



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

**Y Pwyllgor Cyfrifon Cyhoeddus  
The Public Accounts Committee**

**Dydd Iau, 3 Rhagfyr 2009  
Thursday, 3 December 2009**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi 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 Cynulliad yn bresennol**  
**Assembly Members in attendance**

Lorraine Barrett	Llafur Labour
Michael German	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Janice Gregory	Llafur Labour
Jonathan Morgan	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Chair of the Committee)
Janet Ryder	Plaid Cymru The Party of Wales

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

Steve Ashcroft	Swyddfa Archwilio Cymru Wales Audit Office
Mandy Collins	Dirprwy Brif Weithredwr, Arolygiaeth Gofal Iechyd Cymru Deputy Chief Executive, Healthcare Inspectorate for Wales
Jeremy Colman	Archwilydd Cyffredinol Cymru Auditor General for Wales
Paul Dear	Pennaeth, Uned Cymunedau yn Gyntaf, Llywodraeth Cymru Head of Communities First Unit, Welsh Government
Paul Dimblebee	Swyddfa Archwilio Cymru Wales Audit Office
Dame Gillian Morgan	Yr Ysgrifennydd Parhaol, Llywodraeth Cymru Permanent Secretary, Welsh Government
Kate Lloyd-Jones	Arolygiaeth Gofal Iechyd Cymru Healthcare Inspectorate for Wales
Dr Emyr Roberts	Cyfarwyddwr Cyffredinol, Cyflenwi Gwasanaethau Cyhoeddus a Llywodraeth Leol Director General, Public Service Delivery and Local Government, Welsh Government

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

Alun Davidson	Clerc Clerk
Andrew Minnis	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 1.29 p.m.*  
*The meeting began at 1.29 p.m.*

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

[1] **Jonathan Morgan:** Good afternoon. Welcome everybody to the Assembly's Public Accounts Committee, this being the final meeting of the calendar year. I will start with

apologies and substitutions. We have a number of apologies this afternoon from Bethan Jenkins, Nick Ramsay and Lesley Griffiths. Huw Lewis, I am hoping, will be here for the second part of the meeting, and Janice Gregory will be here but she will be a little late. I will start with the usual housekeeping arrangements and remind everyone that we operate bilingually, so participants are welcome to speak in Welsh or English. Headsets are available for translation; use channel 0 for amplification and channel 1 for translation. I ask everybody to ensure that all mobile phones, pagers and BlackBerrys are switched off because they will interfere with the microphone system if they are left on standby. In the event of a fire alarm, please follow the advice of the ushers. I have not been informed of a fire drill this afternoon, so if the alarm sounds please pay close attention to what is said.

1.30 p.m.

### **Cymunedau yn Gyntaf: Tystiolaeth y Swyddog Cyfrifyddu Communities First: Accounting Officer Evidence**

[2] **Jonathan Morgan:** Having dispensed with the housekeeping arrangements, I welcome our witnesses this afternoon. The first substantive item on the agenda is the review that the committee is undertaking into the Communities First programme, and, in particular, the work that we are doing on the back of the report published by the Auditor General for Wales. I ask our witnesses them to introduce themselves for the record.

[3] **Dame Gillian Morgan:** I am Gillian Morgan. I am Permanent Secretary to the Welsh Assembly Government.

[4] **Dr Roberts:** I am Emyr Roberts, Director General for Public Service and Local Government Delivery.

[5] **Mr Dear:** I am Paul Dear. I am head of the Communities First Unit in the Communities Division, Welsh Assembly Government.

[6] **Jonathan Morgan:** Thank you very much. If it is all right with you we will just proceed with the questions, I think that there are quite a few that we need to get to this afternoon. The auditor general's report suggests that many of the problems identified by previous reviews remain—for example, the review by the Deputy Minister, Huw Lewis, in 2003, and also a review by consultants in 2006. Could you please explain how the programme has developed and responded over time to the various reviews and evaluations to which it has been subjected?

[7] **Dr Roberts:** Both reviews produced a number of recommendations which we have followed through. In terms of the Huw Lewis review in 2003, a lot of the issues raised in that report have been taken up in guidance, and in reviewing the community vision framework. We have also improved the annual monitoring process. On the issues around secondment into the Communities First unit, we have increased the opportunities for that. In terms of programme bending, a training programme has been run so that people are clearer about that. In terms of programme bending more widely—and I am sure that we will discuss this later—the Communities First outcomes fund has been established. So, many of the recommendations of that review have been taken forward. The 2006 review was extremely helpful to us. We were five years into the programme and it was time to look at what had been achieved. Again, I am sure that you are aware that the evaluation of Communities First was fairly positive as regards the difficulty of pulling off this kind of programme, and it was very supportive of the bottom-up approach that we had adopted.

[8] Many of the recommendations have been taken forward in the guidance that was issued in 2007. Perhaps Paul will want to come in on that, but we have checked against the

recommendations of both the reviews, and most of those recommendations have been taken forward.

[9] **Mr Dear:** I would add a general comment, which is that, in any changes to or development of the programme, there is always a balance to be struck between consistency and continuity, which the local communities value enormously. Changing everything is difficult, and this is a large and varied programme, so they value a degree of consistency and continuity. I think that all the evidence you have taken in previous sessions has drawn attention to the fact that we have substantially improved monitoring processes, and we have considerably increased the provision of training for partnerships and for their members of staff. We have engaged much more consistently with them on new aspects of the programme, like the outcomes fund, and have given them all clear messages. We have a whole series of systems and structures in place, like regional co-ordinators meetings, that have enabled us to convey messages consistently to the partnerships, and provide support. I think we generally provide a high level of support for community partnerships, but we always try to remember that there is a necessary balance in Communities First between consistency in the way we are managing the programme and allowing a bottom-up programme to be varied and to reflect the needs of individual communities at the same time.

[10] **Jonathan Morgan:** What I find quite concerning is that, when you consider the themes, recommendations and observations in the review undertaken by the then-Deputy Minister in 2003, many of them are repeated by the auditor general in his report of this year. It is almost as though, in a six-year period, little has changed between Huw Lewis's report in 2003 and the auditor general's extensive analysis this year. Why is there so much commonality between the reports?

[11] **Dr Roberts:** A programme of this nature, which is very ambitious, but also innovative, carries with it a number of tensions, and a number of risks. There is a tension at the heart of this programme between being prescriptive in asking the partnerships to do specific things and deliver specific outcomes as opposed to being a bottom-up, community-led programme. I think that we have to live with that tension, and we have tried to marry that up with the need to be prescriptive about some things. In terms of the financial risks that we carry, again they are inherent in this type of community programme, and we have to manage that. Both the reports highlighted this issue about programme bending, and as I said, we have taken steps to try to increase the amount of programme bending that is taking place. It is probably fair to say that, during the early years of the programme, there was insufficient contact between the communities and the service providers—in other words the service providers were not bending their programmes more towards Communities First areas. We have specifically created an outcomes fund to incentivise that, and we believe that it is bearing fruit now and taking us forward.

[12] As I say, individually, many of the recommendations have been taken forward, but there are tensions, and those issues are inherent in this kind of a programme.

[13] **Jonathan Morgan:** I must be perfectly honest, I could probably spend the next hour going through the Huw Lewis report and asking in detail what has physically changed as a result of his recommendations in a review that the First Minister himself commissioned. Could the Permanent Secretary, at some point within the next couple of weeks, provide a written note to the committee detailing what steps were taken by the Assembly Government after the 2003 review, and what the impact of those steps was, so that we can assess that?

[14] **Janet Ryder:** Could I bring your attention to figure 1 on page 18 of the auditor general's report? It shows you the overall expenditure on the programme to that point: £214 million. Of that, £140 million has gone to the partnerships, mainly for employment, and £30 million to local governments. Dr Roberts, has too much been spent on running partnerships,

and on staff costs, rather than directly funding local projects?

[15] **Dr Roberts:** What was evident from the early days of the programme was that many of these areas lacked the capacity to get community development underway. As you know, the first phase of this programme has been about developing that capacity. A lot of that was about establishing partnerships and trust within those communities, and creating a sense of purpose, because in many cases that was not there previously. It is right that the majority of the money has gone to the staff who move that capacity-building forward. I think that that was necessary. I do not think those communities would have developed without that fairly intensive resource. As time goes on, I think that you are right—we want to move the programme more towards the outcomes, and more towards the projects that will help those areas. We are in the process of doing that, but initially, capacity building was the priority, and that is where the resources went. I am content with the balance of funding at that stage.

[16] **Janet Ryder:** You have had at least five or six years of this programme; it is into its second phase, if you like. At what point would you be looking for that change to occur? If you look at many of the areas—and I take your point about the scenarios in many of the areas—Communities First has gone in and replicated structures that were there already. They may have needed co-ordinating, but a lot of that work was being done.

[17] **Dr Roberts:** Well, I think that where the staff have been able to help is in those areas where there was nothing in place.

[18] **Janet Ryder:** Should we not have seen a variation in the proportion of spending across different areas? Has any comparison ever been done of what has been spent per area and the outcomes achieved by the staff there?

[19] **Dame Gillian Morgan:** The problem with anything like Communities First is that all life is in there. Some programmes are well developed and are some way down the line in delivering alternative programmes. They could give you some very specific measures, such as how much money they have brought in and how much social enterprise—a whole set of things—and Gellideg would be an example of that.

1.40 p.m.

[20] On the other hand, there are places that are still really at the capacity level, for example Castle ward in Swansea, which is a large community; there are three or four disparate communities in that environment. Trying to generate the ability for people to work together takes a long time. The only driver is people; programmes will not actually drive that sort of collective work. The experience in Castle ward was that trying to bring in some programmes early on pushed it further away from achieving the type of partnership and the capacity that were needed, because members of the community started quarrelling among themselves. There was not the set of relationships that needed to be there to create the necessary trust to see differential investment in some part of the community before others. So, there is a big capacity-building issue in a lot of communities that do not naturally have the capacity.

[21] The first community programme that I was involved in was set up 26 years ago when I was director of public health in Leicestershire. Six years on, we were only just beginning to see it move from the community development side into being something that was much more able to focus on some of the top-down priorities, and that was because the trust had been engendered through the individual. That was a real challenge; we had to think about the issue of at what point you move from saying it is all about community issues, which, when you are a health professional, could seem alien to you—they would not be your top priority, although they were the citizens' top priority—into having a set of programmes that says that those

issues may be important, but that we need to do something about smoking, good diet and so on. It took us about six years to begin to get into that sort of debate.

[22] So, when you look at the overall programmes—and I visited one before and then three in preparation—you can see that whole range of things, even in individual areas. Some things are very well developed and have clear plans, and others are still at the capacity-development stage, and are beginning to get into those sorts of areas.

[23] **Mr Dear:** In the great majority of cases, there is no question as to either the extent to which those staff teams are valued by their local communities—and we witnessed that when we restructured the programme last year—or the dedication, skills and commitment of the great majority of staff in the communities. Our focus always needs to be on ensuring that the staff are actively delivering the clear outcomes and the benefits that the communities have defined for themselves and agreed with us, so that we do not fund staff posts for their own sake but to deliver clear outcomes.

[24] **Janet Ryder:** So, that is clearly monitored. Could you perhaps make that information available to the committee?

[25] **Mr Dear:** We monitor what each community is doing, and our clear advice to the partnership and to the staff is that they should ensure that staff time and effort is spent on delivering those. It is very difficult to—

[26] **Janet Ryder:** Are you telling me that you do not have the records of that?

[27] **Mr Dear:** In what sense?

[28] **Janet Ryder:** Do you undertake annual monitoring per project across Wales?

[29] **Mr Dear:** There is clear annual monitoring of what each partnership is doing.

[30] **Janet Ryder:** Do you undertake monitoring of whether the projects are delivering what they say they are doing? Could you perhaps let the committee have access to that information?

[31] **Mr Dear:** It is difficult to draw a direct line between an individual member of staff and individual projects, because the majority of staff are spending their time on a very wide range of work within the community, supporting the overall plans.

[32] **Dame Gillian Morgan:** I agree that it is difficult to show a positive link, but it is very easy to show a negative link. That is often much easier to demonstrate. If you visit failing programmes and ask people, ‘What are the characteristics of the failure? What are the things that made a difference?’, issues are mentioned such as a lack of staff engagement, people not being trusted and being seen to be serving their own ends, people being seen to be too close to the council, and so on. You get a whole set of things around failure, which, if you turn the questions around, indicate what people value.

