



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

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Iau, 4 Tachwedd 2010
Thursday, 4 November 2010**

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

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Lorraine Barrett	Llafur Labour
Angela Burns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Rosemary Butler	Llafur (yn dirprwyo ar ran Ann Jones) Labour (substitute for Ann Jones)
Chris Franks	Plaid Cymru The Party of Wales
Andrew Davies	Llafur Labour
Irene James	Llafur (yn dirprwyo ar ran Brian Gibbons) Labour (substitute for Brian Gibbons)
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Janet Ryder	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Bethan Bateman	Prif-ddadansoddwr Polisi Trafnidiaeth, Llywodraeth Cynulliad Cymru Principal Transport Policy Analyst, Welsh Assembly Government
Frank Cuthbert	Pennaeth y Tîm Democratiaeth Llywodraeth Leol, Llywodraeth Cynulliad Cymru Head of Local Government Democracy Team, Welsh Assembly Government
Ieuan Wyn Jones	Aelod Cynulliad, Plaid Cymru (Y Dirprwy Brif Weinidog a'r Gweinidog dros yr Economi a Thrafnidiaeth) Assembly Member, The Party of Wales (The Deputy First Minister and Minister for the Economy and Transport)
Emma Locke	Yr Adran Gwasanaethau Cyfreithiol, Llywodraeth Cynulliad Cymru Legal Services Department, Welsh Assembly Government
Stephen Phipps	Pennaeth y Tîm Partneriaeth a Moeseg (Llywodraeth Leol), Llywodraeth Cynulliad Cymru Head of Partnership and Ethics Team (Local Government), Welsh Assembly Government
James Price	Cyfarwyddwr, Trafnidiaeth, Tai ac Adfywio, Llywodraeth Cynulliad Cymru Director of Transport, Housing and Regeneration, Welsh Assembly Government
Carl Sargeant	Aelod Cynulliad, Llafur (Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth Leol) Assembly Member, Labour (The Minister for Social Justice and Local Government)

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

John Grimes	Clerc
	Clerc
Catherine Hunt	Dirprwy Glerc
	Deputy Clerc

*Dechreuodd y cyfarfod am 1.03 p.m.
The meeting began at 1.03 p.m.*

Ymddiheuriadau a Dirprwyon Apologies and Substitutions

[1] **Angela Burns:** Good afternoon, and I welcome you all to the Finance Committee session on Thursday, 4 November. Before we start the official part of our business, I will go through some housekeeping announcements. I remind you that you are welcome to speak in Welsh or English and that translation facilities are available. I ask you to switch off mobile phones, BlackBerrys and any other gadgets that you may have. If the fire alarms go off, please follow the instructions of the ushers. I welcome Irene James who is substituting for Brian Gibbons, and also Rosemary Butler who is substituting for Ann Jones. Chris Franks will be attending, but he is tied up in another meeting for the first part of our meeting.

1.04 p.m.

Goblygiadau Ariannol y Mesur Arfaethedig ynghylch Llywodraeth Leol (Cymru)—Tystiolaeth gan y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth Leol

Financial Implications of the Proposed Local Government (Wales) Measure— Evidence from the Minister for Social Justice and Local Government

[2] **Angela Burns:** I welcome our witnesses. We will hear evidence from the Minister for Social Justice and Local Government, and I welcome the Minister this afternoon. Will you introduce your colleagues for the record?

[3] **The Minister for Social Justice and Local Government (Carl Sargeant):** Good afternoon to you as well, Angela, and thank you for the invitation to be here today. On my left is Frank Cuthbert and also present are Emma Locke and Steve Phipps from the Legal Services Department. Frank is on the local government side. Is that right?

[4] **Mr Phipps:** I am head of the partnership and ethics team within the local government policy division.

[5] **Ms Locke:** I am from the Legal Services Department.

[6] **Angela Burns:** You are all very welcome here. Before we start questions, do you wish to make some brief opening remarks?

[7] **Carl Sargeant:** Thank you for inviting us to committee today. As you will be aware, the Proposed Local Government (Wales) Measure is large, wide-ranging and quite complex in parts. However, its aims are basic and straightforward. The proposed Measure aims to make local government in Wales more representative, accountable and connected to the people of Wales. The issues tackled by the proposed Measure have been identified in a series of reviews over the last couple of years, such as the expert panel that looked into barriers to becoming a councillor and the Aberystwyth University review into community and town councillors. The general conclusion of those reports was that local government in Wales is less effective and

less citizen-focused than it could be. That is the premise of the proposed Measure.

[8] Many of the proposals in the proposed Measure have no cost implications; others do, but in real terms that are relatively small. Obviously, we believe that they are proportionate as well. In drafting the proposed Measure, we were certainly mindful of the situation in which we find ourselves financially and economically, and we have taken that fully into account in our submission to you.

[9] We believe that the proposed Measure will deliver much more than can be costed in ballpark figures. There are long-awaited democratic improvements that have been driving this agenda forward, which will deliver efficiencies in the long term through better governance, sharper scrutiny and better institutions, which are more responsive to people's needs in Wales. This is a long-term agenda, and we are looking at initial costings that are relatively small at implementation, but will deliver long-term benefits. I am happy to take questions from you, and, hopefully, we can answer them.

[10] **Angela Burns:** I will start by thanking you for producing a paper that contained financial information. I was thrilled by that, and found it most refreshing. However, I am sure that you would not be surprised if I were to say that we have noticed that a fair number of the consultees have expressed concerns that the numbers that you show are significantly underplayed. That was particularly the case with the Welsh Local Government Association, which estimates that the cost of the new powers and responsibilities, such as additional staffing, remuneration and ICT costs, will be closer to £500,000 than £40,000. Could you comment on that, particularly in the light of your statement that we live in an age of austerity when people are under severe financial pressure?

[11] **Carl Sargeant:** I am not sure that I accept that the costs have been underestimated. In many cases, the reforms that we plan to impose involve no costs at all for the authorities, and marginal costs for others. Some of the implications that others may have presented are based on a starting-from-scratch scenario. We are not starting from scratch, and the 22 authorities are in very different stages of development. Some of the cost implications are small, and, as I say, authorities are not starting from scratch—many of them are already delivering very good services along these lines. This is about enabling services to be brought to a level that is sustainable and consistent across Wales. I do not accept that we have underestimated the cost.

[12] It is important that we recognise the current financial circumstances, but we should not, as a result, shy away from driving improvement forward. Financial circumstances should not be an excuse not to change the democratic process of developing better services for the people of Wales.

[13] **Angela Burns:** Could you recount for us briefly the consultation process that you went through? I am thinking particularly of cost-gathering, and the people whom you spoke to in order to verify that your costs were accurate.

[14] **Carl Sargeant:** Perhaps I will ask my team to contribute on the detail of the technical elements of how we came to those figures. The broad consultation was based on many studies, such as the Aberystwyth study, the good councillors guide and so on. We brought all that together into a single proposed Measure. The proposed Measure is large, but it is made up of several parts, as you will be aware. The costings across the piece are individual, but perhaps I can give you examples of where we have estimated some of those costs.

1.10 p.m.

[15] **Mr Cuthbert:** What the Minister says is correct, obviously. [*Laughter.*] There were four main consultation exercises: one on proposed reforms to political structures and scrutiny;

one on the report of the expert panel; one was carried out by the independent remuneration panel on its proposals for additional powers through the proposed Measure; and one on the Aberystwyth report on community councils, which my colleague Stephen Phipps dealt with. None of those consultations would have involved detailed costings, because, to a certain extent, where costings exist, they are implied in those changes rather than being automatically obvious. So, the first time that the detailed costings will have been seen is with the publication of the explanatory memorandum.

[16] **Angela Burns:** Is the committee happy with that? I see that you are. Rosemary, will you take the next set of questions?

[17] **Rosemary Butler:** Yes. Good afternoon, Minister. The explanatory memorandum quotes the costs of surveys as being £35,000 in total, or around £1,750 per authority. Is it intended that funding will be equally distributed between authorities, or will individual circumstances be taken into account?

[18] **Carl Sargeant:** The issue of elections varies across the 22 authorities and the community and town councils according to the number of elections for county and community councillors. So, that will be proportionate to each authority. We will ask authorities to let us know how many candidates there have been, post the close of nominations, so it will be proportionate to each authority.

[19] **Rosemary Butler:** During your appearance before Legislation Committee No. 3, you stated that you are trying to move away from hypothecation and specific grants. Is it, therefore, intended that this funding will be included within the revenue support grant, or distributed via some other mechanism?

[20] **Carl Sargeant:** My commitment to the reduction of specific grants stands. I am still working closely with colleagues on that. I have not only said that to the legislation committee, but also in Plenary. This is slightly different, because we are talking about elections that happen every four years, so it would be difficult to put it into the RSG. This is specifically for elections, which only occur every four years, so I envisage this remaining a specific grant. That does not shake my overall commitment, but, practically, it is the right thing to do in this case.

[21] **Rosemary Butler:** Do you see specific grants and hypothecation as the same thing? I do not.

