



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

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

**Dydd Iau, 23 Medi 2010
Thursday, 23 September 2010**

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymreig Welsh Liberal Democrats
Jeff Cuthbert	Llafur (yn dirprwyo ar ran Lorraine Barrett) Labour (substitute for Lorraine Barrett)
Irene James	Llafur Labour
Ann Jones	Llafur (yn dirprwyo ar ran Alun Davies) Labour (substitute for Alun Davies)
Sandy Mewies	Llafur Labour
Jonathan Morgan	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Chair of the Committee)
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Janet Ryder	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Anthony Barrett	Partner Rheoli, Swyddfa Archwilio Cymru Managing Partner, Wales Audit Office
Jason Blewitt	Rheolwr Archwilio Ariannol, Swyddfa Archwilio Cymru Financial Audit Manager, Wales Audit Office
Gillian Body	Archwilydd Cyffredinol Cymru Auditor General for Wales
Andy Bruce	Arbenigwr Perfformiad, Swyddfa Archwilio Cymru Performance Specialist, Wales Audit Office
Stephen Lisle	Arbenigwr Perfformiad, Swyddfa Archwilio Cymru Performance Specialist, Wales Audit Officer
Alan Morris	Partner Ymgysylltu, Swyddfa Archwilio Cymru Engagement Partner, Wales Audit Office
Ceri Stradling	Partner Ymgysylltu, Swyddfa Archwilio Cymru Engagement Partner, Wales Audit Office

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

Alun Davidson	Clerc Clerk
Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Andrew Minnis	Dirprwy Glerc Deputy Clerk

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

Ymddiheuriadau a Dirprwyon
Apologies and Substitutions

[1] **Jonathan Morgan:** Good afternoon, I welcome everybody to the National

Assembly's Public Accounts Committee. I remind everybody that we operate bilingually, so please feel free to speak in Welsh or English. Headsets are available for translation and amplification—channel 0 for amplification only and channel 1 for the translation. I remind everybody to switch off mobile phones, BlackBerrys and pagers. If the fire alarms sound, please follow the advice of the ushers.

[2] I have received apologies this afternoon from Lorraine Barrett, Alun Davies and Bethan Jenkins. Ann Jones will be substituting for Alun Davies for the remainder of the term. I thank Ann for being able to join us for this term, as she did for the previous term.

[3] Before we move on to the second item on the agenda, I would like to address the recent freedom of information disclosure from the Wales Audit Office in relation to the former chief operating officer's severance package. I think that I speak on behalf of all members of this committee in saying that we are surprised by the generosity of this settlement and, perhaps more so, by the manner in which it was agreed. It has raised questions about the decision-making process, governance and accounts of the Wales Audit Office and we will want to put this to the Auditor General for Wales, as accounting officer, at our meeting on 7 October. As we are planning to discuss our forward work programme later on today, I suggest that we return to this at that time to agree our approach. It is also my intention to meet with our external auditors, who have requested a meeting on Tuesday of next week.

[4] Putting that to one side, I wish to say something quite personal. Members will be aware that today is the last meeting at which Gillian Body will be appearing as our interim auditor general, whom we appointed when Jeremy Colman resigned. I would like to place on record our thanks as a committee for her endeavours in this role. Over the past seven months she has led the Wales Audit Office through some difficult times and has driven forward its work. We as a committee have benefited greatly from her advice and support, and I know that we would wish her very well and all the very best for the future. So, thank you, Gillian, for what you have done and thank you for your contribution and your attendance at this committee in your role as the interim auditor general.

1.32 p.m.

**Cynnal Gwerth am Arian yng Ngwasanaeth yr Heddlu—Papur
Dadansoddi ar gyfer Cymru: Gwybodaeth gan Archwilydd
Cyffredinol Cymru
Sustaining Value for Money in the Police Service—An Analysis Paper
for Wales: Briefing from the Auditor General for Wales**

[5] **Jonathan Morgan:** We have been provided with two papers: paper 1 on sustaining value for money in the police service is a joint report by the Wales Audit Office, Her Majesty's Inspectorate of Constabulary and the Audit Commission; and paper 2 is a separate paper published by the Wales Audit Office. I welcome Gillian Body, our auditor general, and Andy Bruce and Anthony Barrett who are joining us from the Wales Audit Office. I will ask the auditor general to brief the committee and then Members will be able to ask questions about the reports that have been provided.

[6] **Ms Body:** Before I turn to the papers, I wondered whether you would allow me to just say a few words in response to your kind words.

[7] It has been an honour and a privilege to lead the Wales Audit Office. As you rightly say, these have been extraordinary and challenging times and I would like to pay tribute to my colleagues within the Wales Audit Office, without whose overwhelming support and encouragement it would have been even more difficult—I am not sure that I could have done

it without them. Anthony is one of my colleagues on the executive committee, the other one is Kevin, and they have been unstinting in their support and help. I would also like to reciprocate and say thank you to this committee. You have been very supportive and helpful to me. On behalf of me and the Wales Audit Office, I put on record our thanks to you for standing beside us as a very supportive and helpful ally.

[8] Moving on to the matter at hand, in terms of sustaining value for money in the police service, in July this year we published a joint report with the Audit Commission and Her Majesty's Inspectorate of Constabulary looking at the police service across England and Wales. The field work that we undertook collaboratively took place across 16 forces, three of which were in Wales—Dyfed-Powys, Gwent and North Wales Police. However, we collected data at all four Welsh police forces. Field work within Wales, as you might expect, was undertaken by the Wales Audit Office and Anthony sat on the steering project board to oversee the delivery of the work and the report.