[33] In previous meetings you have asked a question about councillors, and one thing that I was taken by in conversations that I have had is how powerful councillors can be in making something succeed. People at every successful project that I have visited talked very positively about the councillors, but those who I discussed with at a number of the failing ones said that it was the nature of the interaction with the councillor that they saw as being really important in terms of their not being able to succeed. So, a lot of this stuff is about people and relationships; that is what makes things change, rather than anything else.

[34] **Janet Ryder:** May I just move on to the last question? Some £30 million of that money went into local councils to support the partnership; should the local councils not have been doing that work in any case?

[35] **Mr Dear:** Sorry, £30 million—

[36] **Janet Ryder:** Of that overall sum—£214 million—£30 million has gone to local councils to support partnerships. Should the local councils not have been supporting those projects in any case?

[37] **Mr Dear:** Well, in many cases the local councils are the programme's grant recipient bodies, and therefore the money goes to them as the responsible agents. However, that money passes through them directly to the communities, to deliver projects and to support the partnership. It is not embedded, and it would not be reasonable to expect the local authorities to pick up the whole budget. That is what that programme budget is for. A relatively small amount goes towards funding central posts in the local authorities to monitor and support the programme, and we consider that funding reasonable. Although we do expect, and in many cases get, active support and help from local authorities to do that, as well as genuine programme building, we do recognise the importance of those posts in local authorities in helping the programme bending to happen, because unless—and most of the local partnerships would say this—they have people embedded in the councils and other service providers who can, as it were, represent their interests and make sure that other departments and councils and so on are aware of what Communities First is about, we will not make those breakthroughs. There are actually very few such posts; there is normally one in a local authority, and sometimes a few more in the larger areas where the programme is larger. They are absolutely vital, and we consider them essential to the effective delivery of programme bending.

[38] **Jonathan Morgan:** I find this quite disconcerting. You are saying that we had to spend public money to get local authorities, in effect, signed up to making changes in their own authority in order to help these programmes work. If money is being channelled through local authorities and then out to the projects, that is one thing, but it sounds like you are suggesting that you are up against an enormous barrier in respect of getting local authorities tuned in to bending their programmes towards helping to meet the Communities First objectives. The Assembly Government was warned six years ago that partner agencies were not linked up and signed up to what Communities First was about, and was then warned again by the auditor general in his report this year. So why is public money being spent in this way, when local authorities ought to be tuned in to what Communities First is there to deliver?

[39] **Mr Dear:** The pattern of local authorities' attitudes does vary; there is no question about that. In most cases we have very positive relationships, and we get very positive support from the local authorities to deliver the programme—I think that you have had evidence from the Welsh Local Government Association and from at least one local authority to that effect. The reality is that we work in partnership, and we support that process with some programme money. A substantial input comes from local authority staff. To give you one example from my own experience, I came to the Assembly Government three and a half years ago from a local authority, namely Rhondda Cynon Taf; my post there was essentially a full-time post that involved managing the Communities First programme—there was a little bit more to it than that, but the programme was at the heart of it. It was funded entirely by the council, which helped to deliver the programme to a substantial extent. There were also a couple of posts in the council—or slightly more than that—that were funded to help to deliver the programme. As I say, there was a partnership arrangement whereby the council was actively investing in the programme at the same time as it was benefiting from the programme funding. That is a healthy model. Expecting the local authorities to do it entirely without any



support from the programme budget is perhaps a little unrealistic, but I agree to a large degree with the thrust of your argument, namely that, if local authorities think that the entire weight of that should be borne by the programme budget, that is unfortunate.

[40] **Jonathan Morgan:** On the proportion of staff that are working in a local authority on Communities First, you said that in your case staff were being paid for by the local authority, and that Communities First money was being used to employ other members of staff. I find it rather incredible that, yet again, as part of that £140 million that is being spent on employing staff, there is a mechanism whereby local authorities can recruit staff and have Communities First money used to pay for them. The whole idea of this was to try to improve the economic performance, social fabric, community fabric, and facilities in the 100 most deprived wards of this country; it was not there as a recruitment exercise for local authorities or anybody else.

[41] **Dame Gillian Morgan:** With regard to the £30 million, I believe that most of the staff—certainly the voluntary staff—are attached to and work with the partnerships. So they are not office-based voluntary sector people; they are embedded, and just happen to work for a partner organisation rather than for the partnership itself. So, if you go to Gellideg, there will be a whole series of voluntary organisations that employ people who work together as part of a collective group or partnership and who give their time to it. However, they are not employed by the partnership; they are employed separately.

1.50 p.m.

[42] **Lorraine Barrett:** Continuing with that theme, partnership work often involves facilitating links between communities and existing public services. I think that this question is probably for Emyr. Is this what you see as the core purpose of the programme, facilitating those links, or should the partnerships be doing more of their own projects? I think that that is particularly linked to the first question that Janet had in the beginning. A lot of people thought that it was all about money going into projects rather than capacity building and facilitating. What are your thoughts on the core purpose of the programme?

[43] **Dr Roberts:** The bottom line is to improve the livelihood and wellbeing of people who live in Communities First areas. That is the outcome that we are aiming for. You can achieve that in a couple of ways. One is through individual projects that are additional to what is already available in those areas. So, these are new projects. Obviously, a lot of them are community led; communities give priority to that. That is where, in fact, the project money goes.

[44] The other way of improving livelihood is through what is termed ‘programme bending’, in getting a closer connect between the service providers and those communities. I do not think that we expect the Communities First partnerships themselves to deliver the services; that is clearly the role of the service providers. However, and this is a fairly recent development, some partnerships are at a stage where they can offer services themselves. Some of them are actually developing into social enterprises. That is a very positive way forward. It is a big jump for a lot of communities and partnerships, but that is a very healthy and natural development from what is going on. It raises different issues than if they were just community groups, because they are actually service providers themselves, but as long as there is a clear framework for that and clarity in what they are expected to achieve, then that is a natural development. In general, however, it is up to the service providers to acknowledge the needs of those communities.

[45] **Dame Gillian Morgan:** I can give a piece of information which may help on the last question. The actual money spent on staff within local authorities, namely their own staff to manage the programme, is £2.6 million. So, the remainder is spent on people who work with the partnership out in the partnership area, and not on people who are based within the local

authority. There is £2.6 million that goes into local authorities to facilitate their work.

[46] **Jonathan Morgan:** Lorraine, are you happy with the answer?

[47] **Lorraine Barrett:** Yes, I am.

[48] **Jonathan Morgan:** Thank you. Janet Ryder.

[49] **Janet Ryder:** Given what you have just said, and given that we are now eight years on from the start of the programme and that there must have been some improvement in that time, how confident are you that the programme is well designed now to deliver its ambitious aims?

[50] **Dr Roberts:** We certainly have a much better grip on the performance management of the programme. I think that maintaining the bottom-up, community-driven and community-led approach is absolutely the right thing to do, and this is where Communities First differs from a lot of the other community development programmes, particularly in England. It has been largely from the community end. I think that we would defend that.

[51] The weaknesses in the system before were to do with the monitoring of that performance, and we have put things in place to strengthen that. What we are trying to do is move the agenda forward to have more of a focus on outcomes, to have a common agreement on what those outcomes are, and to increasingly get service providers involved in the development of the programme. So, yes, I think that we are content with the design.

[52] **Dame Gillian Morgan:** The other thing is that, where you have a large number of individual organisations, they will follow a natural distribution. They will be on a bell curve in terms of performance. So, the debate for us is where we intervene most effectively when we have a bell curve. What you want to do is to move the bell curve as a whole towards higher performance. You cannot do that by trying to manage every one of those individual partnerships in great detail. We would have to increase the number of staff, and that is not the way to do it.

[53] The most effective way to move a bell curve is to cut off the tail. When you have failure, you intervene to do one of two things: help them to succeed, ideally; or take them out of the system if you cannot make them succeed. You intervene at the other end, which involves encouraging and supporting the innovative development. Gradually, over a period of time, by taking out the poor performers and stimulating the top performers, the bell curve moves steadily to the right. That is the way that you can do it that is lean and mean and quite effective.

[54] Now, it does require us to be much clearer about what matters in those communities. It also requires us to have a mixture of measures, some of which will be outcome measures—that is, what are we really trying to achieve around here? Some of them, however, will be process measures, while others will be input measures. That is the reality of the world; we need all of those things to understand where people are going. It needs us to be very clear about what factors really generate failure, so that, if we spot organisations through routine monitoring that have those sorts of characteristics, we have the capacity to intervene, with or without local authorities, to try to help those organisations perform better.

[55] **Janet Ryder:** You said that you can pick up failure from routine monitoring. How do you pick up failure that might be masked and might be able to slip through that routine monitoring?

[56] **Dame Gillian Morgan:** If you accept the hypothesis that you are always moving the

bell curve, and that your standards are therefore growing, because you take out the people who are not performing according to your standards, that implies that you are always ratcheting up standards. You may have organisations that are masked if you are setting standards that are quite low, but as you ratchet up performance, they will have to perform better and better. So, you can move and identify things because you actually think about what is acceptable at the bottom end.

[57] **Janet Ryder:** Do you just monitor that failure against standards or performance, or is it monitored against complaints, perhaps, that are received?

[58] **Dame Gillian Morgan:** Soft intelligence is vital. You have to have the hard measures, but you also have to have the contacts into systems and organisations to know what is going on. You will always miss things, unless you have both.

[59] **Janet Ryder:** Thank you.

[60] **Michael German:** I will read to you two statements and ask for your comments. Huw Lewis's report, recommendation 3, 2003, said,

[61] 'The Assembly develops appropriate monitoring techniques to promote minimum standards of partnerships.'

[62] In 2009, the auditor general said,

[63] 'The Assembly Government has not monitored the impact of the programme.'

[64] How do you respond to that obvious criticism?

[65] **Mr Dear:** I think that they were making different points, if I may say so. The first point is about the minimum standards of programme governance, and that we have done quite a lot of work on that level of whether the partnerships in particular are functioning well in terms of having regular and well-ordered meetings and whether the partnerships are well represented. The truth is that the bell curve that the Permanent Secretary just referred to applies there. We are not claiming that every partnership has achieved the standards that we look for, but we are certainly doing a lot more work on monitoring that regularly, principally through our annual monitoring reports, but in other ways as well.

[66] I think that the auditor general's comment is about the overall impact of the programme, which is a much more difficult thing to measure over anything other than a very long period. Obviously, the long period is what this programme is about, but equally, we want to know year to year at the very least whether progress is being made partnership by partnership and generally.

[67] In some ways, we have done quite a lot of work on the relatively easier ones and made quite a lot of progress on them. On the question of all of that process stuff at the local level and, indeed, the delivery at the local level of individual projects and developing key relationships with service providers, we have done a lot of work and made a lot of progress since the former Deputy Minister's report in 2003. There is no question that we face substantial challenges in getting the right balance and showing how all of that local activity is really delivering something at an all-Wales level that is in some worthwhile relationship to the amount of public money that is being invested in Communities First.

[68] **Michael German:** Okay. Let us look at the way in which you do monitor, then. Paragraph 1.43 of the auditor general's report says,

[69] 'The data gathered through the annual monitoring form do not enable the Assembly Government to understand the overall impact of the programme.'

2.00 p.m.

[70] You have just talked about outcomes in a previous answer. It says that most of what you measure is not actually outcomes, yet you put a great emphasis on measuring outcomes. Can you explain to me, therefore, what you expect to get from your monitoring reports, what you would say was the objective, and what you would expect to be able to say in answer to those criticisms as a result of your monitoring procedure, or are you proposing to change it?

[71] **Mr Dear:** I will make a general comment about terminology first, which I think is important here. We, led by the present Deputy Minister, have very much focused on Communities First as an outcomes-focused programme, signalling an important shift away from an undue focus on process. I think that the Assembly Government's view is still very much that the programme is about involving people and giving people the skills and the confidence that they need to take an active part in delivering regeneration in their communities. However, we and the current Deputy Minister have been clear that we do not want that to be a simple obsession with process for its own sake where having six board meetings this year can be reported and accepted as an outcome. We have challenged partnerships robustly on that.

[72] We are working with communities and we want to keep the language of monitoring, apart from anything else, fairly simple and straightforward, therefore, we are resistant to using a whole range of technical language about outcomes, objectives, SMART targets and performance indicators. It is easy to lose members of community partnerships in a welter of technical language. So, we tend to talk in general terms about an outcomes-focused programme.