[22] **Carl Sargeant:** They are technical terms. They are not the same, but the underlying principle is similar.

[23] **Rosemary Butler:** This is my final question. A number of respondents to the consultation expressed the concern that these estimates were significantly underestimated, to which the Chair has referred. For the record, how would you respond to that and was there any consultation with authorities on the amount and distribution of such funding?

[24] **Carl Sargeant:** It is an interesting question, because authorities are looking far too deeply into this. We are asking for a simple questionnaire, which we will supply, containing the questions that we perceive to be useful. We will translate it and it will be a standard assessment form across the whole of Wales. We are not asking for the creation of a super form 22 times. That is not what we want. We will ask the councils to send them out, we will reimburse the postage and we will not ask them to chase people around the country for their responses. We will make this process simple and we do not expect the delivery of the service to be a big challenge.

[25] **Janet Ryder:** So, Minister, from what you have said, I understand that the only costs that would fall on local authorities would relate to making sure that every candidate within their boundary receives one of these forms. In theory, as they would be sending out literature to the candidates in any case, there should be no extra cost at all for local authorities. The cost will fall on your own department. Is that the case?

[26] **Carl Sargeant:** Frank, would you like to talk about the details?

[27] **Mr Cuthbert:** Yes. It is slightly more complex than that, largely because, in theory, most of the literature that is sent out is sent out by the returning officer and not by the local authority. If we wanted the returning officer to distribute more literature, we would have to get involved with legislation affecting the returning officer, over which we do not have devolved competence. So, the local authority would have to conduct a separate mailing to candidates. We would be paying it for the cost of duplicating the questionnaire, sending it out with a reply envelope and the staff time for inputting information onto a spreadsheet that we would have prepared; those data would then be transferred to us.

[28] **Janet Ryder:** So, the bulk of the costs will fall on your department. All of the costs estimated, therefore, stand against your budget.

[29] **Carl Sargeant:** Yes, but I do not believe that these will be significant costs. We are not talking about hundreds of thousands of pounds to do this. This is a matter of sending letters out.

[30] **Janet Ryder:** It would mean devising and translating a questionnaire. You have put those costs against your own department and you have accounted for that in your departmental budget.

[31] **Carl Sargeant:** One form will need to be translated, and that will be shared with everyone.

[32] **Peter Black:** I do not want to get bogged down with the insignificant part of the proposed Measure, but many candidates would just bin this questionnaire. Will the responses be chased up?

[33] **Carl Sargeant:** It is not our intention to do that. We would have to see what the response levels are and reassess that at a later date. I hope that interested parties would take part in this. I cannot make people respond. That happens already.

[34] **Angela Burns:** Rosemary, are you happy with that line of questioning? Have you finished?

[35] **Rosemary Butler:** Yes, I think so, but I might come back to it later, if I may.

[36] **Angela Burns:** Yes, of course. Irene, I think that you were going to tackle training and development.

[37] **Irene James:** The costs of training and development are stated to be dependent on the existing level of provision within authorities. What work is being done to determine the variation between authorities, thus giving an indication of the funding required? For example, has an assessment been undertaken of the level of need against current provision?

[38] **Carl Sargeant:** We are always keen to understand what training is happening already in the field. It would be useful for the committee to know that we already provide £110,000 per year to the WLGA to support training for members. Most local authorities also have their

own training budgets. We are developing this process in line with the WLGA's member development charter, which it supports. So, this is just about formalising a process that we already fund anyway.

[39] Perhaps I should add that, in addition to that, we have invested over £200,000 through the scrutiny development fund over the last three years. So, again, this work is ongoing. We are trying to bring in and standardise levels of scrutiny and training among local authorities, which I do not think is a bad position to be in.

[40] **Irene James:** The explanatory memorandum gives an estimate of £5,000 for pump priming, and sets the cost of appraisal at £2,500 per authority. Can you explain the basis for these estimates?

[41] **Carl Sargeant:** As I said at the beginning of the session, we are not starting from scratch. There are already model authorities that are delivering very good service within the boundaries of the funding that they get already. That is why I said that some authorities may have these systems already in place; if there is a need for improvement, then that is what the additional money is there for.

1.20 p.m.

[42] **Peter Black:** I have a question about the councillor annual reports. What format do you envisage them taking? Clearly, the format will very much affect the cost.

[43] **Carl Sargeant:** Early discussions have been around single web pages. It will be a non-political, very simple message, such as 'Peter Black sits on x amount of committees and attends x many committees' and so on. That is already a matter of record, but the information is not collated and accessible to the public. I think that it would just be a single web page, and all authorities already have those.

[44] **Peter Black:** Some councils already do something similar.

[45] **Carl Sargeant:** Absolutely, yes.

[46] **Lorraine Barrett:** The explanatory memorandum states that the Social Justice and Local Government Department provides £110,000 per year to the Welsh Local Government Association for training councillors, and that the local government settlement already includes provision for training and development. How much is already included for this purpose within the settlement?

[47] **Carl Sargeant:** It is not hypothecated, so it is difficult to identify. The WLGA welcomes that we do not hypothecate it. As we do not, and it therefore goes into the budget, it is difficult to identify. We can tell you how much we put in, but how much is actually spent on training is a question that you would probably need to ask the WLGA.

[48] **Lorraine Barrett:** Is that something that you would ask the WLGA, to ensure that you get value for that money?

[49] **Carl Sargeant:** I always ask the WLGA whether I am getting value for money, and there are several reports on the improvements and training programmes that it delivers. As I said, there is a great deal of good practice already across local authorities. This is about standardisation and bringing the authorities that are not as good as others up to the expected threshold of good-quality scrutiny or training for members.

[50] **Lorraine Barrett:** Thank you, Minister. Given that it is your intention to increase the

level of training and development, and to get that level of good practice across all authorities, do you think that it would be appropriate to increase the funding stream proportionately, rather than expecting authorities to absorb these costs?

[51] **Carl Sargeant:** I do not believe that we are asking them to do anything they should not be doing already. We are just trying to standardise that process. Of course, the WLGA and other bodies would ask me for more money to enhance training, but I believe that they get a substantial amount now. I gave evidence earlier about the additional £100,000 plus that they get. I do not want to be prescriptive and to place too great a burden on local authorities, but there is an expectation here. Authorities already sign up to the members development charter—it is a WLGA document that they agree with, and that is what they should aspire to. All that we are doing is placing a duty upon them in that regard.

[52] **Lorraine Barrett:** I will move on to the costs associated with remote attendance at meetings. I do not think it means holidays in Mallorca. [*Laughter.*] The explanatory memorandum states that the costs of remote attendance would depend upon the current provision and the distribution of members. I can see that some members would be far more widely distributed geographically in some areas than in others, particularly in the larger rural areas. What work has been done to determine the level of variability between authorities in terms of the current provision, and, therefore, how many are likely to require set-up funding? Some authorities already have webcams and video conferencing set up in their regional offices.

[53] **Carl Sargeant:** When we launched the proposed Measure, the amount of people who were exercised over remote attendance and the associated costs amazed me. What we were trying to do was make it easier for people, in the age of modern technology, to access council meetings. I am not being prescriptive and saying that all council meetings should be web-based. I am saying that it could be useful for a councillor who lives 50 miles away, for example, to attend remotely. I thought that this point might come up, as it has come up in all the committees that I have given evidence to on this proposed Measure. We did a little bit of work on remote attendance, and I will give you one example. In Powys, a councillor representing Welshpool has a round-trip of 81 miles to attend a meeting. That does not sound a lot, but there is the time element as well as the driving involved. The cost saving per meeting of remote attendance could be around £40. In the long term, the more councillors do that, the greater the cost saving. This is giving an opportunity, through legislation, to save costs in the long term. The legislation would allow people the opportunity, legally, to hold meetings using remote attendance. It makes sense to me, but people seem to be exercised over it. I am not saying that we should have a full suite of web-based technology in every council, although many councils have that already. It is just about giving people from different backgrounds access to council meetings.

[54] **Lorraine Barrett:** Thank you for that, but, as this is the Finance Committee, we should focus on the finances and the funding. Going back to my question, what work has been done to determine the level of variability and the likely set-up costs? Given that some of the infrastructure is already there, have you done any work on those costs?

[55] **Carl Sargeant:** I understand that the evidence that has been presented to you previously is that it cost around £21,000 for Cardiff Council. We are not proposing that authorities go down the same route as Cardiff, although if other local authorities wish to do that and make that investment, so be it. Most councils now provide authority members with laptops, and, if they do not, they provide services through libraries and they provide video-conferencing systems in parts of the council. Most council headquarters or chambers have video-conferencing facilities. We are not starting from scratch here; we are building on what is there and addressing the voids in the system, although I do not think that there are an awful lot of them. It cost £21,000 for webcasting Cardiff Council's meetings, but I do not think that

that is what we are talking about. This is about simplifying access for a councillor somewhere in Wales to a council meeting and so on, and that is not a big cost.