[9] Recognising that the report covers England and Wales and that it was quite difficult to see what underpinned that, in terms of the Welsh perspective, in preparation for this meeting we have produced a supplementary report. It does not seek to repeat the messages that are in the published joint report which applies equally to police forces in Wales as it does in England, but rather it is intended to provide some further detail to set out the Welsh data that underpin the joint report.

[10] After a decade, up until 2008-09, of increases in public funds, police forces—like all public services—face a forthcoming period of significantly reduced budgets. However the police will still face significant expectations and they will have to maintain levels of public confidence. So, the challenge for them particularly is to deliver more with less.

[11] The purpose of this report is to help police services to identify areas where significant savings can be made during the coming period of austerity. Members may recall that that was one of the issues that came out of the international peer review in terms of our stakeholders looking to us to be more forward-looking and to support public bodies in facing the challenges ahead. This report is very much part of our response to that particular expectation.

[12] While the report makes clear that there have been reductions in expenditure already in response to the financial pressures, the joint England and Wales report points to the scope for savings of up to £1 billion without reducing services to the public by implementing the good practice that is set out in the report. By using the same analysis for the four Welsh police forces, the savings that might be delivered in Wales are somewhere in the region of £24 million to £35 million.

[13] I am now pleased to hand over to Anthony to tell you a bit more about how that might be done.

[14] **Mr Barrett:** The published report is presented in seven chapters. Chapters 1 and 2 very much set the scene by providing some contextual background on expenditure, officer and staff numbers and, indeed, the level of crime. Chapter 3 looks at the challenges ahead and the impact on future spending decisions. Chapters 4, 5 and 6 look in detail at three key areas where savings can be made—the workforce, procurement and collaboration. Chapter 7 sets out the conclusions from the report on the total level of savings that could be achieved by forces.

[15] So, in chapters 1 and 2 we presented the total expenditure for forces. The published report identified that, in England and Wales for 2008-09, the police service spent £13.7 billion, which was 47 per cent more than in 1997-98. In Wales, the police spent £697 million in 2008-09, a sum of 51 per cent more in real terms over the same period. Expenditure across

the four Welsh forces ranged in 2009-10 from £128 million in Dyfed-Powys to £343 million in South Wales. That gives you some idea of the difference in scale between the forces in Wales. Three-quarters of the forces across England and Wales spent less in real terms in 2008-09 than they did in 2007-08, and a similar pattern exists in Wales, with three of the four forces having spent less over that year. Actually, for 2009-10, all four have spent less than they did in 2008-09. So, reductions in expenditure are already being seen in response to the ongoing financial pressure.

[16] Salaries and expenses for police officers, police community support officers and other staff, as you might expect, accounted for almost 80 per cent of the total expenditure in 2008-09. Between 1997-98 and 2008-09 the number of police officers in Wales increased by 11 per cent and civilian support staff by 86 per cent. Further detail on the officer and staff numbers in Wales is shown in figure 2 on page 6 of the Wales analysis paper.

[17] Across England and Wales, a greater proportion of police funding now comes from council tax than in 1997-98. Total council tax funding increased by 148 per cent over that decade. In Wales, the increase in council tax funding has been significantly higher over the same period, with a 194 per cent increase over those 10 years. This is shown in figure 3 on page 7 of the Wales analysis paper.

[18] The analysis of expenditure and savings in the published report shows that high expenditure does not mean high levels of public confidence and that forces can achieve savings while maintaining public confidence, which is the key challenge for forces and authorities over the coming period.

1.40 p.m.

[19] Chapter 3 looked forward to the challenges ahead and the future spending decisions. Demands on policing are complicated and stretching. The police maintain law and order by countering threats from serious criminality, working with partners to reduce the harm that crime causes and managing community risks from day-to-day crime. Local policing priorities should be based on each force's assessment of the threat, harm and risk that is faced by the local community.

[20] In the report we have set out three types of approaches to generate savings. Transactional approaches include unconnected initiatives that incorporate limited cost reduction or efficiency drives. Transactional approaches, at best, deliver short-term easy wins. Transitional approaches to savings and efficiency deal with back-office and front-line savings separately. Such an approach produces larger savings with longer-term benefits. Transitional approaches, however, do not provide the challenge that is needed to deliver significant changes or achieve more with less in the longer term. A transformational approach is necessary for achieving significant long-term benefits. It explicitly directs police resources to the policing priorities. A transformational approach requires substantial organisational change. The whole system has to work well to deliver long-term savings and transformation takes both time and effort. In table 1 on page 23 of the published England and Wales report we have identified 10 characteristics of police efficiency and illustrated how each characteristic is impacted by the three different approaches to savings. A transformational approach delivers greater and more sustainable savings than transactional or transitional approaches. It can prepare forces to respond to the changing financial circumstances ahead.

[21] The England and Wales report emphasises that uncertainty over the details of future funding decisions should not be a barrier to good planning. While all 43 forces in England and Wales had a medium-term financial plan that looked three years ahead, nearly half did not have a longer-term plan. In Wales only North Wales had a long-term plan.

[22] I should say that significant savings are already being realised in Wales through initiatives such as Staying Ahead in Gwent and the reform initiative in South Wales. Indeed, all the forces in Wales have a programme of change to deliver the savings that will be needed.