[73] Within that, we are trying to move partnerships up generally towards the higher price paid-level outcomes in relation to our vision framework—outcomes in relation to health, education, the environment and so on. In doing that, we do not want to lose sight of the fact that what matters for many communities is quite small-scale projects and local activities that mean a lot to the people in those areas. To some extent, it is for us to show how a lot of local activity is delivering a worthwhile outcome at a regional or a national level. It is quite a difficult balancing act. There is a challenge, and we have spent a lot of time in training and so forth with staff and partnership members saying—I do not want to be pejorative, but, for example—'Move on from running a fun day' or something like that, which may have a value, but we want to go beyond that and see them working at a higher level. However, we do not want to say, 'Until we have changed the world, what you are doing really does not matter'. So, there is always that balance.

[74] **Michael German:** You are the witnesses who keep mentioning Government outcomes. You are monitoring outcomes. You have used those words. You have used them repeatedly so far this afternoon. Given the view of the auditor general that most of what you measure is not actually outcomes, I am trying to understand what you are measuring and what you are expecting from your monitoring.

[75] **Mr Dear:** What we ask partnerships to report on year by year and also in quarterly monitoring are the high-level outcomes, which we ask them to define in terms of action plans and annual work plans. What is their local activity seeking to achieve in relation to the big issues of health, education and so on? We also ask them to report, which they do, on their actual activity and on SMART targets in relation to those outcomes.

[76] Where we face a challenge and, quite honestly, where they always face a challenge is

to make that connection. If we have run a small training course in relation to local skills or a Walking Your Way to Health scheme or if they have had a smoking-cessation class or something like that, what difference has that made in relation to the health of the community? It is not easy to make that link, but we try and they try to show how the things that a community can do are relevant to the big issues that face deprived communities in Wales.

[77] **Michael German:** In the end, however, your monitoring techniques are the ones that provide you with an outcome with which you are happy and satisfied. I am trying to establish in my mind, from the monitoring that you do at present, what you can usefully say about the effectiveness of the programme.

[78] **Dr Roberts:** There are two ways into this. One is to take the data that the communities produce in terms of the outcomes that they perceive that they have achieved. They are valuable. There is a lot of soft information in there that is difficult to aggregate up into the hard outcomes that we normally talk about. Nevertheless, it is valuable. We can certainly look at the way we collect or ask for that information. That is one way into it.

[79] The other way is to take it from the top down, and to look at the evaluation of the programme on a social or an economic basis. In fact, the auditor general's report in appendix 3 starts to get into this. This table is interesting, because I think that it indicates that there is something going on in those communities. The auditor general makes the point that we are not entirely sure what the causal link is, but certainly the outcomes for the Communities First areas have been more positive in those indicators than for the rest of Wales.

[80] We want to take that a step further. We have already instigated an evaluation of the outcomes of the Communities First programme since its beginning. We are already engaged with contractors on that. So, I think that the answers will come out that there are two ways into it: from the bottom up, if you like, but also from the top down.

[81] **Dame Gillian Morgan:** What may be a helpful document for you, which shows how the information that comes out is used, is a document that we put together on the factors that create failure in Communities First partnerships, which states that you have to look across a number of critical success factors. The first is the outcomes in the vision framework, namely big objectives: are we achieving anything against the main targets? Secondly, healthy partnership working, because that is a characteristic of continued success. There are a number of ways that you can look at that, which are defined. The next is the support delivered to the most disadvantaged, marginalised groups: are you hitting the groups that you say that you should be? The next is projects delivered against targets. So, if you have a project to be done by a certain date, are you doing that? Then projects delivered in partnership with service providers: what are the indicators? These are explanatory notes to help people to go through and think through the findings that come out. That may help the analysis of how we think about performance and failure.

[82] **Michael German:** Can you clarify whether those benchmarks or descriptions that you have just provided are currently in use? Do Communities First partnerships have to complete a document or formal monitoring on those?

[83] **Mr Dear:** I will explain the process that we follow. The first answer to your question is 'yes', those are in current use. We require each Communities First partnership to complete an annual monitoring report, which is quite a lengthy and complex statement that goes into their outcomes but also the processes and the partnership structure. Our regional teams then meet with each partnership in the form of the chair of the partnership, the local co-ordinator and a representative of the grant recipient body. There is a discussion about the work of the partnership in that area and its strengths and weaknesses. On the basis of that and in the course of that discussion, there is a review of those factors, generally from a positive point of

view, as to what progress has been made in delivery outcomes and so forth. Where there are weaknesses, there is a discussion of them.

[84] This is a process that we have been developing this year, so I should say that this is a work in progress. What we intend to do is to formalise it. This year, we have assessed partnerships as either 'excellent' or, in a broad category for this year, as 'good to satisfactory' or, in a few cases—and it has been a few cases—where there are significant concerns. The latter category is one where we essentially give ourselves the immediate task of doing something about it. If we think there are significant concerns, we will take action, and there is a range of action that we can take. We have assessed the great majority this year as 'good to satisfactory', a very broad middle category. Our intention, and we have given some indicators on this this year, but informally, is that we will, in future, subdivide that broad category so that we separate those that are above the average line from those below.

[85] We have also been sparing this year in assessing partnerships as being 'excellent', but, in future, because we will have defined these standards a little more clearly and transparently for the partnerships to work to, we expect that a growing number of partnerships will legitimately be classified as 'excellent' in years ahead. This year, the majority of complaints that we have received about the experimental process is from partnerships saying, 'Why weren't we excellent? We thought we were excellent. Why aren't you giving us the credit we deserve?' In the majority of cases, the reason for that is caution on our part, it is fair to say, but also because the main issue is about developing that relationship with service providers that really makes the programme effective. That is where many partnerships have struggled, and sometimes it is not their own fault, frankly. The members of the partnership are doing all that they can, but, until that relationship with service providers is established, we do not feel that the programme can really deliver on its aims.

2.10 p.m.

[86] **Dame Gillian Morgan:** There are also some really difficult methodological issues in this if you are going to be looking at outcomes in terms of people going back to work or something as specific as that. Often these communities are fairly small and, therefore, the occurrence of the incident that you are looking for would be fairly rare. Therefore, it can be quite hard to even pick up success. What is even more difficult is to then begin to answer the question: if you look at an outcome where a community has got people back into work, would those people have got back into work if the partnership had not been there? That is the gold standard that you want to know at the end of the day, and that is very difficult to measure because you do not have a natural control group.

[87] The other point on this is that some of the most valuable outcomes are trans-generational because many of these communities have been selected and, given the pattern of deprivation in those communities, you often encounter second, third and fourth-generation unemployment. The real success will be whether, through a whole set of things that might not translate into getting more people into work today—for example, it might be that more people will volunteer, using the time bank type of mechanism—the programme will translate into a different attitude to work among the next generation and into them having more success as they go through the programme. Those are probably the big gains that we want to see, but it is far too early in the programme to begin to see whether we are getting that sort of change.

[88] There are some inspirational little things going on; it is often the little things that make a big difference. Again, I was phenomenally impressed by the Gellideg Foundation Group. When the three-year-olds in Flying Start finish, they have a ceremony in which they have mortarboards and get their certificates and gowns, as if they were at university qualifying. That starts the ambition that this is something that they can aspire to do. In many of the communities there was no aspiration whatsoever or a belief that that could be done. Not

a single boy in Glyncoch has been in the sixth form, and the workers in Glyncoch have now got three boys back into education.

[89] Those things are phenomenal. They sound like small numbers, but they are transformational because when those three boys now go out with the younger kids, they do not say, 'We will go round the back of the bus shelter', but, 'Yes, you can go back; I managed and I am having fun'. That is the trans-generational stuff that is hard to get at through hard measures and that is why we also need the softer approach.

[90] **Michael German:** Moving on to the current economic downturn and the socioeconomic progress made in Communities First areas, obviously this programme was designed when things were better. We are now in a time when things are not so good. Do you think that the principles that underpin this programme are just as valid or do they need to be rethought to match the current financial difficulties that we are in?

[91] **Dame Gillian Morgan:** At the simplest level, everything has to be rethought to ensure that we are getting the best outcomes that we possibly can. I believe that the literature around community-development-type work as the basis of that side of transformation is now pretty established. One thing that we need to do more of—and not just in this area—and that I have been keen to see since I came to Wales is ensuring that we learn from those who are best in class. We try to do that through a whole range of things, including peer review. We brought people from Northern Ireland and Scotland to Gellideg to comment on how it fits in with their ambition and the sorts of things that they would be thinking about so that we could continuously improve what we were doing by learning from others. I think that we need to be much more systematic about that than we have ever been in the past.

[92] We also need to be thinking much more systematically about where the money goes. I think that that is a fair point. If we are putting a large amount of money into administrative posts that are not meeting citizens' needs on a daily basis, then we need to be thinking about how we do those administrative things differently, more wisely, and about how we share them. That is the agenda going forward—to put more energy and effort into things that involve citizens and where you can see the direct connection and less into things that we could be doing in smarter ways. I think that that is the public service transformation agenda for the next 10 years.

[93] **Dr Roberts:** Could I add something quickly?

[94] **Jonathan Morgan:** Yes, unless the Permanent Secretary wants to make an additional point.

[95] **Dame Gillian Morgan:** No.

[96] **Dr Roberts:** Very quickly, I just wanted to say that we have updated the figures in appendix 3 to cover 2008 and not just 2007. The positive difference between Communities First areas and the rest of Wales has been maintained. Clearly, we were not fully into the recession at that time and that is something that will be looked at, but for 2008, the same pattern emerges.

[97] **Jonathan Morgan:** Thank you. Lorraine Barrett is next.

[98] **Lorraine Barrett:** Part 2 of the report states that the Assembly Government has improved processes and encouraged partnerships to focus more on outcomes, but that there are still some risks and challenges there. Up to paragraph 2.16, the auditor general was concerned that in the beginning there was no detailed analysis of basic issues such as identifying how much money it would cost and assessing the staff skillset. The Welsh Council

for Voluntary Action indeed raised these concerns in its evidence. There were questions about the skills in terms of the management of Communities First.

[99] So, I have a question for the Permanent Secretary: how do you ensure that in today's Assembly Government, the programmes do not go ahead without carrying out the fundamentals of working out how much they will cost, how many staff will be needed, and what skills are needed within that workforce?

[100] **Dame Gillian Morgan:** We now have a very comprehensive programme that we call enabling government. That is an organisational transformational programme that is doing a whole range of things, including looking at how we make policy so that our policy is judged against the best in class and so that we have much more challenge while we are making policy, because good policy needs legitimate, robust and repeated challenge to get it to be as high quality as we can. So, we are actively involved in changing how we make policy.

[101] We are actively involved in looking at and learning more systematically from what goes on elsewhere. So, we are now more tied in to work that is going on, not just in Wales, but in other parts of the United Kingdom to ensure that we pull that information in. We are emphasising joining up much more because the big story of this is however much we think in silos, a citizen does not see the world in silos. For the citizen, the system is all joined up and they do not actually care about labels. We may give it labels and initials or whatever, but out there people want things in a much more coherent and joined-up way.

[102] So, we are emphasising in all we do three sets of joining up: joining up on how we make policy and joining up on how we do business, which is about being a twenty-first century business so that we spend as little as we can on the administrative process and as much as we can on service delivery. Thirdly, we are emphasising how we join up with the outside world in terms of the appropriate relationship that civil servants should have, in support of Ministers, with local authorities and partnerships, and trying to ensure that we do not try to second guess everything that goes on out there. If we do that, then we are not actually making a difference to the things that only Government can do. We are going through a process of analysing where we can best make the impact; there is a sort of bell curve. We have a clear role in driving excellence, celebrating excellence and sharing it among people, and we have a clear role in failure. We possibly have less of a role in the middle. That is where other people should play because that is the nature of the interactions that they have with people on a daily basis. We need to be thinking these things because that is all part of how you provide a robust Government at a time of potentially significant declines in public expenditure.

[103] **Lorraine Barrett:** You talked about joining up and working together and learning lessons. Do you have anything else to say briefly about any processes that are in place, particularly on implementing major programmes, where departments can learn from each other?

[104] **Dame Gillian Morgan:** Absolutely. The biggest change has been that I took out a number of director posts and I have a series of director generals—Emyr is one—whose job descriptions talk about joining up. Their job description is not to do silo work, but to join up. That is what they are about.