[56] **Lorraine Barrett:** Wrexham council also investigated the possibility of having a webcasting system, and the annual cost was estimated at around £19,000. You have come up with estimated costs of £2,000 per authority, and we just wondered what your estimates were based on. You started to cover that by saying that there is some infrastructure in place already.

[57] **Carl Sargeant:** Perhaps Frank can come in on that in a second. In giving evidence in committee, we have not said—and this would be a matter for the standing orders of the council—that there could be an entirely remotely attended committee meeting; we are saying that, if some members cannot access a committee directly, then they could do that from Welshpool, for example.

[58] **Angela Burns:** Can we clarify that you are talking about probably having a camera on top of someone's PC at home, and the feed would be streamed through the council network to some kind of display unit either in the council chamber or committee room? You are talking about that level of provision, are you?

[59] **Carl Sargeant:** Absolutely. It would be no more than that.

[60] **Lorraine Barrett:** Okay. That is helpful.

[61] **Angela Burns:** Peter has the next set of questions.

[62] **Peter Black:** Moving on to democratic services—I cannot believe that I am asking this question, but there we are—the explanatory memorandum states that functions to be covered by the proposed democratic services department are already provided by councils. However, some respondents have expressed concern that the proposed Measure would require new responsibilities that are not currently provided for, and therefore additional resources. How would you respond to that, and what work has been undertaken to determine the current levels of provision?

[63] **Carl Sargeant:** We are not placing new responsibilities on councils. Many councils already have a head of democratic services. We are saying that the functions should be split between the head of paid services and the head of democratic services so that there is a clear separation, primarily to support council backbenchers. So, it is about that supportive process, so that there is no conflict of interest. It is something that we do here, and I think that it is good practice. It is not a case of placing a financial burden on authorities because many authorities are already doing it; it is more about tweaking what is already there, and redesignating a person to operate as a head of democratic services.

1.30 p.m.

[64] **Peter Black:** Given that the responsibilities already exist and that all that most councils will be doing is just tweaking, how do you come to a figure of £12,500 per council per annum?

[65] **Mr Cuthbert:** We based that on an estimate of the cost if an authority has to establish a new or additional committee and requires part of the time of a committee clerk or clerks to run it. That could be the approximate cost of the committee's creation over a year. I have heard arguments that the head of democratic services would have to be a new person brought into the council, but we are not proposing that at all, as that would be an expensive exercise. It would be similar to what happened when monitoring officers were introduced in

the Local Government and Housing Act 1989: usually, an existing officer was designated as the monitoring officer, and that is what we are proposing in this case as well.

[66] **Peter Black:** The explanatory memorandum states that only Gwynedd and Powys authorities are currently operating the alternative arrangements. However, I thought that Wrexham and Merthyr were also doing so. I am sure that Merthyr is.

[67] **Mr Cuthbert:** Merthyr has jumped ship and adopted executive arrangements from earlier on this year. Wrexham has not operated alternative arrangements, but has established a politically balanced executive.

[68] **Peter Black:** Right, fair enough. You estimate that if Gwynedd and Powys authorities were to choose to change to the mayor and cabinet model the associated costs, including a referendum, would be between £80,000 and £400,000, depending on size. What discussions have you had with these authorities regarding how likely it would be that they would choose this model over the leader and cabinet option?

[69] **Carl Sargeant:** It would perhaps not be appropriate for me to discuss the issues around those two authorities, because I, ultimately, would make the decision as to whether it is appropriate for them to change or not. We have, hopefully, provided you with estimates of the cost should the authorities pursue that programme. With regard to Gwynedd, we have evidence that the cost could be around £175,000 to £200,000 if that was the route that it took, and that is based on the cost of printing ballot papers, and so on.

[70] **Peter Black:** Are you proposing a formal referendum, because the previous arrangement was an extensive consultation exercise, was it not?

[71] **Carl Sargeant:** That would be the route for the mayoral system.

[72] **Peter Black:** It would not try to go to a cabinet model, as opposed to a mayoral system?

[73] **Carl Sargeant:** There would be no costs involved there.

[74] **Mr Cuthbert:** Well, there would be small administrative costs.

[75] **Carl Sargeant:** It would be a minimal cost, and that is what Merthyr has done.

[76] **Peter Black:** In terms of this extra cost, would you be proposing to provide this money or are authorities expected to meet the cost from their own resources?

[77] **Carl Sargeant:** We have not paid those costs in the past. The only time that this has ever been explored was in relation to Ceredigion. I believe that the council paid the cost of that decision-making process itself. I would not want to interfere in the decision-making process of a council in any case.

[78] **Peter Black:** The explanatory memorandum states that simplifying the procedure for an authority to change its executive arrangements may result in a small potential cost saving. Has any work been undertaken to estimate how much of a saving this may be?

[79] **Carl Sargeant:** It would be minimal. An estimate has been made, and it is a very low cost saving, but it is a cost saving. They are minimal cost savings and we have worked those figures up, so I would not want to shout from the rooftops about them.

[80] **Nick Ramsay:** I want to ask you about scrutiny arrangements. With reference to the

formation of joint scrutiny committees, evidence to Legislation Committee No. 3 suggests that the costs in the explanatory memorandum provide for structural changes only and do not include the resource implications of support and capacity building, which would be required. Could you explain more about what the estimates were based on and what they are intended to cover?

[81] **Carl Sargeant:** It is not always the case that we are expecting a new committee to be established for scrutiny purposes. We believe that, in terms of joint scrutiny, there would already be committees in place in various authorities, and it would be a case of bringing them together under some sort of host authorities—in fact, you should get cost savings from that. We do not believe that it is a big upheaval. We are not saying that another committee should be created; we are saying that two or more existing committees should be brought together. There is potential there. That already happens with Newport, Monmouthshire and Cardiff, as well as Swansea, and there are good examples of it working well, with minimal costs. We have included a figure just in case there were additional costs, but—

[82] **Nick Ramsay:** Is that the cost of holding a joint committee?

[83] **Carl Sargeant:** It is the cost of establishing a joint committee.

[84] **Nick Ramsay:** What about the savings from a joint committee? What do you estimate for that?

[85] **Carl Sargeant:** Again, we have to work that out in practice, looking at the scale and the size of these joint committees. We are providing the legislation to create them; we just need to understand what they will scrutinise, and how many people will do it. It is a case of, ‘How long is a piece of string?’ We recognise that, by bringing two committees together, there are potential savings, but the possibilities are endless. In north Wales, for example, you could have six authorities scrutinising a body, so the cost savings there could be different. There is also the possibility of remote attendance, which complicates things ever so slightly.

[86] **Angela Burns:** I expect that people at Microsoft are rubbing their hands with glee as we speak.

[87] **Nick Ramsay:** I am not sure about remote attendance, but there we are. You mentioned north Wales, and we have had evidence from Gwynedd Council that suggests that the cost for a scrutiny committee meeting five times a year is £27,000, and therefore your £5,000 estimate is way off the mark. How would you respond to that?

[88] **Carl Sargeant:** I understand Gwynedd’s concerns, because of the size of that council, but there are proposals for remote attendance as well as current examples, in Newport, Monmouthshire and Swansea, and so on, of authorities that are already doing this. We have not seen any real-terms additional costs in delivering this service. Gwynedd may not like our figures, but its own are also difficult; I will leave it at that.

[89] **Janet Ryder:** The areas that you cite as examples tend to be urban areas, do they not? Gwynedd is very rural. Taking the analogy that you gave at the beginning about joint scrutiny among the six north Wales authorities, if councillors were to attend remotely—apart from those at the host authority, and, even in that case, if only the councillors living closest to where the meeting is held attend in person—there would be no cost if the technology were set up already, but, in reality, they would probably travel, and the travel costs from the farthest part of Gwynedd or Flintshire into, say, Colwyn Bay, would have to be included in your calculation. Have you estimated the remuneration costs and taken them into account?

[90] **Carl Sargeant:** We know what the costs would be if someone decided to travel, but I

cannot tell you where they will travel to.

[91] **Janet Ryder:** So, you have not made any estimates of that kind.

[92] **Carl Sargeant:** Our estimate of £5,000 is based on the assumption that this is not too onerous a task. I accept that there are issues around demography, people's locations and the access points to local authorities, but I do not see that as something that cannot be dealt with, either technologically or otherwise. Conwy and Denbighshire already have joint scrutiny committees, and there are other examples. I do not see Gwynedd as being isolated.

[93] **Janet Ryder:** I was just giving Gwynedd as an example and trying to get at whether you have estimated the costs. There are joint committees in north Wales that would incur travelling and other associated costs, and you could use them to draw an analogy. Have you estimated against any such examples as to what the costs might be?

[94] **Carl Sargeant:** Have we done that? I do not think that we have, no.

1.40 p.m.

[95] **Mr Cuthbert:** If we were talking about the creation of a new committee from scratch that needed to employ its clerical staff, and it was to be run in addition to anything that local authorities already have, Gwynedd's costs might be realistic. I imagine, from looking at them, that they probably include travel allowances and other allowances to councillors for attending those meetings. We should remember that we are enabling local authorities to establish joint committees. We are not telling them to set them up. For every time that they would be setting up a new committee to look at a fresh issue, there would be another case where they would, in effect, be removing the work of two other committees that were operating in two neighbouring authorities. So, it is difficult to cost. My suspicion is that it is cost-neutral overall.