[23] The police can make savings from better workforce deployment and this is explored further in chapter 4 of the published report. The key areas in which savings can be made are in finding the right balance between the number of the police officers and the number of civilian staff. Many policing tasks do not require warranted powers. Conversely, too many police officers with full warranted powers work in back-office roles. For example, the report states that in Wales there are 11 warranted police officers working in human resources departments. The England and Wales report focuses particular attention on the use of mixed teams in criminal investigation departments, that is, teams that combine both police officers and other staff. Few forces have taken advantage of the mixed team approach. Across the 43 forces in England and Wales, Gwent Police demonstrated the fourth highest number of police staff as a percentage of total CID workforce, but North Wales Police had one of the lowest ratios across England and Wales.

[24] Based on our analysis, replacing police officers with civilian staff in Wales could realise savings of up to £14 million. Improvements in skill mix to reduce the number of senior officers are already under way and we are seeing that across the forces in Wales. A better workforce mix and shift patterns that are aligned well to demand can help reduce overtime costs. For example, Dyfed-Powys Police saved £100,000 in overtime in 2008-09 by changing shift patterns. The England and Wales report showed that some £90 million could be saved by reducing overtime costs to 4 per cent or less of the total salary bill. Overtime costs for Dyfed-Powys, North Wales and South Wales police forces were already below this level in 2008-09 but, on our analysis, Gwent Police could save £295,000 by bringing its overtime bill down. Last week, in addition, North Wales Police reported that it planned to save a further £340,000 in overtime costs over the next three years after having saved £34,000 in the first three months of 2010. In chapter 6 we looked at procurement and other back-office savings. The Welsh police forces have spent £59 million of revenue in 2008-09 on supplies and services. Forces have already taken advantage of many of the obvious procurement savings. Procurement accounted for 6.8 per cent of the savings reported by Welsh forces in 2007-08.

[25] Most big spending items are now procured through collaborative contracts. For example, all Welsh forces buy vehicles, utilities and mobile information communications technology through national framework contracts, and uniforms through regional contracts. Nonetheless, there are still savings to be made in the area of procurement, most notably in telecommunications and energy spending. The spend on telecommunications in 2008-09 per whole-time equivalent in Wales ranged from £359 to £445, and for energy expenditure the figures ranged from £200 to £572 per whole-time equivalent. So there is significant variation across the forces in Wales.

[26] None of the Welsh forces had centralised all back-office functions, compared with one third of the forces in England. Three of the four Welsh forces still had finance and HR staff operating at the basic command unit level as well as at the force level. However, three Welsh forces already share at least one back-office function with other forces or partners, with the sharing of legal services being the most common.

[27] Chapter 6 looks at collaboration and this is an area in which Wales in particular has taken something of a lead. The four police forces in Wales have collaborated since the merger debate of 2006 and they focused on improving public protection and making joint savings. Police Authorities of Wales, known as PAW, which is a joint committee established under the Local Government Act 1972, collaborates regionally to develop strategic policing capabilities including protective services. It undertook a strategic assessment of protective services to identify risk gaps linked to savings. In 2008 it created a national policing plan for Wales, and

the Welsh Extremism and Counterterrorism Unit set up a Wales Special Branch to improve resilience, capacity and capability. PAW also delivers joint business support, saving £1.3 million between 2008 and 2009. In 2008-09, PAW saved £3.3 million from procurement and £136,000 from major crime by creating a single regional trace evidence laboratory. In 2009, PAW appointed a joint deputy chief constable to cover the whole of Wales.

[28] In conclusion, over the last decade the police have received large increases in funding, but this period of relative plenty is over. Like other public services, the police will have to make difficult decisions to find significant savings. They need to maintain or improve performance while finding ways to save money. Too few police forces and authorities have a transformational approach to savings. Police authorities and forces in Wales could save up to £35 million without reducing services to the public by systematically implementing the best practice that we have identified across forces in England and Wales.

[29] Procurement and back-office savings are relatively easy to make. Workforce savings show the greatest value, but are the most difficult and take longer to implement. Forces could save more from collaboration. Potential areas for collaborative savings vary between the forces and the ease of making savings is suggested by the length of time that they take to deliver, which is shown in figure 4 of the Wales analysis paper.

[30] National and local politicians, police authorities and chief constables need to provide strong leadership if forces are to save money without reducing performance. Police leaders must recognise and tackle cultural barriers to making transformational change. Leadership must challenge the view that there is a simple link between public protection and police officer numbers. Modern policing requires forces to balance the number of police officers, the number of police community support officers and the number of civilian staff and other resources in response to threat, harm and risk assessment.

[31] Finally, to support forces and authorities in facing the financial challenges ahead, we have published on our website a number of toolkits and a benefits realisation tool. These voluntary tools have been developed in collaboration with the Audit Commission and the Association of Police Authorities. As part of our ongoing work with police authorities, we will also consider what future work we need to do to review progress by police authorities and forces in making savings and maintaining performance and the overall delivery of planned savings.

[32] I hope that that has provided the committee with a brief overview of the reports.

[33] **Jonathan Morgan:** Thank you for that briefing, Anthony. One question that sprang to mind when I was reading both reports was very much in the context of the review that we are doing of how prepared public services are generally in Wales to deal with the new financial climate. With your experience of this particular piece of work and also the experience of the auditor general and others in the office as to how other public bodies are prepared for this new particular climate, where would you put the police forces in Wales as compared with other public bodies in their preparedness for this new situation that we find ourselves in? When I read this, I found that there is a lot in terms of advice and information about what could be done, about where the savings could be found, and the scope for change that would help provide those services even in a time of financial downturn. I am wondering where they are as organisations. Have they taken steps, as other public bodies have started to do, in order to prepare themselves?

[34] **Mr Barrett:** I would say, in some respects, that the police authorities and forces are probably slightly ahead. Gwent, for example, has already made transformational changes around the way that it structures its front-line delivery through changing the basic command unit structure.