[105] For every big cross-cutting programme now, programme management runs through a fairly robust programme with senior responsible officers. That is the jargon that goes with it, but we try to ensure that one person manages it on behalf of others.

[106] One exciting thing, moving forward, is that we are now beginning to see joint appointments between bits of the organisation. Where previously they would have worked in



two separate halves, one person is now being appointed by two departments so that the joining up becomes intrinsic.

2.20 p.m.

[107] You have to join up because you are reporting both ways. So, we are putting a whole set of mechanisms as well as skill-base mechanisms around what we do in terms of joining up.

[108] **Janet Ryder:** Taking you back to the appraisal process again, when such projects apply for funding there is often an uneven distribution of funding and it is quite often based historically on how well you can fill in the forms and how good you are at writing bids. How will you ensure that, with the outcomes fund, those funds are allocated fairly and according to need rather than to a partnership's capacity for writing bids?

[109] **Mr Dear:** I think that a lot depends on the extent to which we provide support to the partnerships and applicants. It is pretty exceptional for a grant scheme; we are very proactive in promoting the fund overall and following that up with detailed advice from our regional teams, our grants management team, and the advice and support services that we now run through WCVA. It is an extremely proactive process. If someone comes up with an idea, it is not a case of saying, 'There is a form; fill it in and come back when you have filled it in', which puts the onus on them; but it is a case of saying, 'Let us talk about the proposal that you have; let us look at its strengths and weaknesses; let us discuss how well it fits with what we are trying to achieve through the outcomes fund'. It is a very iterative process.

[110] Very briefly, it is essentially a two-stage process. There is an expression of interest, which is two sides of A4, to tell us what you have in mind, which we will then assess quite quickly and tell you whether we think that there is potential or not. So far, there have been very few of those expressions of interest that we have turned down flat, literally one or two where we do not think that the idea is in line with what the fund is about. In the great majority there are questions to be asked, certainly—they do not come as fully fledged applications with no difficulties at all—but we go back and we say, 'Yes, we can see what you are trying to do', and we either say, 'We think that it is very good but there are a few questions', or, 'Actually, you will need to do quite a lot more work'. We are very proactive and supportive in that process.

[111] It is also fair to say that a big part of the answer to your question is precisely the investment that we have made in the local teams. None of these communities are left on their own without skilled staff to work these things forward. The truth is that the quality of staff varies to some extent, but most communities now have skilled, experienced Communities First staff who understand the programme and understand their communities and are well placed to provide exactly that sort of support. It is not a matter of a couple of volunteers at a local level being left to carry the whole weight of this burden on their own. We have invested in that support locally, and we back it up with support in the local authorities and in the service providers at the national level through a support and training contract. There is a whole realm of ways in which I think that this particular fund is substantially ahead of the game in terms of the extent to which it recognises that potential danger, that it may only be the strong that can push their way to the front and grab all the money. We have evened out that risk quite considerably.

[112] **Dame Gillian Morgan:** We are trying this mechanism, not just with Communities First—we made the mistake of calling it Dragon's Den—but to encourage people to come and talk about the idea and to have the interchange, because you get something better out of it if you have that interchange, and then help with coaching in writing what comes through at the end of the day. Therefore, you take out at the beginning some of those very bureaucratic

processes and you concentrate on getting people to talk about what they want to achieve rather than filling papers in. You are absolutely right: if you can employ a good writer you are much more likely to get investment.

[113] **Janet Ryder:** Sometimes there is the tendency to write a bid and to be successful in getting that bid, but it does not quite describe what you eventually end up delivering. How much do you monitor what is delivered against what is being bid for, and to what extent do you perhaps perform a judgment as to whether that bid has been misused?

[114] **Mr Dear:** I think that what we do goes beyond monitoring. Obviously, with the outcomes fund, we are at quite an early stage, but we have now had demonstration projects running from the start of the outcomes fund programme. Again, we have been very hands-on active in terms of engaging with the project managers of those particular projects—and as I say, these are still early days—to see whether they are developing in the way that we, and the community, expected. Given that these are very explicitly now partnership arrangements, there is matched funding involved and there is more than one stakeholder in each project—in fact, in all cases in the demonstration projects there is more than one Communities First partnership involved—and there are relationships to be managed to a degree between the individual communities that are hopefully, ideally and intentionally, working together to deliver a shared objective.

[115] We are watching those very closely and will continue to do so because as far as we are concerned these are flagship projects, if I can use that term, for the programme. We want to see them but we have other communities asking us now for information about how the demonstration projects are developing because they want to use them as a model for their own projects on the basis that if that is what the Assembly Government wants to support, let us think about whether we can do something similar. We have a great deal of emphasis now on sharing good practice in the programme. A lot of work is taking place. We have challenged every Communities First partnership around the country to come forward with three or four—or more if they can—examples of good practice from their local projects, and we intend to publicise them through the Communities First website and in a whole range of other ways precisely to make sure that they are held up to each other for peer scrutiny so that we can collectively give an account of what the programme is achieving overall.

[116] **Dame Gillian Morgan:** You have put your finger absolutely on one of the challenges of this type of programme for an organisation like us. We are very good at managing conformity: set everyone a set of national targets and we can say, ‘Yes, that is okay’ or, ‘No, that is not okay’. As you get into things that have more of a community element and shaping, it is much more about judgment. It is much more a case of saying, ‘This is okay, but that is not. We can tolerate that much diversity but if you go another step that makes it unacceptable’. That is a much more difficult thing for bureaucratic organisations to do because you often do not have the clear and simple measures that you have when it is a top-down driven target. The hypothesis around these things is that you must have a mixture of things that you clearly want to achieve; that some of those things need to be more explicit about how we look at it and measure it; and also being responsive at a local level and then reaching a judgment about what is acceptable or not. That is hard. It is not an easy thing.

[117] **Janet Ryder:** Have you not just moved away from what you said at the beginning: that the project aimed to be from the bottom up? You have just now stressed that it is a top-down target, and that it is a matter of national systems. How do you square that circle?

[118] **Dame Gillian Morgan:** The issue is that this is a bottom-up programme but—

[119] **Janet Ryder:** It is from the bottom up?

[120] **Dame Gillian Morgan:** Yes.

[121] **Janet Ryder:** You have over 100 different Communities First projects throughout Wales and they each have to deliver what each individual community needs. You accept that probably and quite possibly each of those communities will have different needs. How do you then come up with a national monitoring system?

[122] **Dame Gillian Morgan:** You then look at things like the vision framework. Although people are different and they may look different in application, if you ask a large number of community organisations what is important, you will see that there are recurrent themes. So, when you are getting recurrent themes, the issue is how you are clear on what you can expect people to improve from where they are against that recurrent theme. So, they are not in conflict, but this is hard to do, which is why there is a real tension between the auditor general's recommendations and being able to say in a systematised way, 'This is the difference we are making', while at the same time appearing to be sensitive to local needs. That is hard.

[123] **Janet Ryder:** Given that, I will take you back to what I said originally. A number of communities will testify that what Communities First is doing was there in any case. Communities First has come in and taken over from the groups that were doing it. So, how will you measure progress in those communities if that base was there already?

[124] **Mr Dear:** The reality is that Communities First is a broad spectrum, including places where there was a lot going on beforehand. It would have been quite wrong for Communities First to say, 'Sweep all that aside, and we will do something new and different'. There were also plenty of places, of which I think the programme, if I can put it thus, should be most proud—such as Glyncoch, where there was very little happening but now there is a great deal. So, there is that very wide spectrum.

[125] **Janet Ryder:** I accept that. In that case, where you started was not a level playing field; it was a stepped playing field. As those communities, where a lot of groundwork had been done, moved on, those communities should have come out of the Communities First programme by now, presumably, and others should have come in. Have we seen that movement at all?

[126] **Mr Dear:** We have not taken anyone out of the programme because all those communities were given a minimum 10-year commitment to the programme at the outset. We considered that quite carefully in 2005 when the Welsh index of multiple deprivation was fairly systematically overhauled and we faced a whole new set of indices.

2.30 p.m.

[127] **Janet Ryder:** You must be so far into that programme by now to be able to see a divergence in the outcomes of those communities.

[128] **Dr Roberts:** As we mentioned earlier, a number of those partnerships are now developing into social enterprises, and that side of their business is increasing while dependency on straightforward grants is reducing. Gellideg is an excellent example of that, and what they are doing is structuring it so that they have Communities First with the social enterprise alongside it. The same partnership panel is doing both, but it is quite clear about where those moneys are going. So, over time, yes, we would hope for that.

[129] **Dame Gillian Morgan:** Their ambition is to be financially independent because they, too, read the newspapers about potential problems for the public sector, and they want to move away from that sort of dependency. There is a real issue about how much security is

given to community organisations in terms of employment. Some of the volunteers' comments are well made, and they sometimes feel that they are only on three-year contracts. So, even though we are giving 10-year security, people on three-year contracts never know when their jobs will be coming to an end. So, we still need to do quite a bit more thinking to get this into a much stronger position in terms of sustainability and moving people on.

[130] **Janet Ryder:** Thank you for those answers.

[131] **Jonathan Morgan:** Janet, before you go on, I understand that the Permanent Secretary is slightly short on time.

[132] **Dame Gillian Morgan:** Yes, I must go, I am afraid.

[133] **Jonathan Morgan:** As I said, we have two options. The first is that I detain Dr Roberts and Mr Dear in your absence. [*Laughter.*] Would you be happy with that?

[134] **Dame Gillian Morgan:** Yes, of course.

[135] **Jonathan Morgan:** If you were not happy with that, the second option would be to write to you outlining the further points of inquiry that we wish to pursue with you. It is very much up to you.

[136] **Dame Gillian Morgan:** No, I am happy with the first option. In terms of how we are now trying to work as a team, one of my ambitions over the next few years is that any director general could come here and answer questions on any of the key areas facing the Welsh Assembly Government. We should be interchangeable, because unless we are interchangeable, we are unable to work in the joined-up space where all the wicked issues are facing citizens. So, they can answer everything in my absence. [*Laughter.*]

[137] **Jonathan Morgan:** In that case, Permanent Secretary, you are free to leave. Thank you.

[138] **Dame Gillian Morgan:** Thank you very much.

[139] **Jonathan Morgan:** We shall detain your colleagues indefinitely. [*Laughter.*] Janet Ryder, I allow you to pursue this matter further.

[140] **Janet Ryder:** Returning to where we were, you spoke about people perhaps assuming that they were on three-year contracts or on short-term contracts; programmes that have proven their worth but, perhaps, do not qualify for an extension of funding. However, because they have proven their worth, there is an assumption that they should move into more mainstream funding—perhaps taken up by local authorities, health bodies or whatever. Have you found any reluctance from those statutory bodies to pick up that funding? Have you encountered any problems in getting those services assimilated into mainstream funding, and, if so, what needs to happen to change that?

[141] **Dr Roberts:** I will ask Paul to respond on the examples. We are engaged in an ongoing dialogue with the service providers in putting that funding in on a sustainable basis and building up partnerships. I am conscious, for instance, of the recent NHS reorganisation and that there is going to be a locality focus. We need to establish bridges between the new local health boards and those Communities First partnerships to ensure that healthy living and earlier interventions are mainstreamed within those partnerships. I will now pass over to Paul; this is a developing situation, and I do not want to go over previous ground, but that is why we have tried to incentivise this, to actually line up the service providers with the communities so that the service providers are more receptive to the ideas that communities

are bringing forward.

[142] **Mr Dear:** The answer to the question is ‘yes’; it would be foolish to pretend otherwise. There have been difficulties in getting service providers to pick up work that we think is their responsibility, whether it is within local authorities or elsewhere. The pattern varies; there are examples across the country where service providers work effectively with their Communities First partnerships. That is often in terms of local officers of one organisation or another being an absolutely essential part of a Communities First partnership and really helping to move local projects and programmes forward. At the higher level, it can become difficult when those partnerships want to embed their work within the strategic thinking of a local authority or health board, or whoever it may be. The health service is referred to; it is fair to say that there are particular issues there around the structure of the NHS, where typically the most useful contacts will be within the local health boards but the resources will be within the trusts at a local level, and they are often hard-pressed in terms of general practitioners and so on. There is not a lot of time to engage with community work. So, there have been particular issues around engaging with health.