[96] **Carl Sargeant:** To pick up a point on Gwynedd's figure of £27,000, I would expect that if that is what it is currently paying, this will not be an additional burden. It must have costed the running a scrutiny committee at £27,000. We are saying that the opportunity to have joint scrutiny with another authority could potentially reduce the costs for the other authority and for Gwynedd, depending on where it was hosted.

[97] **Nick Ramsay:** On the wider issue of the cost to the third sector, we have received evidence from the Welsh Council for Voluntary Action, Stonewall Cymru and the Powys Association for Voluntary Organisations, which believe that the resource implications for the third sector for the wider public scrutiny part of the proposed Measure have not been adequately taken into account. Do you have any response to that and the question of where the resourcing for the third sector might come from?

[98] **Carl Sargeant:** We are in a time when I rarely meet representatives of organisations who do not say, 'It's going to be a difficult settlement and we're going to be struggling for money. Have you got any more money?' The reality is that we do not. By introducing the proposed Measure, we are trying to present opportunities in legislation for public bodies and the third sector to engage with each other in a better and, hopefully, cheaper way. On the issues around the scrutiny of public bodies, we believe that if that scrutiny is split between them, the costs will be negligible. We do not believe that the figures are that large.

[99] **Angela Burns:** Janet, are you happy to take on the questions about audit?

[100] **Janet Ryder:** Yes, I will take those questions. Minister, you have already said that you are looking at a cost of some £5,000 per authority for establishing a new committee. On

the establishment of audit committees, have you made any estimate of how many authorities already have an audit committee in place and would therefore save that £5,000?

[101] **Carl Sargeant:** I am not sure whether we have the detail on that with us. We will have tested which authorities are already operating this audit scheme. If we do not have those numbers today, we can give them to you later. However, as you recognised, there are authorities that already have audit committees, and we are following the Chartered Institute of Public Finance and Accountancy guidelines on audit. It is good practice, and most local authorities are already doing that. However, I can give you a note on the numbers.

[102] **Janet Ryder:** Have you asked those that have audit committees for estimates of the yearly costs of servicing them?

[103] **Carl Sargeant:** I am not sure.

[104] **Mr Cuthbert:** No, we have not done that. We have used the same basis to approximate the cost of operating an audit committee as we did for previous examples of operating committees. I would add that I have the advantage of working with the independent remuneration panel as part of the administrative support for that. I know that, as part of its background work, it has been looking at what would be appropriate allowances to be paid to chairs of audit committees. It asked each authority whether it had an audit committee. I cannot remember the precise number now, although we will provide that information, but the overwhelming majority have some form of audit committee.

[105] **Janet Ryder:** I think that the thrust of this is good practice in local government, and having an audit committee is good practice. We are just trying to tease out the costs that might be associated with this.

[106] **Carl Sargeant:** Again, these will not be new costs because the committees are already in existence—these costs are not additional. I think that more than half already have these committees. We can give you the numbers. So, the costs will be minimal because the committees are already in operation. That why I started by saying what I did about the costs as they have been presented and how it would be a different matter if we had been starting with a blank sheet of paper, but we are clearly not.

[107] **Janet Ryder:** Moving on to look at community councils with regard to reviewing community areas, it is already a duty, but you state that some have avoided carrying out that duty perhaps by relying on the local government boundary commission to undertake a review on their behalf. Is it intended that this duty will encourage all authorities to conduct their own reviews or to rely on the commission to do so and then pay a subsequent charge to the commission?

[108] **Carl Sargeant:** Some clever treasurers have perhaps seen the slight loophole that means that, if they ask the boundary commission to do this work for them, the boundary commission pays for it. In fact, there is a duty on authorities to do this already. Therefore, we are closing the loophole.

[109] **Janet Ryder:** So, do you expect them to carry the cost themselves?

[110] **Carl Sargeant:** Yes, as they should already be doing.

[111] **Janet Ryder:** You have given quite a range of estimated costs for carrying out those reviews. How will the charge to the authority be calculated if the commission continues to conduct the reviews on its behalf? Is there a mechanism for that?

[112] **Carl Sargeant:** I think that the commission is best placed to calculate those charges. That is what it is doing already if it is doing the job for authorities. It obviously charges them now for doing that job. Why would an authority ask the boundary commission if it was not getting a bargain? [*Laughter.*]

[113] **Janet Ryder:** Cynicism, Minister.

[114] **Angela Burns:** We will write to the boundary commission to ask it to clarify that point for us.

[115] **Janet Ryder:** The grant paid to the commission for 2010 was £615,500. Will the commission receive a reduction in its funding to reflect the reimbursement of the costs of these reviews if local authorities undertake them themselves?

[116] **Carl Sargeant:** I have not considered that yet, but it will be at the forefront of my mind.

[117] **Mr Cuthbert:** Perhaps I could add that the boundary commission is funded from the money that it draws down from us. So, it gets the money that it spends. If it gets income, it can draw down less because it has received income from elsewhere. So, it is fairly watertight, unless it is fiddling the books, which it would never do. [*Laughter.*]

[118] **Angela Burns:** I would hope not. Janet, you are on a roll here.

[119] **Janet Ryder:** Looking at the power of wellbeing that is to be conferred on community councils, the explanatory memorandum says that it would be for the council to consider any financial implications when deciding to use the power. A number of councils have responded expressing concern that it would result in their having to provide an increased level of services without any corresponding increase in resources. Can you clarify the intention with regard to this power? Is it expected that community councils should increase their level of service provision as a result of this? If so, how are they expected to fund this?

[120] **Carl Sargeant:** To be clear, there is no expectation that the power of wellbeing will result in an increase in the duties placed on town and community councils. This is clearly a matter for discussion between the local authorities and the town and community councils with regard to their expectations. We are enhancing their role and their opportunities to develop, but we are not stipulating a duty to do this. This is an opportunity as opposed to a directive.

1.50 p.m.

[121] **Janet Ryder:** Regarding the Welsh Government's ability to award grants to community councils, could that be used as a mechanism to fund any resulting increase in services?

[122] **Carl Sargeant:** At the moment, we are not able to grant-fund town and community councils. This gives us a mechanism to do that, should we feel the need to do so in the future.

[123] **Janet Ryder:** I wish to clarify something. Would there ever be circumstances in which you might offer a grant to supplement a service for which rates were already being collected but where the county council perceived a shortfall?

[124] **Carl Sargeant:** I would not do that. This is about who delivers what service, and where. This would give us the mechanism to grant-fund a town or community council that was delivering a service.

[125] **Mr Phipps:** It is probably worth noting that a similar power already exists in relation to principal councils. I think that it exists under the Local Government Act 2003. So, seeking this power is a prudent step, in the context of the proposed Measure.

[126] **Peter Black:** I want to ask something in relation to this. I stand to be corrected if I have misunderstood the local government finance system, which is very easy to do, I must say. My understanding is that, when calculating the cap, any council tax levied by a community council is added to what the principal council levies. If you calculate it at 5 per cent, for example, you would take what the community councils have levied into account as part of the calculation. I may be oversimplifying a very complicated matter.

[127] **Mr Phipps:** I would defer to my local government finance colleagues if they were here. I suspect that that is not the case, actually. I do not believe that the community council element counts. However, we will probably need to confirm that.

[128] **Peter Black:** My question is this. If you gave the community councils powers over wellbeing, and they decided to fund the use of those powers by putting up the council tax, which they would be entitled to do, would that have any impact on decisions relating to capping the principal council, if that expenditure was taken into account as part of that council area?

[129] **Carl Sargeant:** Would they not be prevented from capping themselves? Perhaps I can write a note to the Chair on that detail.

[130] **Janet Ryder:** In relation to grant-making powers, the WLGA has expressed concern that they would remove funding from elsewhere. The explanatory memorandum states that there will be no additional cost associated with grant funding, which suggests that it is to be found from another source. If that is the case, how much funding do you envisage being delivered via grants to community councils, and from where would that be found?

[131] **Carl Sargeant:** The WLGA would say that, would it not? We are not proposing that duties should be forced on town and community councils now, but we are making the provision to do so and the ability to grant-fund them should that be needed. I am not one for the principle of duplicated funding, and I do not think that any future Minister would be either. It is a bad place to be. If a local authority is doing a duty and a town or community council is doing the same duty, why would we fund them both? It is an either/or situation. The WLGA may have a valid point in asking, 'If they are doing that job now, where does the money come from?' However, that is obvious to me, and I am not proposing that a duty should be moved from one or the other. We are just making the provision. The dialogue between the two is about how the duty of service delivery in an authority area should be organised. It is not a decision for me. At the moment, we are unable to grant-fund them, but we will not be if these powers are included.

[132] **Angela Burns:** Why would you seek to do that? Is it because you foresee a situation in which you have a concern that a council is not delivering something, or is this a result of a policy decision, and you want community councils to be more involved in a particular aspect of the democratic process?