1.50 p.m.

[35] Forces such as North Wales have embraced using technology to help front-line policing and to reduce costs. Through their medium-term financial planning over the last two or three years, I think that the police authorities and forces in Wales were acutely aware—prior to the recession that we find ourselves in now—that they were going to have significantly reduced funding and were already looking at various initiatives through which to do that. If you look at the level of savings that police authorities have achieved over the last two or three years, it is not insignificant. They are well placed, both within public services in Wales and across policing in England and Wales, to deliver the level of savings.

[36] **Jeff Cuthbert:** Thank you for the in-depth written reports and the oral statements that have been made. I have read the reports. First of all, I would like to raise one or two points for clarification, if I may. On page 20 of the combined England and Wales report, there are two figures—figures 4 and 5; I am afraid that I cannot understand what they are meant to be. There seem to be dots everywhere and I cannot correlate those dots to anything meaningful. I do not know whether some information is missing or whether it is because mine is black and white, but could you just clarify what they are meant to be and perhaps let us have the additional material? Likewise, on page 45, figure 11, which is headed ‘Forces can save by reducing variations in productivity’, again, on the Y axis there it says, ‘Police forces’. I do not know whether it is meant to, but it does not say which forces, so I cannot identify Gwent, for example, from the lines on that chart. If that could be clarified, I would be grateful.

[37] I have one or two further questions. Under the heading ‘salaries and expenses’ in paragraph 5 of the summary on page 5 of the Welsh report, you say that, for police officers, there was an increase of 11 per cent, and an increase of 86 per cent for civilian staff. In terms of that sentence, are PCSOs classed as police officers or civilian staff?

[38] **Mr Barrett:** They are civilian staff.

[39] **Jeff Cuthbert:** That explains the increase. Otherwise, I was going to ask what on earth all of those civilians were doing. I understand that now.

[40] I want to ask about information technology. You will recall that, a year or two ago, it was suggested that the Welsh police forces should be combined into one. One of the issues that arose from that was that their information technology systems were different. Is that still the case, or are they moving towards a unified system? It seems sensible to me that they should all work on the same IT system—not just for the ease of exchanging information, which would obviously be useful in solving crimes, but in terms of potential savings for procurement later on. Could you respond to that?

[41] I have one further question. On BBC *Breakfast* news this morning, there was an item on the priorities of the UK’s police forces. I am familiar with Gwent and I have very good briefings from the chief constable and his staff on a fairly regular basis, which I appreciate very much. However, the message that came across from that item was that, as far as the public is concerned—and it does vary from area to area but it is certainly true in the areas that I represent—it wants reassurance from the police, especially in terms of dealing with low-level crimes, such as antisocial behaviour. Do you find that there is a significant focus on that in terms of their activities? I take the point that is made in here that, very often, we just look at police numbers as opposed to what they are doing. Do you have any further comments on that, because I would certainly want reassurance that they remained focused on the issues that affect communities the greatest?

[42] **Mr Barrett:** I will take each of those points in turn. First, I will answer the question

on figures 4 and 5 on page 20. Figure 4, for example, seeks to demonstrate that, even if you make large cashable savings, confidence in the police does not come down. From my point of view, what would make this diagram easier to read is a line of best fit. Each of those dots represents a force and it shows the level of cashable savings against its public confidence rating. So, if there was a link where savings meant a reduction in confidence, you would see a line stretching from the top left to the bottom right where an increase in cashable savings resulted in a loss of public confidence. That is not the case. In fact, I would say the line of best fit is probably a slightly upward line to the right showing that those with a higher level of cashable savings are probably focusing their priorities and therefore increasing public confidence.

[43] Similarly, the line of best fit through figure 5 is probably a horizontal line, which would show that the amount of expenditure per head does not impact on public confidence. It is not about spending more to get an increase in public confidence.

[44] **Jeff Cuthbert:** On that first point, I cannot quite agree with your interpretation because the variation in both those charts is between 40 per cent and 60 per cent, which is below majority and above majority. Twenty per cent is quite a gap.

[45] **Mr Barrett:** Yes, but it is not statistically significant. We are looking here at statistics, figures and values and it is looking at the overall picture. The overall picture is that just because you are spending more does not mean you are going to get a better service.

[46] **Jeff Cuthbert:** I hear your words, but I am not convinced. I question the mathematics of that. Okay, you have dealt with that point; thank you.

[47] **Mr Barrett:** Going back a few years they were all using different IT systems. Andy probably has a better idea than me, but over the last year or two, South Wales Police, for example, has implemented the Niche records management system, which is the same system as that of North Wales Police. I am not sure on the other two but they are certainly coming closer together.

[48] **Mr Bruce:** They are coming closer together, but the four systems are still different even though both South Wales Police and North Wales Police have Niche RMS. They have different modular designs so they are not carbon copies of the same system. They are trying to bring their mobile technology closer together as the four forces because they have discussed these types of arrangements through the Police Authorities of Wales. Over the years of the development of the IT and having waited for Home Office systems that never appeared, like many forces up and down the country, including those in England, they decided to go their own way. There have certainly been huge improvements to the systems. Niche RMS is probably one of the more flexible and adaptable systems across Wales. However, to answer your question, the four are not exactly the same. The closest similarity would be South Wales Police and North Wales Police.

[49] **Jeff Cuthbert:** There was also the question about the chart on page 45, figure 11. There is nothing on the Y axis to say which force it relates to. Is that deliberate?