[143] We have tried to move away from a situation where planning is done quite separately at a local level, where a Communities First partnership may meet and develop its action plan, and then bring that as a ready-made, glossy new document and dump it on the desk of a local authority, health board or whoever it may be and say, ‘There you are; deliver our programme for us’. However, strategic plans, whether through a community strategy or through strategic partnerships, such as health and wellbeing partnership or a children and young people’s partnership, are also delivered or developed at a strategic level and are then handed to the communities, which is rather like saying, ‘There you are, this is what is going to happen’. What we are trying to do is to get to the point where those planning processes are happening together at a much earlier stage and that there is a little more of a shared reality about what may be possible.

[144] I think that it comes back to the question of balance between a top-down and a bottom-up programme. If ‘bottom up’ means simply giving money to a community and saying, ‘There you are, do whatever you like’, then it is difficult for them to know what they are getting support for. A much more balanced and nuanced programme is needed, within which communities are given help and advice about national priorities and local strategic priorities so that they can see where that might fit with what they see as local priorities, where local dialogue that is much closer to reality can be stimulated and supported, and where the real possibilities, through something like the outcomes fund, can be explored without spending too much time and effort on things that, frankly, will never happen. Every community would like a swimming pool in its back garden: that will not happen, so do not allow community partnerships spend a lot of time developing their plans for that sort of thing and for them then to feel frustrated that all their efforts have been wasted. Let us give them much more help, advice and information about what the strategic priorities are and what national funding priorities are so that they can say, ‘We’re not interested in some of this stuff, because it is not our priority, but some of the other stuff is close to what we’re trying to do. If we concentrate our efforts there, maybe we will get a sympathetic hearing when we take our plans to the local authority or to the Assembly Government to say, “What about this? We can deliver part of your priorities for you”.’

[145] **Dr Roberts:** Cardiff is an example of where I think it is working very well. I am not sure whether you are aware, but the local authority and the police are increasingly arranging their services on a neighbourhood basis. They have split the city into, I think, six areas, which suits the police and the local authority. What they are finding is that the needs of particular neighbourhoods and localities are different to each other and they can respond to that. There has been good close working with the Communities First partnerships in the city, because that is precisely the sort of information that the service providers need from the communities. The

police and local authorities are using the Communities First structures to help improve the situation. So, that is a good example of how the structures of public services lend themselves well to Communities First structures.

[146] **Michael German:** I want to look at the financial management end of the whole process. How much of a problem is it for grant-giving bodies to give money to small independent organisations that are not used to managing public money? How can you avoid the risks of giving large amounts of public money to small independent groups that probably have never managed that sort of money before?

[147] **Dr Roberts:** As an additional accounting officer, I am well aware of this. It is a key risk of this programme because, on the one hand, we want the communities to develop and to become more responsible for their own finances, and, on the other hand, there is sometimes a lack of skills by the community groups in handling those moneys. It is fair to say that we have taken a fairly cautious approach, which is why we are using local authorities as intermediaries in passing the money on to community groups. It is one of the functions of local authorities to ensure that that money is being spent properly. As you would expect, there is an audit regime underneath that, which ensures that the money goes for the purposes intended.

[148] However, a number of Communities First partnerships receive funding directly as grant-receiving bodies. That is something that we want to encourage, provided that the skills and the systems are there among those community groups.

2.40 p.m.

[149] We do test whether we are content with Communities First partnerships becoming grant-receiving bodies before we give money out, but that is a direction of travel that we would like to take. There will inevitably be risk around that, which we have to manage.

[150] **Michael German:** Well, an increasing number of partnerships are seeking to become their own grant-recipient bodies. Clearly, that is the direction of travel that Communities First is moving in. You say that you look at them very carefully and cautiously. Can you give us some idea of the sort of hoops and hurdles that you would put a partnership through before you would award them grant recipient status?

[151] **Mr Dear:** The first thing to say is that we recently issued guidance in addition to the 2007 main programme guidance precisely on this issue of guidance for community partnerships that wish to establish their own grant recipient body at a local level. So, we have addressed that quite specifically.

[152] I think it fair to say that that guidance, quite intentionally, sets out the responsibilities in a fairly daunting fashion. I would not say that it is supposed to be discouraging, but it is supposed to be very clear sighted about the fact that taking on responsibility for the management of the programme is not to be undertaken lightly. We say in particular, for example, that it is not to be undertaken simply in order to break a relationship with your existing grant recipient body, which may be the local authority, because you do not get on with it. So, we do not consider that to be a healthy or positive reason to establish a local GRB.

[153] We have very practical tests, such as looking at the accounts of the organisation for the previous two years. That means that there is an immediate block on any organisation being set up today and becoming a grant recipient body for the programme tomorrow. An organisation has to have established a track record in handling significant amounts of money, and we look at those accounts quite carefully.

[154] We also look at the governance arrangements between the partnership and the grant

recipient body. Many Communities First partnerships would talk in terms of ‘becoming our own GRB’, and what we have tried to say is that there must always be a distinction between the GRB and the partnership in the sense that you do not have to become a director of that limited company or whatever it is in order to become a member of the partnership, because that would not be in keeping with the ethos of the programme. There should be opportunity for other community members and representatives of other organisations who do not want to become director of a local company to be part of the Communities First partnership in that area. So, there is a range of checks and balances built in there.

[155] It is fair to say that, having issued that guidance, we have a bit of back work to do to review the implications of that guidance for some of the situations that were established at the outset of the programme. As Emyr said, the great majority of partnerships are managed so that the grant recipient body is the local authority or, again in a significant number of cases, a well-established third sector or private organisation, such as one of the county voluntary councils or the Co-operative Group, which is now a substantial grant recipient body for Communities First. We therefore have a good deal of confidence in the great majority of our GRBs.

[156] What is more common, and we want to encourage it further, is a situation in which the grant recipient body is the local authority, but where a local community organisation is very actively involved in managing the programme as a host employer and the responsibility for the running of the programme day to day—employment of staff and so on—rests with that local organisation, while the audit procedures flow through the local authority and, therefore, through the Wales Audit Office audit procedures. That gives us a substantial degree of assurance, but it is also only fair to say that there is a tension built in there because, in the normal way of things, we want the local partnership to direct the programme and take work forward, and we want also them to be sensibly mindful of the roles and responsibilities of the GRB. Equally, we want the GRB to be as hands-off as it reasonably can be without being so hands-off that it loses sight of those responsibilities and the checks and balances fail.

[157] **Michael German:** To be clear, is there a sort of intermediate level, then, is there?

[158] **Mr Dear:** In some cases, but not in all.

[159] **Michael German:** No, but you have a body who would manage it on behalf of the partnership, those where the partnership is an employer but not the recipient body, and then those who would do both as well.

[160] **Mr Dear:** That is right.

[161] **Michael German:** Okay. Turning to part 3 now, which is the bit about a robust approach to programme bending, your guidance says that

[162] ‘Departments will be required to justify new spending proposals in terms of how that spending will help take forward the Communities First programme’.

[163] Could you explain to us how that has been implemented across the departments? The auditor general’s report suggests that no formal mechanism for departments to prioritise Communities First has ever been implemented.

[164] **Dr Roberts:** First of all, in the development of any programme within the Assembly Government, we look at opportunities to embed Communities First into it. There are lots of examples of where that has happened: Flying Start; Cymorth; the free school breakfast initiative was piloted in Communities First; the food co-operative programme; the recent community cohesion fund; convergence funding; the Assist programme, which looks at

smoking cessation; Communities 2.0 digital inclusion; and so on. So, as part of the policy evaluation, we look at that.

[165] I think that what the auditor general has identified is that in developing policy, we have the policy gateway, which is a challenge mechanism for any new policies. Communities First is not specifically mentioned in that. It does talk about impact on social justice and so on, but Communities First is not mentioned. Coincidentally, we are reviewing that policy gateway, and specific mention of Communities First will be included in the new policy gateway.

[166] **Michael German:** To be clear, is that about new policies or existing policies? Clearly, you will not always have new policies to hand, especially in new economic circumstances, which you can bend satisfactorily. You are going to have to bend more the ones that you already have in existence. Is there a formal mechanism inside the Welsh Assembly Government for prioritising Communities First's existing policy programme and spend?

[167] **Dr Roberts:** This is what Gillian referred to as the need to look across policy departments. Certainly, one of my functions is to do that, to work across on public services and on social justice issues. We do have regular discussions on policy issues. That is not as formal as it might be. The policy gateway, as we say, will pick up the new ones. I think that we need to have a discussion, perhaps off the back of this committee's report in due course, about where existing policies can be bent more towards Communities First areas.

[168] **Jonathan Morgan:** Michael, before you respond, can I just ask a very quick supplementary?

[169] **Michael German:** Yes.

[170] **Jonathan Morgan:** When you read the auditor general's report and the review by Huw Lewis, where they talk about the issue of whether regeneration and funding, and activity around them, is being mainstreamed and that departments know what their responsibilities are, it is clear that you have two reports that highlight the same issue, in effect. Huw Lewis's report says,

[171] 'Without commitment to mainstream regeneration funding and activity Communities First will never succeed to the extent we had hoped and envisaged.'

[172] The auditor general says in his report,

[173] 'The programme has struggled to achieve its goal of mainstreaming funding.'

[174] I accept that you are now taking decisions to ensure that departments know what is expected of them with regards to regeneration and where Communities First sits, but it seems to me that very little has been done, if anything at all, between 2003 and now, the point at which you are doing your work.

[175] **Dr Roberts:** I gave a list of these programmes—I am happy to put that into writing if that would help. So, policies already fit into that category. As DGs, on regeneration, we are aware of the need to start linking up our policies, and not just from an economic point of view, but also increasingly with housing, with skills and, in terms of this agenda, with Communities First areas. We need to make sure going forward that there is that link in the strategic regeneration areas that the Assembly Government is prioritising and the Communities First partnerships and the work that they are doing. So, it is an ongoing piece of work.



[176] **Michael German:** Would it be fair to say that it is a fair criticism from the auditor general of what is happening at the present time with existing policy? You say that you are going to address it 'in due course'. I always love those words from civil servants. *[Laughter.]* Could you identify how long 'in due course' is? In other words, would the auditor general have to look at your project in one year, two years or three years in order to find that 'due course' had become past tense?

[177] **Dr Roberts:** Clearly, I think that this inquiry is highlighting this issue. The Assembly Government as a whole will need to take account of that. What I am saying is—

2.50 p.m.

[178] **Michael German:** Give me a figure. Is it six months, for example, or 12 months?

[179] **Mr Dear:** Could I just describe what is happening now?

[180] **Dr Roberts:** I will come back to that.

[181] **Mr Dear:** I will describe what is happening at the moment, because this is work in progress. As well as the sort of high-level policy directives that Emyr is talking about, a practical approach is required to delivering programme bending through communication between Assembly departments and Communities First partnerships. Through our Communities First policy team we talk directly to colleagues in other departments about what is essentially a rolling programme. We monitor that in relation to the themes of the vision framework, and, therefore, key colleagues in other departments.

[182] We have found—and I have to say that we found it through trial and error—is that we very rarely, if ever, get anything other than very supportive and constructive engagement from colleagues in other departments. To translate that into effective working, what we need to do—and what we are doing now much more consistently—is to arrange for direct contact between groups of Communities First co-ordinators, whether they are all from the local authority area or are selected by some other means, so that they sit down with those officials from key areas and ask what it would mean to embed this new policy. Sustainable development would be a very good example at the moment, as would programmes on carbon reduction and so on. They would ask what it would mean for Communities First to engage with this sort of a programme, how we would we go about having local Communities First partnerships do something that would relate to that sort of priority, and how that could be developed through making, for example, a bid to the outcomes fund, and we could potentially match Communities First outcomes funding with other streams of Assembly funding to deliver something worthwhile at a local level. So, that is the sort of model that we are trying to develop; we take a high-level policy commitment to work together and translate that into direct engagement between other departments and Communities First.

[183] **Jonathan Morgan:** I will just bring Janet Ryder in on this point quickly, and then Mike can come back to Dr Roberts.

[184] **Janet Ryder:** On this point in particular, you have just said that you are using Communities First partnerships to deliver Government policies. Are you not, therefore, just persuading local partnerships that they should be following Government policies and using that funding to deliver them?

[185] **Mr Dear:** No, absolutely not. That is exactly what we are trying to avoid. What we say without fail to colleagues in other departments and, indeed, external agencies is that we will not fund anything unless the bidders come to us from a Communities First partnership

saying that that is what it wants.