[133] **Carl Sargeant:** Local democracy might indicate that a local town or community council could provide a better grass-cutting service than the local authority.

[134] **Angela Burns:** Absolutely.

[135] **Carl Sargeant:** Therefore, the transfer of appropriate funding would be at that level. At the moment, we are unable to do that, but this will provide us with a mechanism to do it.

That is not a discussion that I want to be involved in; it would purely be a local decision.

[136] **Angela Burns:** Does it provide a mechanism for a community council to get the county council to agree? I am trying to understand whether there is a cost involved if a community council said that, under this, it was allowed to do its own grass-cutting, and asked the county council for that bit of the money that it would otherwise spend on it. Who would negotiate that if the county council said ‘no’, because it did not want the community council to do that? I do not quite get that.

[137] **Carl Sargeant:** That would be a local decision between the two bodies. The wellbeing power enables there to be discussions between the two bodies. The decision over who does it will require a democratic discussion between the authorities.

[138] **Angela Burns:** My point is that, if they do not agree, is there a cost to having some kind of arbitrator?

[139] **Carl Sargeant:** I am not sure. I do not know whether we—

[140] **Mr Phipps:** If there were no agreement and the community council wanted to proceed and do that grass-cutting, it would have to determine how it would fund it. The obvious place for it to start is the precept and its existing resources. As the Minister says—

[141] **Angela Burns:** I am not trying to be awkward. The reason why I ask this question is because I have seen that community councils and county councils do not always have the warmest of relationships, and I can quite see the case for a community council to bring back some stuff to its area and be in control of it. We are all talking about the localism agenda, which is extremely important. Will a mechanism be put into place to enable arbitration, as I have not picked that up in this proposed Measure? Thinking about my area, the breakdown in the relationship is such that we would need an arbitrator to pull that through, and that must have an ongoing cost.

[142] **Carl Sargeant:** If we look at it in reverse, as opposed to how you presented it, we can see that it is about who has the duty now. I can think of many town and community councils that would say that they should be doing something, and that, because there is a cost element to it, if they got the finances for it, they would do a better job. That has always been the argument. The issue here is who is actually doing that job. The duty is within local authorities. The proposed Measure presents an opportunity for town and community councils. If a local authority was happy for a town and community council to do the grass-cutting, we would just pass that process on. The funding element would probably come from the local authority or through the precept. I do not envisage any need for us to be arbitrators in the case of a strong town and community council saying to a local authority, ‘We want to do the grass-cutting but you will not let us’, because that is not how the process works. The ownership is with the local authority and then it is transferred to a town and community council.

[143] **Angela Burns:** Thank you for the clarification. I think that we are now back to Janet, or have we covered your questions? We may well have done with you.

[144] **Janet Ryder:** I am looking at the charters and the accreditation scheme. The explanatory memorandum states that there are no costs associated with the reserve powers in relation to charters and an accreditation scheme for community councils, and that such a power may not need to be used if a voluntary scheme is successful. What would be the costs associated with the voluntary arrangements?

[145] **Carl Sargeant:** Agreeing the charter and implementing the resulting action plan is all about engagement and collaboration in the process. We do not believe that the accreditation

scheme for community councils is a pre-requisite for agreeing charters, or for community councils' voluntary participation in training courses. At the moment, a voluntary accreditation scheme may evolve out of that process, and we do not currently believe that there will be a cost involved. It is just a process, really.

[146] **Janet Ryder:** So, when will you determine whether the voluntary arrangements have been satisfactory, and therefore whether these reserve powers will be used?

2.00 p.m.

[147] **Mr Phipps:** It is important to separate the charters from the accreditation scheme. There is not necessarily a connection between those two. I suppose that charters are an example of best practice in which local authorities and community councils should be engaging. They should be communicating and working effectively together. We are already working with councils, the WLGA and One Voice Wales on the voluntary adoption of charters, and authorities are generally making good progress on that. It is difficult to set a timescale on when we would look to intervene with statutory powers. If, for example, the principal authority and the town and community councils in its area were happy that the arrangements were in place, even though they do not have a piece of paper that says 'charter' on it, I suspect that Ministers would probably not want to intervene. However, if we receive strong representations that one party or another is not engaging in the process or with the other party, a Minister may consider using the powers in that situation—but that would be individually, and not necessarily as a blanket approach to statutory charters across Wales.

[148] **Janet Ryder:** So, does that go some way towards answering the question that was put?

[149] **Mr Phipps:** Possibly, although I do not think that the Minister could use the charter powers to drive a delegation of services, rather to ensure that there is a proper debate about the issues.

[150] **Angela Burns:** Minister, I am conscious of the time, but there are still a few questions that we want to ask on the payment and pensions section. Are you happy to stay with us for another five minutes?

[151] **Carl Sargeant:** I probably have five minutes before I have to leave for Merthyr Tydfil.

[152] **Angela Burns:** Okay. Andrew, I ask you to be snappy with your questions.

[153] **Andrew Davies:** I will certainly try. My questions are on the function of the independent remuneration panel. The proposal is for its budget to be £50,000 going forward, which is an increase of £20,000. How did you arrive at that estimate, given that the IRP's budget was actually reduced by £20,000 in the 2009-10 financial year?

[154] **Carl Sargeant:** The remit and duties of the IRP will be increased in line with an expectation of delivery. It will now be discussing national park authorities, fire and rescue authorities and town and community councils as well, so that increase is based on the research element and the uplift in the knowledge base that it will need to deliver that service.

[155] **Andrew Davies:** Have you looked at the functioning of the IRP and its operation, or is the increase in its remit just to cover the town and community councils, national park authorities and fire and rescue authorities?

[156] **Carl Sargeant:** Its function is a decision for the IRP, but we believe that the

additional work that it will have to carry out will have cost implications of an additional £20,000.

[157] **Andrew Davies:** So, it is purely extending the remit.

[158] **Carl Sargeant:** Yes.

[159] **Andrew Davies:** My next question is on the financial implications for local authorities. Some local authorities have given evidence that the IRP's decisions could have a significant impact on their budgets. How will the IRP go about deciding the level of allowances, given that some local authorities may make the decision to go up to the maximum?

[160] **Carl Sargeant:** It already has that discretion. We are having a similar discussion in the Assembly about levels of remuneration and so on. It is appropriate for an external body to be doing that, and the IRP is the body to do that. I expect it to consider the additional costs for local authorities, fire authorities and so on, and their implications. So, I expect it to have that in mind when it makes those decisions. I also expect that the additional costs that some of the authorities are concerned about, such as the administration support and member support, will be minimal. It is a highly controversial process, so there is a need for it to be delivered in a transparent way, and the IRP is the body to do that.

[161] **Andrew Davies:** This is my last question, and I hope that it is snappy enough. [*Laughter.*] What is the difference between an allowance and a salary? I have always been intrigued by that.

[162] **Carl Sargeant:** That is a technical issue that I will ask my colleagues to address. My understanding, which is based purely on my local knowledge, as opposed to any technical detail, is that the difference is based on tax issues. Perhaps I can give you some more detail in writing, Andrew.

[163] **Peter Black:** Chair, may I ask something quickly? Will the IRP in future be recommending maximum allowances and giving local authorities the discretion to pay less than that, or will it be recommending a standard allowance across Wales, which the authority will not have the discretion to vary?

[164] **Carl Sargeant:** My understanding is that we will be looking at a maximum allowance. This is something that I would advise, but the remuneration panel is independent. From your question, I glean that you are asking whether a fixed amount should be designated for all councils.

[165] **Peter Black:** What I am getting at is that, if a maximum allowance is set and authorities are given discretion, the sort of extra costs to go up to the maximum that Gwynedd has indicated—some £300,000—would be a matter for the council as it would not have been imposed on it.

[166] **Carl Sargeant:** As is now the case in the Assembly, if you do not wish to take your full salary, you do not have to do so.

[167] **Peter Black:** However, the authority can determine that, for all councillors, the allowance would be less than the recommended level.

[168] **Mr Cuthbert:** The proposed Measure will give the panel the power to make that choice. It will be able to do as it is doing at the moment—that is, imposing maximums—or, if it so wishes, it will be able to set the amounts that councillors must be paid. There will still be

a provision enabling an individual councillor to give up some or all of his or her allowances, but the panel will be able to make that choice. That is why there are new provisions about the panel needing to consult before making its decisions and a fallback power for the Minister to ask it to think again, if it seems to be proposing something that is unreasonable.

[169] **Peter Black:** However, you understand that if the IRP opts to set a recommended level that cannot be varied, it has implications for your explanatory memorandum with regard to the costs of this proposed Measure. Councils that are paying less than the maximum will be forced to raise their payments to the maximum.

[170] **Carl Sargeant:** I understand your question about self-determination; should the local council wish to pay a lower rate than the level that the IRP sets, then it can do so.

[171] **Peter Black:** That is my point.

[172] **Carl Sargeant:** I am not saying that if the IRP says that it should be set at £500, then you will have £500. It will be up to the discretion of the local authority.