[50] **Mr Barrett:** I think that it was, but there is no reason at all why that information should not be available. I do not have the information with me, but I can certainly provide it to Members outside the meeting.

[51] **Jeff Cuthbert:** I would find it useful.

[52] **Peter Black:** I would like to follow up on one of the points that Jeff made about the increase in the number of civilian staff and police officers—86 per cent compared to 11 per

cent, accepting that many of those are PCSOs. Earlier on you said you could save £14 million through the civilianisation of various tasks; given that there has been such a huge increase in the number of civilian staff, has there been any evidence of more officers going on the front line as a result of that and do you have figures for that?

[53] **Mr Barrett:** I do not have figures on front-line officer deployment or indeed the effect that PCSOs have had on that. In terms of the increase in numbers, the increase in civilian numbers is largely down to PCSOs. Forces have not taken the opportunity to look at the civilianisation of, if you like, warranted-officer-type roles, so there is still some scope to do that.

[54] **Peter Black:** That has been an agenda item for as long as I can remember. They have certainly been talking about it for over a decade, but they have not done it.

[55] **Mr Barrett:** They have not done it—not to the extent that we think that they can. I cannot help thinking that they will now have to. There are not many options left; they need to make transformational change and they need to change the way in which they deliver services.

2.00 p.m.

[56] **Peter Black:** Of the warranted officers, what proportion would be in back office?

[57] **Mr Barrett:** I do not have those details to hand but I am sure that I should have that information somewhere. As you will appreciate, there is an awful lot of base data supporting this, which I can have a look at back at the office and, again, let the committee have that information.

[58] **Jonathan Morgan:** That would be useful.

[59] **Ann Jones:** I think that I should declare that my son is a serving officer with North Wales Police; he is not financially dependent on me but nevertheless I make that declaration. I want to come back to figure 11, which is that forces can save by reducing variations in productivity. I am interested in the offences per police officer and whether measuring a police officer's work rate by the number of offences is practical. This was done for a while, I believe, in North Wales but a change in top management has seen that taken away. Yet we are still seeing the best detected crimes rate—North Wales is doing well. This does not really ring true in terms of the facts—I know that it is based on back evidence but should we be suggesting that? It is a crude way of measuring. A traffic bobby could sit by the side of a road with a speed gun and pick out a dozen motorists, but does that educate those motorists not to speed? It is far better to catch the motorists causing the more severe problems. How do we equate that with statistics like this?

[60] **Jeff Cuthbert:** Or is this offences committed by police officers? [*Laughter.*]

[61] **Ann Jones:** That is what I was going to say, yes.

[62] **Mr Barrett:** It is certainly not that. Measuring police officer or force performance is a complicated area, because there are so many different variables. This is a simplistic way of identifying that and, as you have rightly identified, there is the potential for perverse incentives in the system, which is one of the reasons that forces have moved away from it. What we are seeking to do here—and throughout the report—is to use the information that is available to highlight differences between forces, and for forces to say, 'Let us talk to the other forces about where they are, what they are doing that is different, what we could do, what could we learn from.' So, it is very much to be used for a tool and an indicator rather

than an absolute.

[63] **Ann Jones:** I will move on to the highway traffic officers on the A55—they are not in the report, presumably, because they are fairly new. We fought for a long time to get that through and I think that it took an afternoon out for the Deputy First Minister with the chief constable before suddenly deciding that it was a good idea; but there we are. Those highway traffic officers were meant to prevent highly trained, very expensive police officers from having to sit behind Mrs Jones who has broken down and has to wait three hours for somebody to move her off the hard shoulder. When will we see whether it is cost effective to have four additional highway officers—not police officers, but local authority officers? When will we see any evidence of whether that has released more police officers to do front-line duties?

[64] **Mr Barrett:** I would have thought that that sort of evidence should start to be becoming available as people assess, if you like, the benefit that they provide and whether it is freeing up officers or resources. That is certainly an area that we would want to look at. If you are talking about civilianisation, that is an area of civilianisation that, if it delivers benefits, could be used as a model elsewhere.

[65] **Ann Jones:** We also have to be careful when we talk about civilianisation. There will be road traffic accidents and road traffic collisions that the police will have to attend, for various reasons. Saying that a highway traffic officer can sit behind Mrs Jones while they wait for a breakdown van but cannot deal with the potentially criminal element of a road traffic accident is a very fine line.

[66] **Mr Barrett:** Yes, indeed.

[67] **Ann Jones:** We have to be very careful about that.

[68] **Mr Barrett:** We do have to be very careful and we have to be very clear, if you like, in defining what non-warranted staff are going to do in terms of providing services.

[69] **Nick Ramsay:** Looking at page 15, the ‘on the money’ section, it says that police spending rose by 47 per cent in 10 years. At the same time—I think that I am right in saying this—there was a 148 per cent increase in the amount coming from council tax. I see that there is no specific Welsh figure there. I notice that you have compared Northumbria with Surrey and said that Northumbria received 12 per cent of its income from council tax while Surrey received 48 per cent. However, there is no figure for areas within Wales or, indeed, Wales itself. On the back of that, is there an expectation with the cuts that you are talking about—the £35 million in efficiency savings—that the amount coming from council tax is going to increase? Have the police spoken about their expectation of that?

[70] **Mr Barrett:** I have not heard the police’s expectations on that. Clearly, in Wales, over that 10-year period there has been a greater level of funding, as a percentage, from council tax than in England. How that will play out over the coming months and years still remains to be seen, but as the public expect there to be cuts in expenditure and as councils expect to have to make cuts, there clearly is going to be some impact on police funding, not just from central Government but from council tax as well.