[186] **Janet Ryder:** Earlier on you told me that you had to persuade those people not to be unrealistic and that they were going to get the bids if they were in line with what the Government was asking them to bid for.

[187] **Mr Dear:** I am talking about the process that I was describing earlier of moving people towards a shared understanding of what others are trying to do, rather than simply saying that it is for the community to define. If that will not get a positive response, and if what communities are planning is not realistic in terms of other funding streams, then nothing will be achieved. There has to be a degree of realism about this that educates both sides about what the other is trying to achieve, so that we can genuinely find common ground. The reality is that there is not a huge gap in practice between what communities aim for in terms of health improvement, education and so on; very often there is a big gap between the understanding of how those things are expressed and the timescales that are involved in putting funding bids together to deliver something that has support from both sides of the equation.

[188] That is what we really need to achieve, namely a greater degree of shared understanding, and the auditor general's report draws attention to programmes like the social inclusion learning programme, which explicitly tries to engage community members with the people—middle management in local authorities and so forth—who have responsibility for delivering strategic objectives. It is that shared understanding that is missing more often than any fundamental disagreement about what is needed at a local level.

[189] **Jonathan Morgan:** Thank you. Mike German.

[190] **Mike German:** I wanted to back to the issue relating to 'in due course'. He has his diary out, so that is all right. *[Laughter.]*

[191] **Dr Roberts:** The Assembly Government is trying to shift the focus more from the input-driven approaches that we currently have towards the outcomes that we are trying to achieve for Wales. It seems to me that we need a debate about how this fits into those outcomes. Is combating poverty and reducing inequality part of the outcome that we want to achieve?

[192] Ultimately, this is a matter for Ministers, so I am over the line in terms of the policy responsibility, but what we are currently doing about that is negotiating a series of outcome agreements with the WLGA for individual local authorities, which will, at the end of the day, be a mixture of national outcomes and national and local priorities. The debate on Communities First needs to be part of that mix. The intent is that those discussions will continue into the next financial year and be operable from the following financial year. I must stress that this is ultimately a matter for Ministers, but, as I say, that is where that debate needs to be held.

[193] **Michael German:** I will put April 2011 in my diary.

[194] **Jonathan Morgan:** Thank you, Mike. Lorraine Barrett.

[195] **Lorraine Barrett:** You have talked quite a bit about programme bending, but could you say something about the suggestions in the auditor general's report that Communities First is trying to bend something that should already be bent, for good reasons? Do you think that there is a flaw in the concept of programme bending?

[196] **Dr Roberts:** At a local level, there are a number of priorities in this regard, and local

authorities are trying to square up to those priorities. They could say that account is already taken of inequality through the local government settlement, and that is true to a degree. I suppose the issue for local authorities is how they prioritise within that.

[197] To refer back to my earlier point, we need to have that discussion with local authorities about the extent to which they are prioritising their own services in order to reduce inequality, as far as they can control that, in their particular authorities.

[198] **Lorraine Barrett:** Paul said that colleagues in your department have engaged and are quite excited about this whole programme, but local authorities, and particularly local elected councillors, have some issues and feel that they are sometimes sidelined or undermined, as do directors of local services out there. Do you think that there is still a job to be done to engage with them, to get them on board and to get them to think Communities First and to prioritise Communities First?

[199] **Dr Roberts:** Yes, there certainly is. That is part of our job, namely to raise the profile. A couple of the evidence sessions that you heard referred to a letter that I sent out, which was precisely about this, which said that this new opportunity and funding stream is coming towards them, and that they should make the best use of it. As you say, that needs to get into the service areas themselves, so that they know what is available. So, yes, this is an ongoing piece of work.

[200] **Mr Dear:** Emyr's letter invited the chief executives of local authorities and agencies to contact me to discuss the outcomes fund, and I have been having those meetings all through this year. I have to say that the coming of the fund has, in a very positive way, fundamentally changed the nature of those discussions very much for the better. It has not made all the problems and the tough questions go away by any means, but it has generated a whole different layer of discussion within local authorities.

[201] On the role of elected members, in the majority of cases local elected members play a very positive and constructive role in relation to Communities First partnerships in their areas. There are exceptions; there is no question about that, and where those exceptions occur that has a very negative impact on the programme. I just want to make the point that, from personal experience at the local authority level and in my current role, the great majority of elected members really do support the programme strongly in their areas. There is perhaps another set of questions about the local members from non-Communities First areas and their views of the programmes, and we could talk about that separately if you want. Sometimes the impression is given that local members are uniformly negative about Communities First and that simply is not the case.

[202] **Janet Ryder:** I want to take you back to programme bending and the issue raised in the auditor general's report about the role that programme co-ordinators should be playing in this. Concern was expressed by programme co-ordinators that perhaps they were not able to achieve what they were expected to achieve in terms of programme bending. Do you think that you have unrealistic expectations for those programme co-ordinators in this?

[203] **Dr Roberts:** It has to be a job across the piece. The Assembly Government has a role in enthusing local authority chief executives and the heads of service areas on this. The programme co-ordinators need to identify the opportunities from what they know of what is going on within the councils and from what Communities First has to offer. So, they are there to make sure that the joins actually happen. Strategically, we have to keep on making the case by saying that this programme exists, it is an important programme, and asking how local authorities are going to respond to it strategically.

3.00 p.m.

[204] **Janet Ryder:** Do you think that some of the co-ordinators may not share that close a relationship with the county council? It could be read into what you have just said that the local co-ordinator is part of the county council mechanism to be able to know how that county council works and to have the ability to move those county council programmes. In many cases, however, they are not, they are quite apart, and that is the way that the programme was set up. As individuals, do they have the support to enable them to achieve that role? If they have not, what are you going to do to give them that support or do we need to look at another mechanism for achieving this?

[205] **Dr Roberts:** I am not sure what Paul's view is, but I see them very much as a bridge between the communities and their aspirations and the work of the council itself. It is a difficult role, but, increasingly, they need to identify those opportunities and also to work across services, not just in terms of the local authorities themselves. I am not sure whether we give enough support to them, but perhaps that is something that we can look at.

[206] **Mr Dear:** That is absolutely right. Very often, the relationship with the local authority is the real sticking point of this issue, but we have high expectations of co-ordinators in particular. Many of them deliver on those expectations superbly and we should not underestimate the quality of many of the co-ordinators. I am particularly thinking of the ones who have now been in post for five, six or seven years, who are an invaluable resource in their communities now. No-one ever said that the job was easy, and the job is about balancing conflicting expectations, or at least expectations and tension, not just between the local authority and the community, but between a whole range of partners in the community, individuals or community organisations, the local authority and other public services. That is the role that we need to be delivered by someone who can communicate to those different interests and help them bring together and identify shared objectives and things that can be delivered.

[207] We provide a lot of support. It is very easy for the support that we are trying to provide in terms of advice to be interpreted as, 'You are telling us what to do; it is a very top-down programme again', so we have to be careful and try not to over support in a way that feels oppressive and too directional. We provide support in terms of significant training resources and regional co-ordinators' meetings, annual conferences and that sort of thing. We try to foster a sense that everyone who is involved in this programme is part of a shared enterprise, although, at the end of the day, it is about working it out in that community. It is a very tough job. You are facing these people day after day, there is often no escape, and the pressures can become great. Many of them do it very well.

[208] **Jonathan Morgan:** Thank you. I have two final questions. Bearing in mind the time that this programme has been running, there have been some other significant changes, most notably, the introduction of local service boards. Looking to the future, how do you think that, if at all, the work of local service boards and the Communities First programme can be more closely aligned? Obviously, they are a newer development than Communities First. What opportunities is the Government identifying there?

[209] **Dr Roberts:** I think that is an absolutely fair point. Local service boards are still relatively new, although we are very much encouraged by the work that they are doing. They are moving away from dealing with specific projects towards more general issues in an area. In some cases—I mentioned Cardiff—I think that those links have already been made. In some cases, they are still to be made. So, I think that there is a case for strengthening those links and I will gladly take that up.

[210] **Mr Dear:** I just have one comment on that. We meet regularly now with those whom we call our overarching co-ordinators, namely the people, usually in the local authorities, who

co-ordinate the programme. We had one of those meetings a couple of weeks ago and one of the main items on the agenda for that meeting was to ask all those overarching co-ordinators to report on the relationships between the programme in their area and their local service board. We got a good overview of the developing situation through that.

[211] **Janet Ryder:** Is that person situated in the county council?

[212] **Mr Dear:** I have to say that, because of the way the programme is shaped, there is no single consistent role of Communities First overarching co-ordinator, but a working definition would be the most senior person in the local authority for whom Communities First is the day job. Those people often combine a role as the line manager of local co-ordinators with a strategic role to embed the programme in the local authority. We find them a useful group to meet and work with.

[213] **Janet Ryder:** So, do Communities First co-ordinators have line managers?

[214] **Mr Dear:** In some cases. Where the local authority is the employer for the programme, as opposed to having the host employers that we talked about earlier, there is a line manager for those staff who is responsible, in terms of the employment role, for providing support to the co-ordinators.

[215] **Jonathan Morgan:** I have a final question. The Communities First programme will shortly reach its tenth anniversary. It was a project that was envisaged as, effectively, a 10-year plan, and Rhodri Morgan said six years ago that the Government is committed to ensuring that communities are empowered to regenerate themselves and tackle the social problems there. That was the ambition that was set out as what Communities First was all about. So—it is a rather unfair question, as it is Christmas—with your hand on your heart, out of 10, what would the Assembly Government give itself for achieving what the First Minister set out at that time? It is an unfair question.

[216] **Dr Roberts:** It is not an unfair question. I will answer it in a slightly different way, if I may. We have mentioned Gellideg a few times. I personally have had contact with Gellideg over the last five years, and it had been going for five years before then. What I have seen there is a group of mothers whose initial aspiration was simply to get a crèche for their children on the estate. That was achieved. They then went on to provide a luncheon club locally and to provide advice, health and employment services and so on. I have met the co-ordinator for Gellideg over the last five years. What is really encouraging is the way that that has grown. It has been an incremental, slow growth, but it has been in entirely the right direction. They now run a cafe on the estate and they are opening a hairdresser on the estate, which was never there before.

[217] These estates are facing particularly long-standing problems. I am also greatly encouraged—Gillian mentioned the example of Flying Start at the local primary school, where there is an over-demand for places for Flying Start. So, the growth and improvement there has been fantastic and it is very inspirational for someone like me to see that. So, we have something very important here. The challenges for those areas are generational and it will take that long to follow that through.

[218] **Jonathan Morgan:** Thank you very much for that and for your attendance this afternoon. We are very grateful to you.

3.07 p.m.

**Gwasanaethau i Blant a Phobl Ifanc sydd ag Anghenion Iechyd Meddwl ac Emosiynol—Gwybodaeth gan Archwilydd Cyffredinol Cymru ac Arolygiaeth**

**Gofal Iechyd Cymru**  
**Services for Children and Young People with Emotional and Mental Health**  
**Needs—and Briefing from the Auditor General for Wales and the Healthcare**  
**Inspectorate for Wales**

[219] **Jonathan Morgan:** The committee will move on to the final item on this afternoon's agenda, which is on services for children and young people with emotional and mental health needs, and a briefing from the Auditor General for Wales, and also from Healthcare Inspectorate Wales—we hope that its representatives will join us at some point. The briefing is the latest briefing from the auditor general. It is a joint report that is produced by the Auditor General for Wales, Healthcare Inspectorate Wales, Estyn and Care and Social Services Inspectorate Wales. It is a great pleasure to welcome Steve Ashcroft, who is accompanying the auditor general; Mandy Collins, the deputy chief executive of HIW; and Kate Lloyd-Jones, the review officer. I ask the auditor general to introduce the report and I am sure that, as I know that I have, Members have quite a few questions to ask.

[220] **Mr Colman:** Thank you very much, Chair. I am relieved that that my colleagues have now joined me at this table. I feared for a moment that I would be left here alone. All that I can say is that the quality of the briefing would have been much poorer than the one you will get.

[221] I will say a few words by way of introduction. This is a remarkable report for a number of reasons, not least that it is the first time that the auditor general's office and the other three inspectorates have collaborated on a joint product, although, day-to-day, we collaborate all the time. The reason that we have collaborated is that mental health services for children and adolescents catch on all our responsibilities. We have also done it, because, through our own work and through issues raised with us by a wide range of external stakeholders, we were aware that this was an area of considerable concern. We therefore thought that it was appropriate to examine it. The report sets out the question that we sought to answer, which is whether services are adequately meeting the mental health needs of children and young people.