[173] **Peter Black:** Do you mean the council as opposed to the councillor?

[174] **Carl Sargeant:** Yes.

[175] **Peter Black:** That is quite important in terms of the costings.

[176] **Angela Burns:** I am going to draw this meeting to a close. Thank you very much for your time today. We will write to you later this week to ask you for further information on the points that you have made today.

[177] **Carl Sargeant:** Thank you very much, and if there are any points on which you need clarification, please write to us and we will be happy to give you some more figures if that is appropriate.

[178] **Janet Ryder:** [*Inaudible.*]

[179] **Carl Sargeant:** Yes, we have made a note of that and we will forward that information.

[180] **Angela Burns:** I thank you and your team very much indeed, Minister.

2.08 p.m.

Cynnig Trefniadol Procedural Motion

[181] **Angela Burns:** I move that

the committee resolves to exclude the public from part of the meeting in accordance with Standing Order No. 10.37.

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Gohiriwyd y cyfarfod cyhoeddus rhwng 2.08 p.m. a 2.34 p.m.
The public part of the meeting was adjourned between 2.08 p.m. and 2.34 p.m.*

**Goblygiadau Ariannol y Mesur Arfaethedig ynghylch Diogelwch ar Gludiant i
Ddysgwyr (Cymru)—Tystiolaeth gan y Dirprwy Brif Weinidog
Financial Implications of the Proposed Safety on Learner Transport (Wales)
Measure—Evidence from the Deputy First Minister**

[183] **Angela Burns:** Deputy First Minister, I welcome you to this evidence session. For the record, please introduce your colleagues.

[184] **The Deputy First Minister:** On my left is James Price, and on my right is Bethan Bateman. They are both from the transport department.

[185] **Angela Burns:** Thank you. Deputy First Minister, would you like to make any opening comments?

[186] **The Deputy First Minister:** No.

[187] **Angela Burns:** In that case, we will go straight into questions. Nick, would you like to start?

[188] **Nick Ramsay:** Good afternoon, Deputy First Minister. What work have you undertaken to assess the expenditure that will result from the proposed Measure?

[189] **The Deputy First Minister:** A survey was undertaken by the local government data unit in conjunction with our statistical directorate to give us a better idea of the costs of implementing our proposals. It provided us with a range of data on the age and specification of the vehicles used to provide dedicated learner transport in Wales. This information has been used to assess expenditure. However, of course, when we get to the point where some of the proposals need to be developed further in light of the regulations that we would introduce, we would try to firm it up a lot more.

[190] **Nick Ramsay:** Have you made an assessment of the impact of the expenditure on existing budgets? Are there any particular Assembly Government budgets, in addition to your department's budget, that you think might be affected?

[191] **The Deputy First Minister:** I do not suppose that any other Assembly Government budget would be affected, but we have obviously undertaken an assessment of my budget. As you will realise, that has been a bit of a process this year in view of the fact that we had a late comprehensive spending review settlement. However, we have had an opportunity to discuss it and I have discussed it with my officials.

[192] **Nick Ramsay:** It may not come as much of a surprise to you, but in written evidence to Legislation Committee No. 4, the Welsh Local Government Association said:

[193] 'The Assembly Government has stated that they will provide "additional financial support towards the introduction of specific safety features" and this funding will be provided by them subject to available resources. This does not provide local authorities with a sufficient guarantee of funding to enable them to implement the Measure.'

[194] How do you respond to these concerns?

[195] **The Deputy First Minister:** I am not surprised by that observation, I suppose.

However, I would say that we have carried out an initial assessment on the basis of the work that we have done. As part of making the regulations, we would consult more widely and firm up those particular costings. Obviously, we understand the impact of the proposals on local authorities and contractors. Rather than introduce all of the changes all at once in one year, we would phase in the introduction of our requirements with regard to bus specification over a period of time. That would spread the cost over a number of years, rather than it happening in one particular year. The other consideration that we need to bear in mind is that we would not interfere with existing local authority contracts. We would wait until the end of a local authority contract before introducing the specifications.

[196] **Nick Ramsay:** That is the next matter that I was going to ask you about. With regard to the phasing in of these requirements, which I think you mentioned in the explanatory memorandum, do you have an overall timetable that tells you when individual contracts are to be renewed? What assessment has been made to identify in which years the costs will fall?

[197] **The Deputy First Minister:** Obviously, there will be differences because each local authority will have a different time frame for its contracts. So, we will need to bear that in mind. We will work with local authorities within the time frame they have allocated to their contracts in order to ensure that the burden does not fall in the lifetime of an existing contract, but at the point of renewal, subject to the fact that there will be different time frames for each of our specifications. However, the likelihood is that if, for example, a bus operator was to find that it would be more cost-effective to buy a new vehicle, it would probably meet all of the specifications at once, which would reduce the cost to them in relation to the other requirements that we might specify.

2.40 p.m.

[198] **Nick Ramsay:** Have you started your discussions with local authorities with regard to the contracts?

[199] **The Deputy First Minister:** Not in detail. Due to the time constraints, we intend to introduce a number of proposals via regulation. I have told the legislation committee, however, that I am looking at possible opportunities for introducing the requirement on seat belts on the face of the proposed Measure. If we were able to do that—and it is a big ‘if’ because of the time frame—we would need to consult local authorities and bus operators, and we would need to have a firmer costing of the requirement. So, if we were able to introduce it on the face of the proposed Measure, we would start consulting and firming up the figures. We currently have some broad figures, but we would need to do a lot more work to firm them up.

[200] **Angela Burns:** Rosemary, I believe that you wish to ask some questions on types of vehicles.

[201] **Rosemary Butler:** Yes, I have a number of questions on the vehicles themselves. The explanatory memorandum states that the cost of fitting seat belts to a 70-seat vehicle is about £11,000. Will you explain how this estimate was calculated? It also states that a significant number of buses may be in operation on school contracts that are not suitable for the fitting of seat belts. What would happen if it is not possible to fit seat belts in a significant number of buses, and would there be any costs associated with that?

[202] **The Deputy First Minister:** I will deal first with the issue of costings. We consulted the industry, and by that I mean the Confederation of Passenger Transport, in order to calculate those costs. If we were able to introduce that particular specification on the face of the proposed Measure, we would carry out more consultation to ensure that the costings were absolutely right at that point.

[203] If you look again at the explanatory memorandum, you will find figures showing the number of buses that do not have seat belts. It is a pretty small proportion of the current fleet. Our understanding is that, even taking the number of cases that are 'not known' into account, there are 2,894 vehicles that currently have seat belts, out of a total of 3,295. So, a relatively small proportion of vehicles do not have seat belts. Most coaches constructed after 2001 have seat belts. The question is: how many coaches or buses constructed prior to that do not have them? There are various issues regarding whether or not you could retrofit them in vehicles built before 2001. Bethan may be able to expand on that. However, the reality is that if we were to impose this requirement, we would be talking about a relatively small number of buses that do not have seat belts. It may well be that the cost of fitting them in an old bus would be greater than the value of the vehicle, and it may be considered that the most appropriate thing to do is to replace the vehicle.

[204] **Rosemary Butler:** According to the information that I have, two thirds of the learner transport stock may have been manufactured before 2001.

[205] **The Deputy First Minister:** I am not sure about that. However, I can say that the number of vehicles that do not have seat belts is relatively low. Perhaps Bethan can explain more fully the difficulty of retrofitting seat belts in older vehicles.

[206] **Ms Bateman:** We should make a distinction between buses and coaches because the requirements are quite different. It would be difficult to retrofit some buses because the floor strength of the vehicle would mean that the costs would be prohibitive. You would therefore want to replace them. It is possible to retrofit older or newer coaches, however, because those vehicles were built to stronger standards. In terms of knowing whether we have large numbers of older coaches or buses out there, we have spoken to the industry, and the feeling seems to be that most of the vehicles are older coaches, so they could be retrofitted in instances where seat belts were not fitted originally. It therefore looks like the number of buses out there that cannot be retrofitted is quite low. The other thing to say about retrofitting is that, once a vehicle has been retrofitted, another certificate of initial fitness must be applied for to ensure that it is roadworthy. Therefore, safety checks are built into the process.

[207] **Rosemary Butler:** It might be helpful, Chair, if we could have those figures. I am a bit confused about the numbers. You are saying that you do not think that there are many, but that there could be.

[208] **The Deputy First Minister:** The actual figures relating to the vehicles are in the explanatory memorandum.

[209] **Angela Burns:** A total of 141 have been identified as not having seat belts fitted.

[210] **The Deputy First Minister:** That is right.

[211] **Angela Burns:** My question relates to the 260 'unknown' buses. Why do we not know about them? Do the local authorities not have to keep a record? Surely they are responsible for carrying out the safety checks, or checking that the bus companies do so? I am not entirely clear on that point.

[212] **Ms Bateman:** We obtained the data by surveying each of the 22 local authorities and encouraged them to give the fullest return. Unfortunately, the response that we got on some aspects of the bus fleet was 'unknown'.