[71] **Peter Black:** Looking at these tables, I think that I am right in saying that the second band down is council tax; that seems much narrower in 2008-09 than in 1997-98. The increase is in local revenue income; is that different to council tax?

[72] **Mr Barrett:** It is different. The local revenue increase is where forces have generated income generation and, if you like, non-grant funding.

[73] **Peter Black:** So, in actual fact, the amount in Wales from council tax has reduced but the locally generated income has increased massively?

[74] **Mr Barrett:** No; the overall proportion in 2008-09 was council tax. I think that it is black and white.

[75] **Nick Ramsay:** Are these tables for Wales or England and Wales?

[76] **Mr Barrett:** The figure in the Wales briefing paper, in the smaller document, is Wales only. We try to show that distinction.

[77] **Ann Jones:** On the local revenue raised—it triggered something else that I wanted to raise—how are we tracking whether we get the proceeds from criminal activity? How are we tracking that that is going back into forces, which is obviously the incentive, is it not? The proceeds from crime are quite high, and how do we track that in the local revenue?

[78] **Mr Barrett:** I do not know is the easy answer to that. I do not know the process within forces and authorities for overseeing the proceeds of crime. I know that, certainly until recently, they only kept a small proportion of the money, and the rest had to be surrendered to the Home Office. I think that we have looked in some forces at their systems and processes.

[79] **Mr Bruce:** We looked at North Wales Police, and it recently computerised its system and it has improved greatly. It was done, to a certain degree, manually at one point. It is an area where—very shortly Anthony and I will be submitting a business case—I have seen that there is a potential weakness across police forces per se. I think that it is an area that we should look at locally across all four police forces.

[80] **Ann Jones:** You could take the proceeds of crime from a criminal of great effect and pay for a static camera that catches people committing crimes and you could have a sign saying ‘Courtesy of so-and-so’s proceeds of crime’. Every time that flashed up it would signal that that guy was now helping, which I think is a good message.

[81] **Jonathan Morgan:** That is an interesting idea.

[82] **Janet Ryder:** I have a brief point. One area that some forces have looked at for saving money across emergency response services is to move to joint control centres between fire, police and ambulance services. I know that it has been looked at in north Wales, but it has not progressed in the way that people would like it to progress. Has any such potential saving been assessed in any way?

2.10 p.m.

[83] **Mr Barrett:** It has not been assessed specifically. Although sharing facilities would fall within the collaboration area, it has not been looked at specifically.

[84] **Jonathan Morgan:** The ability of the police force to manage after the comprehensive spending review next month is a fairly prominent issue in the minds of the Welsh public. Whether the police will cope is certainly an issue that is being played out continuously in the Welsh media. It is very interesting that when you talk about the potential for efficiency, better working and for those transformational changes that obviously do take time, you list a number of areas where efficiencies can be gained and some of those are immediate and some of those are more medium term. In light of that and in light of where the police forces in Wales are now, compared with where they were financially 11 or 12 years ago, I advise the committee that I think that we should invite the chief constables of the Welsh constabularies to the

Public Accounts Committee so that we can put some questions to them, not just on the detail of this, but to tease out further, in light of the evidence in these reports, what they are doing to ensure that they are in a position post-comprehensive spending review to manage the financial position that they could find themselves in. That would be a worthwhile exercise for the Public Accounts Committee to undertake.

[85] Does anybody have any other suggestions? I think that that is probably the best way for us to proceed.

[86] **Janet Ryder:** Chair, if you look at the emergency services as a whole and talk to each emergency service, you will get a different argument as to why they cannot share services. However, in many areas, they have adjoining pieces of estate and they could perform the same service on one piece of estate. If all of the emergency services are having to face financial restraints, perhaps we should not just constrain ourselves to the police, but look at all of them to see what savings could be gained by further collaboration between all three emergency services.

[87] **Jonathan Morgan:** Will you allow me to look at a scoping exercise to see how we could handle this? There are certainly lessons that can be learnt in both directions between the police and the other emergency services, when it comes to sharing facilities and to collaborative working.

[88] **Ann Jones:** Janet makes a good point and I know where she is coming from as I am sitting on the same side. It would be good if we were to try to make everyone aware that there is no reason why that collaboration could not happen in some places, but it has not taken place. It is a shame that it has not taken place because we could have led the way.

[89] **Jonathan Morgan:** It is a useful suggestion. We will have a look at this and see how we can accommodate it because it would be a valuable way of examining this further. I certainly want to give the police forces the opportunity to respond to this and to say how they are going to take forward the suggestions in these reports to secure greater efficiencies. If there is scope for an efficiency saving of £24 million to £35 million in Wales, that would be something that we would want to hear more about. We will make those arrangements and return to this at a later meeting of the Public Accounts Committee. Are we happy with that? I see that we are.

[90] I thank Anthony and Andy for being with us this afternoon. I think that Gillian is staying for the next item and I suspect that she is staying for all the remaining items, having looked at the agenda.

2.13 p.m.

**Comisiwn Coedwigaeth Cymru—Arian Cyhoeddus ar gyfer Coetiroedd Ffynone
a Chilgwyn: Gwybodaeth gan Archwilydd Cyffredinol Cymru
Forestry Commission Wales—Public Funding of Ffynone and Cilgwyn
Woodlands: Briefing from the Auditor General for Wales**

[91] **Jonathan Morgan:** We have received a report from the Wales Audit Office that looks at Forestry Commission Wales and the funding of Ffynone and Cilgwyn woodlands in north Pembrokeshire. The report was published over the summer, in August, and we have found a number of aspects in relation to the awarding of the grants, conditions and around robustness that I suspect that we will want to discuss with the auditor general. I will ask the auditor general to brief the committee. She is joined by Jason Blewitt and Ceri Stradling. It is very good to see you both here this afternoon; thank you for joining us. After the briefing, we

will be able to ask questions. Are there any declarations of interest?

