what the gains are in the reduction of use of paper, in more effective business systems, and in more effective working for Members so that we have a much more effective system than the present laptop computers and BlackBerrys and so forth. Therefore, whatever the technology will be, the Commission needs to be an intelligent customer that can know what the most appropriate technology is, not just for Members but for interactivity with the public. That is why we, as a Commission, decided to take the iChange budget out of the normal budgeting process so that the process could be undertaken to assess our needs. We will then come back for capital investment in the refreshing of the ICT system but also looking at new opportunities for working smarter.

[207] **Mrs Clancy:** There are broadly three types of IT spends, one of which is to maintain the systems that we have. There is just under £4 million in the budget for this project to do that. Another type is an ongoing strategic replacement programme where, on a regular basis, we know that we have to replace or upgrade particular equipment. We can plan that; we know what it is and we know that there are peaks around the time of an election, for example, when we are doing that. Therefore, we have a line of spend for that that is relatively modest in 2009-10 at around £0.5 million and then approximately £1.3 million in 2010-11 and so forth.

[208] The third area that the Presiding Officer has been talking about is a completely new piece of work that we have had to look at: the long-term technology requirements of the Assembly. That project started in the early summer. There has been a piece of scoping work—and we can give you the scoping document—which is ongoing. There will be discussions with Assembly Members about their views on the long-term future requirements of ICT. It is almost literally impossible to cost that accurately before you have finished the work that says, ‘This is what our aspirations are and what we want to deliver for the Assembly in the longer term.’ If we gave a figure it would be so arbitrary that it just would not be useful. Therefore, we thought that it was in the interests of transparency to say, ‘We cannot do that accurately, and it is meaningless to have a stab in the dark.’ I have been there before and done that; it is not a good practice. Therefore, we will come back once the consultant has finished the work, we have the design of the programme and we can have a supplementary budget. At that point the Assembly can choose whether it wants to spend this amount of money over three to five years to change the way that we do technology.

[209] **Angela Burns:** Thank you. I was very interested in what you said about service levels. It ties in very well with your strategic goal to ensure that the Assembly has the best service provided in the most effective way, and I can see that. I wish to seek clarification on the £6.5 million to promote and widen engagement in devolution. Given that the All-Wales Convention is standing, what is the ‘promote’ element? Although we would all support the aim of widening engagement in devolution, may I have clarification on that?

[210] **The Presiding Officer:** First of all, it is a statutory obligation under the Government of Wales Act 2006. We have powers to promote devolution, which means parts 3 and 4 of the Government of Wales Act 2006, and we take this responsibility seriously. One of the first things that we did was to invest substantially in a programme of work to establish the level of public interest and potential public participation in Wales. This work is about to be published—it might even be published during the coming week. The Assembly Commission has had a presentation from Professor Roger Scully of Aberystwyth University. Some of you may have seen the data—although I cannot imagine how—but it was a very interesting study. For the first time, it gives us a snapshot; in fact, it is much more than a snapshot because it is an in-depth study from a sample of 2,500. We know what Welsh public opinion is, and it is much more positive than you might imagine, especially about the Welsh Conservatives, but I will not go into that; looking at you both sitting there, I had to say that.

[211] **Nick Bourne:** I am not surprised.

[212] **The Presiding Officer:** Following on from that is a whole programme of engagement, which has been written by Dr Non Gwilym, our new head of external communications, and Iwan Williams, who is responsible for our media strategy. As a strong strand arising out of the research work, we are also developing direct communication with local media in particular. We think that regional newspapers and local radio are extremely important sources. This includes developing a system; we have a consultant who was formerly the head of news at the BBC, Garfield Lloyd Lewis, who is now an independent consultant, and he is producing a programme through which we will be able to e-mail an attachment of video clips and sound clips for use by local radio stations and so on. So, we see ourselves in the communication arm of the Assembly as an essential part of the process.

[213] What we are trying to get away from is the idea that, if we have done our democratic work in a committee, in the process of committee work or parliamentary work, we have done the job. In our view, we have not; communication with the electorate and the invitation for it to participate is central to the democratic process and not an add-on, and this is something that we and our staff have preached to sister parliamentary bodies. In particular, Adrian Crompton preached this gospel to clerks at table—as they still call themselves—from other parliamentary institutions in the UK and beyond the other week. So, we are seen as a leader in this field because of our emphasis through this budget on communication.

[214] **Ms Bevan:** The £6.5 million figure that you mentioned is not all new money—it is what we have ascribed to that particular function. There will be elements of new money in there, and we are putting approximately £365,000 towards particular initiatives on the communication front.

[215] **Mohammad Asghar:** The indicative budget for 2010 has increased in excess of 100 per cent from 2009-10. Is it only for the information technology department or does it contain other objectives? Is there a sufficient increase in this capital budget?

[216] **Mrs Clancy:** The capital budget varies from year to year, depending on the particular commitments, and it tends to be cyclical, particularly around the times of elections.