3.10 p.m.

[222] The answer refers to improvements in recent years but also says—and uses very strong language—that services are still failing many children and young people, reflecting a number of key barriers to improvement. So, this is a critical report.

[223] With that brief introduction, I will ask my colleagues to fill in some of the detail.

[224] **Ms Lloyd-Jones:** As the auditor general said, this is a comprehensive report covering a very broad range of services, so we do not propose to work through every part of the report. Overall, it is broken into two sections, the first on service provision which I will be covering, and then also the barriers to improvement which Steve Ashcroft from the Wales Audit Office will summarise.

[225] Starting off with service provision, as we said, some recent improvements have been made, but despite these we have concluded that services are still failing children and young people. The recent improvements that we have seen include parenting and family intervention services that have been developed through various funding streams, including children and young people's partnerships. Examples of programmes include things like Sure Start and Flying Start. Counselling services have been expanded and are to be universally provided for all school pupils, a development that is being supported by additional funding over a three-year period.

[226] Progress is also being made in introducing primary mental health workers who provide support to a wide array of professionals who work with children and young people, such as general practitioners, school staff, school nurses and social workers. However, we found that meeting the target number of these primary mental health workers is a challenge in many areas, and the role that they take on varies across Wales.

[227] There has been some progress in developing advocacy services, with a new framework for advocacy services launched in 2008. However, our findings suggest that developing local specialist services in all parts of Wales as outlined will be a challenge.

[228] Another area of improvement is waiting times between referral and initiation of required interventions, and these have reduced over the last year. However, we have concerns about the interpretation of the waiting time target and how measurement of performance against that is undertaken. There is a risk that the benefits implied by these reported improvements in waiting times are not being fully developed in practice.

[229] There are new in-patient units in north and south Wales which should improve the availability of services with emergency beds now available for in-patients, although the number is lower than that originally planned. However, despite these improvements, our review found that services are still failing children and young people, and I will highlight some examples of the areas that we have looked at.

[230] Starting off with prevention, early intervention and supporting those with less severe problems, one example of the problems we found was that some staff who work on a day-to-day basis with children do not acknowledge that they have a role to play in supporting children and young people with emotional or mental health problems. However, others are providing active support, including GPs, school nurses, school and educational support staff and children's social workers.

[231] Moving on to specialist community services, we found that there is no specialist mental health service in the community for children under five in Wales. Other parts of the United Kingdom have services; for example, specialist programmes in Scotland and child psychotherapy led under-five clinics in some teams in England. In addition, some child and adolescent mental health services teams have a lower age limit of five, but there are some in Wales whose age limit is as high as 11.

[232] We also found that access to specialist CAMHS in the community can depend on where you live in Wales, and also that some groups may be excluded from support in a particular area despite having mental health needs. The types of groups that are affected can be children and young people with a learning disability, those between 16 and 18, those who are placed out of area, those who come from unstable home and family circumstances, who have a substance misuse problem or a diagnosis of conduct disorder. There are issues with the community intensive therapy and treatment services which have been established in some parts of Wales, but in other areas children and young people can only access such intensive support through being an in-patient.

[233] There has been slow progress in establishing comprehensive services for children with mental health problems who are at high risk of offending. In 2004, funding was made available for a forensic assessment and consultation service, but it took until 2009 to appoint a permanent consultant, and recruitment of other team members was still under way in October of this year.

[234] We also found the availability of day care and eating disorder services is patchy and bears little relationship to the local need for such services. Another key failing is that services

are often not child friendly. Many children and young people do not feel involved enough in their care. The location, environment and opening times of these services are frequently not child or family friendly. Children and young people told us that they did not feel well informed about or involved in planning their care or listened to. Finally, in many parts of Wales children and young people are not receiving holistic care based on meeting their wide-ranging needs, with co-ordinated multi-agency treatment plans not routinely in place.

[235] Moving on to in-patient and residential services, we found that the two in-patient units that are in Wales provided very different types of intervention support and neither has a comprehensive range of services. For example, the north Wales unit does not have access to occupational therapy or physiotherapy, while in south Wales there is still no agreement for social work input, limited education support and no option for receiving education through the medium of Welsh.

[236] Some children and young people and their families told us that they were not satisfied with the standard of in-patient service and facilities they had received in the past, and raised the issue about overcoming problems associated with significant travelling distances to these units. The new facilities in south and north Wales are now in place, and we hope that these will address some of these issues.

[237] The final reason why we have concluded that services are failing children and young people is that a number of practices we came across are putting children at risk. For example, children and young people who miss appointments are routinely discharged by specialist CAMHS teams in many areas after one, two or maybe three missed appointments. There is often a lack of routine follow-up when young people do not attend, and both of these practices can put children at risk.

[238] In some parts of Wales, we came across inadequate sharing of information between organisations, which again puts them at risk and is undermining child protection arrangements. There are inadequate arrangements in many parts of Wales to ensure a smooth and effective transition from CAMHS to adult services, which increases the risk that these young people will disengage from the services that they require. Significant numbers of children and young people are placed or kept inappropriately on paediatric or adult mental health wards. This is due to a lack of CAMHS in-patient beds, especially emergency beds in the past, and a lack of out-of-hours assessments by CAMHS staff.

[239] I will now hand over to Steve Ashcroft to cover the barriers to improvement in our recommendations.

[240] **Mr Ashcroft:** The second section of the report looks at the barriers to improvement, and these are grouped into four different themes. The first one is around a lack of clarity about how policy should be implemented. The second is around weaknesses with the approach to developing services. The third is around a number of challenges faced in developing an appropriate workforce. Finally, we identified that further development was needed around performance monitoring and management. I will take you through those four broad themes to give you a flavour of what we say in the report.

[241] To begin, we found that it was unclear how policy should be implemented. For example, 'Everybody's Business', when it was published in 2002, contained a large number of commitments from the Assembly Government to develop more detailed guidance to support the implementation of that strategy. We found that these have not been met in many key areas. Service development priorities over the medium term are also unclear. Other than the annual operating framework targets within the NHS, there are no clear priorities for services to work towards in the medium term.



[242] We also found at the time of the review that planning and commissioning arrangements were complex and unclear. There were a number of different bodies and groups involved in planning different service elements, and there was some confusion over who was responsible for what. No single body had a clear remit to oversee and co-ordinate all CAMHS provision.

[243] The new health boards provide an opportunity to develop arrangements that are more fit for purpose, but the new larger organisations provide some challenges in their own right in terms of being able to engage some of the localities and the local authorities.

3.20 p.m.

[244] Next, we found that CAMHS was not covered very well in key local strategies such as the health, social care and wellbeing strategy and children and young people's plans. In addition, there has been limited progress in developing comprehensive local plans for CAMHS that cover all service providers. So, in short, we often found that there was no clear vision on where services were heading locally. In effect, there was no route map for people to follow.

[245] The next key barrier was around weaknesses with the approach to service development. The views of children and young people are not driving change within statutory organisations. Few providers could provide substantive examples of how they had changed services in response to the views of children and young people. We also found that joint working between the health, local authority and voluntary sectors was often ineffective at a strategic and operational level. We also found that despite directly funding and providing a substantial range of services, the voluntary sector was often excluded from key planning processes.

[246] We also found that there was poor management and control of some specialist services, such as in-patient forensic mental health services. Kate has already dealt with the issues around establishing forensic mental health services, but there were similar kinds of problems in getting timely emergency beds in place in the new in-patient units and there were also some deficiencies in the planning of the new in-patient units. For example, the number and type of beds that were originally consulted upon have not been delivered in practice.

[247] The third barrier that we identified was around the challenges faced in developing an appropriate workforce. We found that there were substantial variations across Wales in staffing levels and in the expertise of the CAMHS workforce that could not be explained by variations in local need for services. Some parts of Wales have also experienced recruitment problems. Most recently, recruitment into the new in-patient units has been problematic.

[248] Effective supervision and support has not been in place for some staff groups. This is particularly true where staff were out-posted to other teams; for example, social workers were being placed into CAMHS teams or nurses were working in looked-after children's teams.

[249] The final barrier we identified related to performance management. We found emerging evidence that performance management arrangements within the NHS are becoming more robust but that further development was needed. For example, the information available to assess performance is not yet robust and reliable. Not all the information that is available is being used to manage performance, most notably the annual self-assessments of progress against the national service framework targets that are completed by each children and young people's partnership.

[250] Our analysis also showed that although there had been recent progress with some important annual operating framework targets, other key targets have been missed over recent

years. Most notably, the progress against the broader NSF targets has generally been poor.

[251] Finally, although performance management arrangements have strengthened for the annual operating framework targets within the NHS, it is still a little too early to judge their full effectiveness. Robust performance management arrangements for the broader range of priorities which are reflected in the NSF are still not in place across health and local government.

[252] Moving on to the recommendations, the report contains 17 specific actions which cover five broad themes. I will run through those themes very briefly. First, we recommended reviewing the way services are organised and delivered. That was about seeking to answer a question of whether the existing arrangements can be improved sufficiently to deliver co-ordinated and child-centred services, or whether something a little bit more fundamental is needed in terms of changing the way that services are delivered.

[253] Next, we call for a national plan to be developed within six months of the report to address all the service issues that we highlight and local multi-agency implementation plans to support those, backed up by simplified planning responsibilities and strengthened leadership. We recommended a number of steps to improve performance monitoring and management, including far greater involvement of children and young people in all parts of the development, implementation and review of services.

[254] We then moved on and very briefly identified a number of improvements needed to ensure that we have an appropriately skilled and experienced workforce. Finally, we picked up on all those safety issues that Kate mentioned earlier, and made some specific recommendations about how those risks can be reduced and dispensed with.

[255] So, that is a pretty big, quick scamper through what is quite a comprehensive review.

[256] **Jonathan Morgan:** Thank you very much. I will start with a question to the auditor general and then I will ask a couple of questions around concerns that I have personally.

[257] The Assembly Government in its response to this report, when it was published, said that the report, in effect, was out of date. Would the auditor general and his colleagues wish to comment on whether the report is out of date and whether the criticism is valid?

[258] **Mr Colman:** You will not be surprised to hear me say that the report is not out of date. It is certainly true that the evidence collection spread over a period of several years, but the report went through the process that we call 'clearance'. Perhaps it would help the committee if I quoted from the question that Peter Higson, the chief executive of Health Inspectorate Wales, and I formally asked Paul Williams as the relevant accounting officer in the Assembly Government. The question we asked was whether he would confirm that he considers the facts in the draft report to be materially accurate and presented fairly with no material facts omitted. That was in October of this year. His reply, which was quite a brief reply, points out a typo but goes on to say that he confirms that he is happy with the report. So, the relevant senior official confirmed as recently as the end of October that he was content that all the facts in this report are accurate.

[259] **Jonathan Morgan:** That is very helpful. Paragraph 1.16 of the report states that the CAMHS mapping data collected by the Assembly Government showed that no specialist CAMHS team and only one of eight primary mental health worker teams were providing early intervention services. Did this come as a surprise to you, bearing in mind the fact that virtually every Welsh health circular issued over the past seven or eight years, and every section on CAMHS in the annual operating framework over however many years it has been in there, has talked about the need for services to be identifying early intervention?

[260] **Mr Ashcroft:** I think that we were surprised at the extent of the absence of those services, if that makes sense. I think that reflects the extent or the capacity of the specialist CAMHS teams. Quite often, what we observed was a service that was almost drawing in on itself, looking to deal with the most serious cases that were presented to it.

[261] **Ms Collins:** It comes back to the point that the auditor general made. The reason why we looked at CAMHS services was because we already had concerns. Some of the findings, sadly, in the CAMHS report reflect what we found in earlier reviews of learning disability services, in that there are gaps at key points. When intervention is not provided in a timely way, you have children who then run into difficulties later.

[262] **Jonathan Morgan:** Reference was made earlier by Steve to the annual operating framework and the fact that it is very difficult to see how organisations will prioritise their work based purely on that alone. However, the annual operating framework for this year points out that by March 2009 organisations must have improved the responsiveness and capability of specialist services that target children and young people who run particular risks. The requirement of NHS bodies under the assessment criteria is that they must, as part of an in-year assessment, demonstrate progress against deliverables in their local delivery plan.