[92] **Jeff Cuthbert:** Thank you, Chair. As you can see from the report, much of this involves the use of European structural funds from both the current round and the former Objective 1 round. I chair the programme monitoring committee for the current round of structural funds and I am still, in theory at least, the chair of the Objective 1 programme monitoring committee where the work has not been completed. I therefore have an interest in this matter and the degree of my involvement in this discussion will take account of that.

[93] **Jonathan Morgan:** Thank you, Jeff; that is much appreciated. I now call on Gillian.

[94] **Ms Body:** Thank you, Chair. I was going to start by saying that this report is not at all typical of the majority of reports that we bring to you, which is true, although we have already brought to you, in the last few months, a couple of reports that have not come about as part of a planned exercise, but have been undertaken in response to concerns and allegations that have been raised with us. The report examines the award of a £0.5 million grant, which is not a lot of money in comparison with the sums involved in most of the reports that we bring to you, but we have published the report because it is a matter of considerable local public interest and concern.

[95] The origins of this work were the concerns that were raised with us and the Petitions Committee of the National Assembly for Wales by a number of people living in a north Pembrokeshire community. In essence, the main concerns that they raised were that there were serious wrongdoings in connection with the grant awarded to a workers' co-operative, that much of the information provided to support the funding bid was knowingly misleading, misrepresentative and inaccurate, and, also, that the grant process lacked inclusiveness and transparency. As part of our examination of these particular allegations, we also examined how the Forestry Commission is managing its activities in the woodland that is funded under the Better Woodlands for Wales scheme.

[96] In summary, before I hand over to Ceri to go through the detail, the award of the grant met the high-level conditions required to satisfy the European Union funding rules. Nonetheless, we found flaws in the criteria applied to regulate the scheme and also in some key aspects of the management of the project, particularly around the Forestry Commission's procedures for reviewing applications, which could potentially put this public investment at risk.

[97] I will hand over to Ceri now to flush out the detail.

[98] **Mr Stradling:** As the committee is probably aware, Forestry Commission Wales provides grants to third-party organisations under various programmes to help deliver the objectives of the Welsh Assembly Government's woodland strategy in the main. Some of these programmes are funded from European Union funding and some from the Welsh Assembly Government's annual resource allocation to the Forestry Commission. In the case of this particular review, the programme involved ran between 2003 and 2008 and it was operated under the term 'Cyddoed 2'. The programme was designed for community groups across Wales to use and develop woodlands for job-creation purposes, to promote healthy recreation, and for conservation and educational purposes. It had quite a wide brief, but it was definitely focused on community groups being able to access the money.

[99] The Ffynone and Cilgwyn woodlands, which are the subject matter of the report, are in north Pembrokeshire. Back in July 2006, a workers' co-operative operating as a company limited by guarantee, called Calon yn Tyfu Cyf, submitted an application to the Forestry Commission to access funds under the programme to buy the woodland in question. Ultimately, the Forestry Commission approved the application and provided 100 per cent

grant funding to buy the woodland, which totalled about £502,000.

[100] Subsequently, Calon sought approval for funding for additional improvement works within the woodland, after it purchased it, under the Better Woodlands for Wales grant scheme. Again, those funds were provided by the Welsh Assembly Government. To enable it to access the additional money, it had to have an approved management plan signed off by the Forestry Commission.

[101] As Gillian mentioned, in total, we found that the award of the grants met the high-level conditions required to satisfy the EU funding rules, in that the expenditure that was being claimed was for the purchase of a woodland, which was allowed under the scheme, and it was in north Pembrokeshire, which was in the Objective 1 area. So, it met the requirements for funding under the EU Objective 1 programme. However, beneath that level, we found lots of issues around the contract and programme management.

2.20 p.m.

[102] In essence, the programme was meant to meet the aspirations of all people living in a particular community to allow them to participate in the decision making and use and management of the woodlands. Unfortunately, Forestry Commission Wales did not ensure beforehand that there was adequate community support within this particular part of Pembrokeshire for the particular application before it went ahead and approved it. Ultimately, only the three people on the board of this workers' co-operative can make the decisions about what happens in that woodland going forward, rather than the community as a whole. That is one of the main reasons why people in the local community wrote to the auditor general and others, because they were unhappy with that situation.

[103] We also found that the project management arrangements operated over the programme by the Forestry Commission had a number of weaknesses. First, it did not formally assess the independence of the officer handling the application itself. Members of the public had expressed concerns about that. They did not feel that the project officer was impartial and independent, because he had some knowledge of Calon prior to dealing with the application. We looked into that in quite a bit of detail, as you can imagine, but we did not find any evidence that the project officer concerned had anything other than a professional relationship with the members of Calon, building upon the previous contacts that he had had with them in a previous employment. However, in saying that, we felt that the absence of formal procedures by the Forestry Commission to monitor the independence of grant officers and to ensure that such things as gifts and hospitality are declared appropriately placed the Forestry Commission at unnecessary risk. There was a register of interests in place for the management board members of the Forestry Commission but, unfortunately, it was not in place for any other officers of the Forestry Commission. The commission has subsequently put one in place now for grants and regulation staff, which covers such people as the project officer who dealt with this application, but that was in response to the weaknesses that had been identified.