[213] **The Deputy First Minister:** At the point at which the regulation would be made, we would be in a position where, by law, we would need to know. Therefore, we could firm up

all the figures so that all the figures in the ‘not known’ column would go into the ‘known’ column.

[214] **Angela Burns:** I am slightly concerned that the local authorities either do not wish to share their information or do not know.

[215] **The Deputy First Minister:** I think that they probably know, but are currently not sharing.

[216] **Peter Black:** You are far more optimistic than I am on that, Deputy First Minister.

[217] This morning, we had a technical discussion about seat belts and the law relating to them. You told the committee that you could not make any legislation regarding the type of seatbelts and so on that could be fitted. However, as regards the risk assessment, a local authority may wish to fit age-appropriate seat belts. In the costings, have you taken account of the number of age-appropriate seatbelts—for under 14 year olds—that might need to be fitted on buses that have already been fitted with adult seat belts?

[218] **The Deputy First Minister:** We need to stress that the only legal requirement that we can impose is in relation to having seat belts. We cannot enforce a regulation through law that says what type of seatbelts they have to be. Therefore, that would have to be done either through a risk assessment or by issuing guidance and we would draw that to the attention of the appropriate local authority. I am sure that the local authority, using best practice, would not want its vehicles to be fitted with seat belts that were not appropriate for the passengers that the coaches or buses were carrying.

[219] **Peter Black:** In the explanatory memorandum, we would want an estimate of how much it would cost a local authority to do that.

[220] **The Deputy First Minister:** We can only estimate the costs in relation to what we are obliged to ask them to impose. We cannot include an estimate of that kind in the explanatory memorandum, because it is an explanatory memorandum to the proposed Measure, and so can only deal with things that are covered by the proposed Measure. If the committee feels that it would be helpful to talk about what might be included in the guidance additionally, I would be happy to share that information with you.

[221] **Andrew Davies:** The explanatory memorandum states that the local government data unit figures

[222] ‘record that approximately one third of the fleet was registered in the UK before 1 October 2001 and one third after 1 October 2001.’

[223] Where is the other third?

[224] **Ms Bateman:** Not known.

[225] **Andrew Davies:** Not known? Therefore, those vehicles are not been registered at all?

[226] **Ms Bateman:** They will be registered. We asked for a given day, and the local authority did not know whether the vehicle used was registered before or after that date.

[227] **Andrew Davies:** The local authority did not know?

[228] **Ms Bateman:** When the survey results came back, the response that we had was ‘unknown’.

[229] **Angela Burns:** May I ask for clarification on the law? I am not quite clear on this. When a local authority gives out a bus contract to a company to provide school transport, as the law currently stands, what details does it have to ask the company to provide before the contract is let? Obviously, the company will say that it will provide, say, 20 buses for a certain price, but does it have to say that it will provide 20 buses with eight wheels and so on? Does the company have to list the ages of the buses?

[230] **Ms Bateman:** It varies across local authorities. Clearly, any vehicles used would have to have a public service vehicle operator's licence and the drivers would also have to have the equivalent operator's licence. Different local authorities would then put different stipulations in their contracts; therefore, some would ask for three-point all-age seat belts while others would not. So, there is considerable variation.

2.50 p.m.

[231] **The Deputy First Minister:** I think that this is a point that we also made elsewhere; we have tried, as best as we can within the competence that we have, to standardise the procedure, because one of the questions put to me was: 'Why do you need a Measure. Why can you not just get a voluntary agreement with local authorities?'. However, because we have 22 local authorities the reality is that we tend to have a variety of contracts. The only competence that we have is to specify that there should be a seat belt. We cannot specify the kind of seat belt. Therefore, under this legislation, all vehicles carrying schoolchildren under contracted services will have to have seat belts, whether that is specified in the contract or not, because it will be the law. Part of the difficulty that Bethan has outlined is that one of the reasons why we wanted to have this proposed Measure was to ensure that there would be a basic minimum with which buses would have to comply, rather than the interesting but different contracts that authorities currently have.

[232] **Angela Burns:** We return to Rosemary.

[233] **Rosemary Butler:** Hopefully, the next question will not lead to so many supplementary questions. That was a very interesting point. The explanatory memorandum states that 225 single-decker buses may be required to replace the 132 double-decker buses currently in operation. Who would meet the costs of replacing the double-decker buses? Also, the legislation committee has heard evidence that there may be hidden costs in replacing double-decker vehicles, such as costs to those schools that may not be able to accommodate the required number of single-decker buses, to contractors who also may not be able to accommodate the required number of single-decker buses, and increases in driver insurance if the number of buses increases. Have you undertaken any estimates of those potential hidden costs?

[234] **The Deputy First Minister:** We do not think that the hidden costs are substantial here because the vast majority of vehicles are single-decker buses. The number of local authorities that use double-decker buses is quite low. I am not aware, even anecdotally, of any potential major difficulties in accommodating a relatively larger number of buses on school premises than is currently the case. To return to your original question, which was about the cost of double-decker buses, I have also made it clear elsewhere that what we are looking at here is perhaps not the newer double-decker buses, which will be fitted with seat belts, CCTV, and other safety features, but at some of the older double-decker buses. Therefore, the number is even less than that cited in the explanatory memorandum.

[235] **Rosemary Butler:** Finally, the explanatory memorandum states that up to two thirds of the learner transport stock may have been manufactured before 2001, as we discussed earlier. If you were to introduce regulations to phase out older buses, who would meet the

costs of replacing the buses?

[236] **The Deputy First Minister:** Over time, it would be the bus operator, but we think that there is merit in us looking at providing assistance to bus operators to replace their stock, not just because of the school transport issue, but for wider considerations, which would be general safety and the fact that newer vehicles are likely to have reduced carbon emissions. I think that there is merit in us looking to give a measure of assistance to bus operators to replace their stock or to include the specifications that we have set out in the proposed Measure.

[237] **Angela Burns:** Do you have a supplementary question to ask, Andrew?

[238] **Andrew Davies:** Yes. Deputy First Minister, you mentioned earlier the limited levers at your disposal. As a Government, you are investing very considerable amounts of money through free bus travel for older people, for example, and the operators' support grant and a range of other measures. Therefore, the Government has quite a lot of financial leverage. Has there been any consideration as to how you might use that?

[239] **The Deputy First Minister:** Yes, there has. You make a very important point. To be fair, many bus operators have been replacing their stock on the back of that investment. In Wales, in recent years, there has been a good replacement of stock, and that is particularly true in some parts of Wales. So, we would certainly want to see what we can do to leverage in the investment that we make to ensure that vehicles are updated regularly. You are right that we should be doing a bit more of that.

[240] **Andrew Davies:** I suppose that it is the lower end of the market that we are talking about really, and how you use the levers for that. The quality, top end of the market will probably be doing it anyway.

[241] **The Deputy First Minister:** Yes. Some operators have done it and have recognised that they have done it because of the level of support that we have given.

[242] **Angela Burns:** Irene, I think that you have questions on visual images and sound.

[243] **Irene James:** Yes, Chair. The explanatory memorandum identifies the costs of fitting and maintaining CCTV. Are there any hidden costs associated with the installation of CCTV cameras, such as the costs associated with the storage of digital records?

[244] **The Deputy First Minister:** We do not think that there is a significant cost in relation to storage, because many vehicle operators have CCTV cameras on their vehicles already, and our understanding is that the cost of storage is not a significant part of their overall expenditure on CCTV. That is our current understanding, but perhaps Bethan would like to expand a little on that.

[245] **Ms Bateman:** We have noted in the explanatory memorandum that there may be administrative costs and other costs. It is difficult to quantify the costs and to go further with the costings without specifically knowing the regulation that we would set out. However, when we come to make regulation on CCTV, we would repeat the regulatory impact assessment and the data gathering, and we would then be able to give a much more fine-grained assessment of those hidden costs. We are recognising them at the moment, but it is necessary to specify what is in the regulation to take the next step, unfortunately.

[246] **Angela Burns:** Peter, do you want to come in on this point?

[247] **Peter Black:** Yes, although Bethan has largely dealt with what I was going to ask.

Clearly, you will make a regulation on the operation and control of CCTV, how the data are stored and who has access to it. The data will have to be stored for a certain period, in case there are incidents, and there will be a cost. However, as yet, you have no idea what that cost will be.

[248] **Mr Price:** While there clearly will be a cost, it will not be significant. That is based on our experience of monitoring CCTV and using it on our own networks. So, for instance, we keep our CCTV for seven days and it usually wiped after that. There are costs, but they are minor in comparison with fitting CCTV and the other aspects that we have costed fully.

[249] **Ms Bateman:** It is worth adding that we have a number of pilot schemes looking at CCTV and the use of escorts and at different ways of setting that up. Our approach to regulation has been to look at the work of the transport consortia and other groups, such as the Association of Transport Co-ordinating Officers, in order to build on best practice. So, in developing the regulation, we would work closely alongside local authorities to ensure that we do not place additional burdens that we are not aware of on them in the regulations. We have had a relationship with local government and the bus operators, which have been quite happy to comment on the development of this legislation as it goes forward. We recognise that in some areas that specific knowledge is incredibly important in telling us whether there are hidden costs.