[263] So, although I suppose that one could argue that it is not detailed in terms of where this sits as a priority, there is a clear requirement set up by the Assembly Government that health bodies need to demonstrate in their quarterly assessment whether or not these objectives have been met. Again, I find that quite worrying. What was your assessment of that when you were digging through the information in the field work?

[264] **Mr Ashcroft:** We have a number of concerns about going down that route. One of the concerns is that it is based very much on exception reporting. What we found in the self-assessments that I referred to earlier in the children and young people's partnerships, was that sometimes we see the services quite differently from the way that those partnerships are self-assessing themselves. So, I am a little bit nervous about this exception only reporting.

3.40 p.m.

[265] We might find that we could gain access to some social services support but not health, and vice versa. That, to me, does not make any sense since our child's needs are inevitably going to be interlinked. So, this provision of services in silos, for me, is one of the barriers.

[266] **Janet Ryder:** I am sorry to interrupt you, but how much does that then indicate very strongly that we need to remove that barrier between social services and health?

[267] **Mr Ashcroft:** I think that we are coming back to the discussion that we were just having around that first recommendation, about the roots and branch rethink on how best we need to set up our services to deliver that co-ordinated and well-structured care.

[268] **Janet Ryder:** To what extent does this indicate that there has been little or no national level planning?

[269] **Mr Ashcroft:** The lack of clear implementation guidance is a contributory factor. We stress that, I think, in the report. Without having clarity around exactly what services would look like if 'Everybody's Business' was implemented, that allows local interpretation. Some clinicians have a certain view on the kind of services that they feel that they want in place, which is not necessarily shared by colleagues in other parts of Wales. That adds to the variation in progress and the variation in the kind of services that we see. So, for us, that lack

of clarity was where we started in terms of whether it is clear where we are going with services and whether services themselves are clear on where they should be heading. I think that we concluded that, at a high level, yes, at a principle level everybody signs up to 'Everybody's Business', but how does that look in practice? I think that that is where a key issue rests.

[270] **Mr Colman:** There is a wider issue in that the restructuring of the NHS has certainly changed because most of the former trusts have disappeared. The former trusts, on paper, enjoyed a high degree of autonomy, which might or might not be a good thing, but if you were thinking through what is needed to secure delivery of this policy, you need to think through what that means for the autonomy of bodies that are supposed to be implementing it. It does not necessarily lead you to a particular conclusion, but the variations that we see are variations that we see in the administration of other policies that require action both in the NHS and the local authorities. The problems are the same problems, which is when the centre is going to dictate how things are done and when local bodies are allowed to do it their own way. The answer in each case might be different, but it does need to be thought about. What shines through here is that it was not thought about.

[271] **Lorraine Barrett:** I am concerned about part 3 covering out-of-county placements and out-of-country placements. As elected Members, we have all had such cases over a long period of time and know the distress that is caused by there being nowhere local for a young person to go. Do you have a general feel for what sort of step change or investment is needed to provide the specialist accommodation that might be needed for those who need residential care? All of the cases were sad, but the one that I thought was terribly sad was the case of Rebecca, who is 17 years old, has an eating disorder, and lives in north Wales. She was at Cedar Court unit during the week, but at weekends she could not travel home so she had to go to the paediatric ward of a local hospital, at the age of 17. So, it seems to me that it needs a huge step change. Do you have any feel for what is needed?

[272] **Mr Ashcroft:** I think that the new in-patient units should provide an opportunity to reduce out-of-country placements. We certainly have emergency beds now in Wales for the first time and that should help ease both out-of-country placements but also inappropriate placements on to adult or paediatric wards. As part of HIW's normal review programme, it will take a close look at the operation of the in-patient units and the impact that they are now having on out-of-county and out-of-country placements.

[273] **Ms Collins:** I will add to that. I totally agree with you. In our routine work, we come across some very sad cases where children have to go to placements far away from home, where they have a very loving family who want to be there to support that child. It is very difficult to support your child from a distance, quite apart from the economic impact on families in terms of travelling expenses. We pay quite a lot of money for those out-of-area placements; when we can repatriate those children we have seen that there is a saving in cost.

[274] **Jonathan Morgan:** I have a final question. In paragraph 4.23, you talk about the roles and responsibilities for planning and commissioning. I remember, in 2003, when the Government issued its Welsh health circular which set out the establishment of the CCNs, the CAMHS commissioning networks, it was envisaged—and it was, in fact, repeated in a Welsh health circular in 2005—that the networks should be up and running by 1 January 2006 and that they should certainly be well developed at this point. In your report it says,

[275] 'At the time of our field work visits commissioning networks were at different stages of development'.

[276] Again, I find this deeply concerning because the Assembly Government, on the one hand, set this out in a Welsh health circular, which for all intents and purposes is a statutory

instrument, in a way. It is a decision of a Minister which is expected to be followed through. Could you get any feel again for why these networks have clearly had so much difficulty in seeing what their role is and seeing how to commission services in a planned way?

[277] **Mr Ashcroft:** I think that there is a mix of issues that we have come across. At the time, one of the networks had only just been put together. I think that that reflected some resistance locally to the creation of the commissioning network and, in theory, that transfer of power, or control, from a trust or a local health board to the commissioning body.

[278] The second point that I would make again comes back to clarity. Each of those commissioning networks has taken a slightly different track in terms of how they see their role, whether it is primarily focused on NHS and specialist NHS input or whether it is more about looking at the broad range of services from GPs all the way through social services up to the very high specialised end. Again, we have different networks going with different solutions. In terms of planning, you would have thought that there would have been a one-size-fits-all approach in terms of the responsibilities of different groups.

[279] **Jonathan Morgan:** Thank you very much. That is very helpful. We need to take a decision as to how to proceed with this report. Looking at this, while there are clear failures in terms of delivery of a service for children and young people, what strikes me from our perspective as the Public Accounts Committee is that there are policy objectives on the one hand, there is the CAMHS strategy, there is the annual operating framework, there are a whole host of Welsh health circulars which are now defunct, I think, because they are now called ministerial letters—there is a whole raft of things which are sent out to health bodies which they are expected to follow to deliver a service. From reading all of this, there is a clear mismatch between what is envisaged by government and what is delivered in terms of delivering a service. So, from that perspective, from a public accounts and audit perspective, certainly as Chair of this committee, I am extremely concerned.

[280] We have had a conversation with the Chair of the Children and Young People Committee in the Assembly. It will be doing some work on children and adolescent mental health services in January. It will be taking evidence from the vice-chairs of the new local health boards. It is minded to do a short review if it is not satisfied with the evidence that it gets from those individuals. We have already spoken to the Chair of the Health, Wellbeing and Local Government Committee, which has just published a report on mental health services; it will not be pursuing this particular report. I am open to whichever suggestion that you wish to make as to how we want to proceed. Mike?

[281] **Michael German:** Chair, recommendation b(i) gives the Assembly Government six months to come up with a national plan. It seems to me that a test of the robust nature of that national plan is important; in other words, to be able to look at it and state whether or not it is fit for purpose.

3.50 p.m.

[282] Now, that may not be our job—to say whether it is fit for the purpose of policy objectives—but our role must be to ensure that the Government is taking sufficient steps to put in place a national plan that addresses all the significant issues in this report. We cannot shirk from that responsibility. If there is no other mechanism within this National Assembly for that to happen, then I believe that appropriate scrutiny of the Government, and those who are responsible for executing a new national plan, should be undertaken by this committee. I would be comfortable if another committee was to take on the totality of that case, but I do not suspect, from what you have just said, that that will happen, and therefore it falls upon this committee. I think that we should set ourselves a parameter around that six-month period that is the real test for change.

[283] **Janet Ryder:** I agree with Mike. Before I ask my question, would you clarify something for me? You have highlighted the guidance notes, ministerial letters and circulars that should cover all of this, but whose responsibility is it to audit them and ensure that they are monitored?

[284] **Jonathan Morgan:** In theory—and I look for assistance if I am getting this slightly wrong—the annual operating framework is signed off by the chief executive of the NHS. In essence, as the accounting officer, the reporting mechanism goes back to him.

[285] **Janet Ryder:** So, should he have been able to see these gaps in service, which are still there?

[286] **Jonathan Morgan:** If there was a framework in place that was robust enough to feed that information back to him. I think that the point that Steve was making is that, within the annual operating framework, it may be about self-assessment, and saying at three or four points in the year, ‘Yes, we are achieving that’. It is a question of whether that information itself is robust enough.

[287] **Janet Ryder:** As Mike says, we can now wait until, six months down the line, they have this in place, or we can ask how it is being developed, to ensure that it will deliver. That brings our deadline forward.

[288] **Jonathan Morgan:** Yes. I was right on that point about the annual operating framework, was I not?

[289] **Mr Ashcroft:** Yes, you were.

[290] **Jonathan Morgan:** Thank you very much.

[291] **Mr Ashcroft:** The key issue on AOFs is that they vary in what they cover. The read-across between operating framework targets and the report is very small. There are 101 different issues identified within the report that will not be covered by the AOF.

[292] **Ms Collins:** The NHS—I cannot speak for the social care side—is required to have annual improvement plans linked to healthcare standards work and also to this report. As an inspectorate, we review self-assessments against improvement, which would include the work covered by this report, on an annual basis. We would be able to go in, whether it was an unannounced spot check or a review of the work. So, there is a mechanism of follow-up through inspection that will cover the NHS side.

[293] **Jonathan Morgan:** The option that we could pursue, which takes into account the view expressed by Mike, is to ask the accounting officer to come to the committee early in the new year anyway, so that we can put questions to the accounting officer about why the situation is as has been discovered by the four organisations. I must say that having four organisations working together like this is tremendously powerful. The reports that we receive from the auditor general are always powerful, but having four regulatory bodies joining forces is really quite impressive. I do not think that this is something that we can just put on the shelf while we wait six or eight months. I certainly think that the accounting officer ought to come in so that we can ask questions of him, but then, at some point within the next six months, when that plan has been designed, we will want to be able to test it. I am sure that you will want to test it as well, auditor general. Do Members think that that is the most appropriate way forward? Lorraine, what do you think?

[294] **Lorraine Barrett:** One of the valid issues for us as a public accounts committee is

that, as Steve said, it is often cheaper to provide services here, particularly in-patient services, than to send families or young people out of country or even out of county. Looking at the Hafod Newydd unit, we see that it covers a huge area; there are massive travelling distances involved in getting from Pontypool to Carmarthenshire or Ceredigion. It looks to me like a poor use of public funds. If you used the funds to provide some units locally, it would benefit the patients and their families. There are some horrific stories of families having to sell all their belongings just to go and visit their child and be part of their child's treatment in England. We can legitimately look at issues like that, which are separate from the policy.

[295] **Janet Ryder:** On the health side, a lot of health care is delivered through social services or, if that delivery through social services has not happened, it would lead to a health requirement. So, is it just the WLGA that we can ask about that side of the delivery, or do we need to ask the Minister?

[296] **Jonathan Morgan:** The usual choice is between doing nothing, and just writing to the Government, or referring it to a committee, or having the accounting officer in, or doing an inquiry. The inquiry would then take into account evidence from other organisations. However, if we invite the accounting officers in, then they should be able to account for why more than one organisation seems unable to deliver what the Assembly Government expects.

[297] **Janet Ryder:** I just do not want to be in the position where they come in and say, 'Yes, that is actually a social services issue, and therefore a local government issue, and we cannot help'.

[298] **Jonathan Morgan:** No. Auditor general?

[299] **Mr Colman:** I am absolutely clear on this. The policy is an Assembly Government policy. The accounting officer is accountable to this committee for the implementation of the policy. So, it is no good him saying, 'Well, the local authorities will not do it,' because they should have thought about that as part of the policy.

[300] **Janet Ryder:** Yes, that is fine.

[301] **Michael German:** Are we absolutely clear that there is only one accounting officer, and in this particular case it is Paul Williams?

[302] **Mr Colman:** Yes.

[303] **Michael German:** Fine. That is good.

[304] **Jonathan Morgan:** So, we will make arrangements for the accounting officer to come to the committee early in the new year, hopefully in January, and we will then scrutinise the accounting officer, and then plan, at some point during the next 12 months, to return to this matter—because I am sure that we all want to see how this plan has been designed, and whether we feel it is robust enough to deliver what is required.

3.57 p.m.

### **Cynnig Trefniadol Procedural Motion**

[305] **Jonathan Morgan:** I move that

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

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

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 3.57 p.m.*

*The public part of the meeting ended at 3.57 p.m.*