[217] **Mohammad Ashgar:** The Presiding Officer mentioned that the new Members in 2012 will see the development in the IT system, but in this case we will probably see the developments at the end of our last year.

3.30 p.m.

[218] **The Presiding Officer:** It is not just about ICT. Promotion and widening engagement in devolution includes Assembly Focus, which is a programme of external communications activities throughout the year. We are not celebrating our tenth birthday, but we will celebrate our work. We will not have any street parties or visits or anything of that kind. We will kitemark everything that we do as being 10 years of effective democracy.

[219] Outreach services are part of the Pierhead programme and on the e-democracy programme, we are again seen as a leader among the European assemblies. Operation Black Vote, in which you participated, is part of the same programme.

[220] **Mrs Clancy:** You were asking in particular about the capital spend, which in 2010-11 and 2011-12 relates to ICT costs. It relates to the strategic replacement programme, which I mentioned earlier, rather than the iChange programme. So, in the first year, we will be replacing hardware and software in the Senedd and, in the second year, we will replace Members' ICT equipment after the election.

[221] **Joyce Watson:** There are two parts to the budget in terms of communicating your

message to the electorate: the central part that the Assembly plays and, equally important, the part played by Assembly Members in terms of getting their message out and engaging with the public. Some of us know that that is often fraught with difficulty. How have you tackled that element in your budget, enabling us to function at that level, individually? We know that other administrations have tackled that, have put budgets aside and devolved them to individuals in a clear fashion that works. I am interested to hear how you, as the Commission, have tackled it on behalf of Members.

[222] **The Presiding Officer:** The role of the Commission is to promote the institution, not to promote individual Members. The promotion of individual Members is their responsibility, and most of us do it rather well. However, as you know, we have established a totally independent panel, chaired by Sir Roger Jones, which will consider all aspects of individual Member support. That includes everything that is currently funded by the so-called Members' allowance system. We inherited a system based on the Westminster system, which is reprehensible, in my view, and must go. How it is to go is to be decided by that independent panel. I have told that panel clearly that neither I nor the other commissioners intend to get involved in its deliberations, but I look forward to the outcome. I hope that we will be in a position to accept its conclusions. What is the point of establishing an independent committee if you do not listen to what it says?

[223] **Nick Bourne:** You would not want to pre-judge it.

[224] **The Presiding Officer:** Absolutely not. It is key that this body is free. My friends in Westminster and Scotland say that they have failed to deal with this issue. We are in the difficult, but challenging, position, democratically, where the decision is for commissioners. Clearly, Assembly Members could gather together and decide to issue instructions to commissioners, or even sack us, but the important constitutional principle here is that the decision about Member support will be made by the Commission in terms of its budget. Therefore, it will be based on the outcome of the independent panel.

[225] **Nick Bourne:** Do we know the date by which it is due to report?

[226] **The Presiding Officer:** I have indicated to the panel that it is not under time pressure. The clear goal that I have in mind is that we have this in place by 2011.

[227] **Angela Burns:** Are there any further questions? I see that there are not. I understand that you have additional information for us.

[228] **Mrs Clancy:** It is our own briefing, but last year, there were many points of detail about what was in particular budgets. Any Member who has an interest can see the detailed make-up of the budgets in here. You might also get a bit more insight into some of the questions that have been asked. So, you are welcome to have our briefing if you would like it.

[229] **Angela Burns:** Thank you. If we have questions on that briefing, may we pass them on to you?

[230] **Mrs Clancy:** Yes.

[231] **The Presiding Officer:** I do not think that you make enough use of us during the year. We are an open book. If you want further information, we are able to share information with you as soon as the Commission has come to a decision, and our proceedings are published. There may be situations where we might benefit from your views in reporting on what we do in much the same way as we might sometimes want to use the Audit Committee or the Auditor General for Wales for the purposes of assessing the cost-effectiveness of our decisions. Certainly when it comes to ICT we would value your critical study.

[232] **Angela Burns:** I thank you for your time. I am sorry that we have overrun, but the session has been most useful for the committee.

3.36 p.m.

**Protocol ar gyfer Craffu ar y Gyllideb Ddrafft  
Draft Budget Scrutiny Protocol**

[233] **Angela Burns:** We asked Members for their views on this, prior to the meeting. We have not heard anything. Has anybody come up with anything new on this? We have met with the Government; it is happy and we are happy. If you are happy, we will take it forward.

[234] We note that there has been a response from the Welsh Assembly Government to our foundation phase report. I do not propose that we discuss it; it is just a paper for us to note.

[235] **Mr Grimes:** There is a debate on the foundation phase on 8 October.

[236] **Angela Burns:** Lastly, does anybody have any views on the evidence that we just heard? Perhaps you would like to go into private session to discuss the report.

3.38 p.m.

**Cynnig Trefniadol  
Procedural Motion**

[237] **Angela Burns:** 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).*

[238] I see that the committee is in agreement.

*Derbyniwyd y cynnig.  
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 3.38 p.m.  
The public part of the meeting ended at 3.38 p.m.*