[250] **Peter Black:** Most bus operators will not have any expertise in the recording and storage of this sort of material, so there will be a need for training and perhaps new personnel involved.

[251] **The Deputy First Minister:** As well as training in the use of CCTV and storage of the data, people will need to be satisfied that the images are being used for the right purpose, and we need to bear in mind the civil liberty arguments around their use and where those images are used. So, there is a need for a lot of thought around the regulation and how it is introduced and to have an understanding then of the associated costs.

[252] **Irene James:** Who will bear the cost?

[253] **The Deputy First Minister:** The operator will bear the cost.

[254] **Andrew Davies:** That is different from the situation with regard to Arriva Trains Wales, is it not? It has been given significant funding by the Assembly Government to fit CCTV on its rolling stock.

[255] **The Deputy First Minister:** Our feeling is that the operator should bear the cost. Whether the Government makes a contribution towards that cost is a matter for us to determine. I have asked officials to start working out schemes whereby we could make a contribution towards the cost, and we are actively looking at that, but as a former Minister for finance, you will appreciate that that is a matter for negotiation at present.

3.00 p.m.

[256] **Andrew Davies:** As a former Minister for transport, however, I also remember that the bus operators used to complain of what they perceived to be unequal treatment as opposed to the Assembly Government's attitude towards the rail industry. I gave you the example of CCTV.

[257] **The Deputy First Minister:** Bethan mentioned some pilot schemes, and some useful information is coming out of them about the effectiveness of CCTV cameras on vehicles for

learner travel. That will inform a great deal of the work that we will need to do in relation to the introduction of that particular specification.

[258] **Angela Burns:** Irene, did you want to ask any further questions?

[259] **Irene James:** No, that is fine.

[260] **Peter Black:** The proposed Measure allows for regulations to be made that would ensure that drivers of learner transport have completed appropriate training. Are there any cost implications for local authorities or school governing bodies and, if so, has there been an estimate made of these costs?

[261] **The Deputy First Minister:** We do not think that there would be additional costs to this, because drivers currently have to attain what is known as the driver certificate of professional competence. Some modelling work has been done by the South West Wales Integrated Transport Consortium on a module, and I will ask Bethan to give a little more detail on that. Basically, we would add a module to the existing training programme, which would incur no additional cost, because the operators currently bear the cost of driver training.

[262] **Ms Bateman:** The SWITCH project has developed a way of working with drivers so that they can detect bullying, they are trained to work with children and they learn fire evacuation procedures. It is basic training, but tailored towards the school journey because, at the moment, you could have a driver certificate of professional competence without having undertaken a school journey training module. Therefore, the consortium has developed one, and we propose to roll out that best practice through regulation.

[263] **Peter Black:** The explanatory memorandum also states that the cost of providing school escorts for all primary school vehicles would be £694,000. How comprehensive is that figure? Does it take account of recruitment and training costs and, if not, what is the assessment of those additional costs?

[264] **The Deputy First Minister:** It would need to take into account the full direct and associated costs in order for it to be a realistic figure. We have made it clear in our proposal that we expect that the escorts would only be mandatory on primary school transport. However, the question is whether the figure is comprehensive and robust.

[265] **Ms Bateman:** At the moment, the figure is a broad costing of how much it costs each local authority. We got that by comparing the cost of an escort in a number of different local authorities and then we acknowledged that there would be other costs. When we roll this out in regulation, it will be important to analyse some of these changes in regulation and some of the changes in the efficiency of bus operations. For example, double tripping or a more imaginative use of local authority transport could help to mitigate some of those costs. Rolling it out will depend on the detail of the regulation and whether we will be able to work with local authorities to look at other efficiencies alongside that to give a final costing.

[266] **Peter Black:** However, at this stage, £694,000 is not a rock solid figure, because there are other costs on top of that. You may have savings as part of that, but you do not know what they are.

[267] **Ms Bateman:** The other costs would be marginal compared with the figures that we have quoted.

[268] **The Deputy First Minister:** If I remember correctly, under the Learner Travel (Wales) Measure 2008, there was a proposal, which some people criticised, to start the school

day at different times. That would enable the use of a bus for more than one school journey at particular times, which could lead to cost savings.

[269] **Angela Burns:** Do you want to come in with a quick supplementary question, Andrew?

[270] **Andrew Davies:** On the issues of driver training and the use of escorts, what discussions and what engagement have you or your officials had with the appropriate trade unions?

[271] **The Deputy First Minister:** I will need to check, but I do not think that there has been any discussion with trade unions on that. We would expect that, when the regulation introducing the specification is taken forward, the consultation will then take into account all the relevant stakeholders, which will include the trade unions.

[272] **Angela Burns:** Andrew, you have the next question, which is on civil sanctions.

[273] **Andrew Davies:** I am just wondering what the latest thinking is on how this might operate. I understand that you were in committee this morning and made some comments.

[274] **The Deputy First Minister:** The latest thinking is that there are two ways that you can approach it: you can either set up your own enforcement authority, which would be entirely separate from anything that currently exists, or you could contract with an existing body; the suggestion that was put to me this morning was VOSA, which would be appropriate, and I am totally open-minded about that. Basically, we want to do this in the most cost-effective way, and if that means contracting with another organisation, then I am perfectly happy to look at that proposal. Similarly, if any case needs to be taken to some form of tribunal, then the question is whether we set up a new body to consider the hearings or we use the existing tribunal system. Again, it is about cost-benefit analysis and value for money; if we can do it better by using existing organisations, then we would be happy to do that.

[275] **Andrew Davies:** I commend that approach. The explanatory memorandum states that there may also be an increase in insurance costs for local authorities. What estimate has been made of those costs?

[276] **The Deputy First Minister:** I will ask Bethan to come in in a minute, but we are not convinced that there would be an increase, because if you are making the transport safer, then there is an argument that the insurance costs would come down. The truth is that when lorries were mandated to carry tachographs, insurance costs came down. So, there is an argument that those costs will be lower.

[277] **Ms Bateman:** It was raised with us by local government that the insurance costs would go up. We noted those concerns, but we then spoke with transport companies about tachograph regulation for lorries and it appeared that insurance costs went down rather than up. We have noted that the WLGA is concerned about this, but actually, we suspect that costs will not rise.

[278] **Andrew Davies:** I have never known the WLGA to admit to costs going down, so I am not surprised by that. What are the local authorities' arrangements for paying insurance? Is it done on a consortium or block basis, or is it paid individually?

[279] **The Deputy First Minister:** That is a question that I cannot answer, and I am not sure that my officials can.

[280] **Ms Bateman:** I would suspect that it is done individually, because I am not aware of

any examples of co-contracting across local authority areas. I would suspect that they would procure insurance on an individual basis. However, I would like to check that and come back to you.

[281] **The Deputy First Minister:** On the wider point, Andrew, there may be added advantages to local authorities in having joint contracting.

[282] **Andrew Davies:** I would assume that they would be actively pursuing this. Maybe we could make that suggestion.

[283] **Angela Burns:** Andrew, do you have any further questions? I see not, so we move on to Chris on tribunal costs.

[284] **Chris Franks:** You started to touch on the issue of tribunal costs, and I note that the adjudication panel costs a few years ago amounted to £85,000 per annum. You are basing tribunal costs on those of the adjudication panel. Why have you used that as a basis for your estimate?

3.10 p.m.

[285] **The Deputy First Minister:** We felt that the number of cases that were likely to appear before a tribunal was similar to the number that has appeared before the adjudication panel. So, we did it on the basis of the likely numbers. Although sanctions are included in the proposed Measure, you hope that you will never have to use them and that people comply with the new legislation. To make a wider point, it has been encouraging that the evidence shows that, as a result of the behavioural code that was introduced under earlier legislation, behaviour has improved. So, the likelihood is that, if we add the specifications that we have noted in this proposed Measure alongside the work that has already been done under the behavioural code, the number of incidents will fall even further. Therefore, we hope that the sanctions would be available but would hardly ever have to be used. However, they would be there in case they are needed.

[286] To come back to your original question, although I may have answered it in a roundabout way, the figure was based on a similar number of cases.

[287] **Chris Franks:** So, that is the optimistic scenario; what happens if it goes the other way and there is a serious increase in the number of cases?

[288] **The Deputy First Minister:** Once again, I am happy to look at various options rather than to create a new regulatory system with appointments having been made to tribunals. I am happy to look at the use of an existing tribunal system in order to reduce the costs.

[289] **Angela Burns:** Deputy First Minister, do you or your officials wish to make any further comments on this?

[290] **The Deputy First Minister:** I have no further comments.

[291] **Angela Burns:** Do committee members have any further questions? I see that there are none. Deputy First Minister, I thank you and your officials very much for your time this afternoon.

Cynnig Trefniadol Procedural Motion

[292] **Angela Burns:** I move that

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

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 3.12 p.m.
The public part of the meeting ended at 3.12 p.m.*