[104] Another weakness that we found was in not checking the experience and references of the applicants prior to awarding the grant. Again, the public raised concerns with us that some of the statements made in the application were unfounded, incorrect, inaccurate and so on. The Cydcoed procedures did not require the project officers to verify or substantiate claims made in the bids but we understand that, as a matter of course, the Forestry Commission generally does check on the information that is submitted. It did not in this case because it felt that, because the application was just for purchase of a woodland, relevant experience was not quite so important. However, again, we have concluded in the report that, given the size of this as part of the total Cydcoed programme and the potential for Calon to achieve funding for improvements within the woodland, which it subsequently did achieve,

relevant experience should have played a part in determining the eligibility of Calon to receive the grant in the first place. It is disappointing that formal checks were not made and references not taken up before the award of the grant.

[105] A third area under the project management issues was not properly evaluating the risks to the success of the project overall. There had been a risk assessment carried out, but just by the project officer processing the application, and we looked at that and found it to be very basic and extremely brief. However, to be honest, that did tend to reflect the risk management arrangements in place within the Forestry Commission at the time, which we have touched on in a previous report on the operations of the commission.

[106] As the application was over £250,000, it was referred upwards to the management board sub-committee and it identified certain risks and issues that needed to be addressed before the award of the grant, particularly about safeguarding the investment in the woodland for the longer term and the need to obtain an independent valuation of the woods. Unfortunately, again, those risks were not fully addressed before the grant was approved. Ultimately the Forestry Commission paid a small sum—£6,000—more than it needed to have paid. That £6,000 is the difference between the valuation of the woodland and the actual sales price.

[107] We also felt that the Forestry Commission had not taken sufficient action in one or two areas. The Cydcoed guidance required applicants to provide evidence that what they were proposing to do demonstrated good value for money. The Forestry Commission did not undertake any value for money assessment in approving the bids, either in looking at whether the individual application itself might deliver value for money or whether it delivered value for money in comparison with alternative schemes that it could have funded with the same resource. As I said, it did not obtain an independent valuation of the woodland to ensure that the price that was being paid in itself demonstrated good value for money.

[108] Another area that it did not take sufficient action on was to ensure that there would be public access available to the woodland that was part of the application process over time. A standard contract was used for the grant, which describes what can happen over the first 20 years of the scheme. Beyond that 20 years there were no further restrictions placed on applicants, so there was not initially any formal guarantee that the public in that area could have access to the woodlands beyond that first 20 years.

[109] We understand subsequently, given the public's unhappiness with some parts of this, that the Forestry Commission has now managed through Calon to get it to commit to dedicate the site under a community rights of way process, which should allow public access to the woodland in perpetuity.

[110] We feel that not enough was done to protect the £500,000 investment for the public purse over time. Again the standard contract, covering a 20-year period, states that if there is a non-compliance with the terms and conditions at some stage over that 20 years, the commission can ask for some or all of the grant to be repaid. However, in the terms of the current contract, after that period it cannot be. So there is no safeguard to the public purse with regard to what happens after that period, and the owners of Calon could sell the woodland for a significant profit at the end of that period, having had it funded fully from the public purse.

[111] Two final areas that we touched on were regarding the objectives of the grant schemes and whether they were meeting their purposes. What were the targets for purchasing woodlands and were they being achieved? As part of the process a consultant had been engaged to monitor whether Calon was complying with the Cydcoed targets and the Forestry Commission had concluded that it was. We slightly differed from that view based on the

report that we reviewed. We think that it is rather inconclusive at this stage as to whether or not the targets are being met by Calon and that any future inspections should be much clearer about the targets that are required to be met and whether or not they are being met to date.

[112] We also covered, as I said, further funding that had been received as part of the Better Woodland for Wales programme and a further inspection for the Forestry Commission found that the works under that funding did not fully comply with the requirements of the business plan that had been submitted, although they mostly did. About £193,000 of funded expenditure had been supported by appropriate works, and about £20,000 of the moneys claimed to date is now to be reclaimed.

[113] I have given obviously quite a bit of detail with regard to what is quite a small amount of money, but it is something that is very close to the hearts of many people in that north Pembrokeshire community. The auditor general has made eight recommendations to the Forestry Commission within the report, all of which have been accepted by the Forestry Commission, but only yesterday we received another communication from the petitioners who were still expressing some concern about whether or not the implementation by the Forestry Commission would achieve the ends that we all hope that it will achieve. So that might be something the committee would want to consider: that there are still concerns even after the publication of the report and the recommendations.

[114] **Jonathan Morgan:** Auditor general, the management board of this company, Calon, had, and presumably still has, three people on it, so with regard to the decision-making process and the application for this grant to the Forestry Commission, it relied on this application from three individuals. As you said in the report, although there is scope there for public consultation, there is no real scope for public involvement as such, because it is limited to those three individuals. Should the Forestry Commission have been in a position to express some concerns or reservations at that point?

[115] **Mr Stradling:** Yes, I think that it should. It was in the Forestry Commission's hand originally to draft a contract that could have specified greater community involvement. It could have specified that to enable you to be eligible for grants you must have x number of non-executive directors who help to make decisions about the Forestry Commission. However, they did not alter the standard contract so, at this moment in time, legally speaking, it is just the members of the Calon board who make all the decisions about the woodland.

2.30 p.m.

[116] **Jonathan Morgan:** How big is the woodland?

[117] **Mr Blewitt:** I am not sure exactly, but I think that it is about 120 ha. I am not 100 per cent sure, so we can check that.

[118] **Jonathan Morgan:** Your report talks about the closeness that was identified in the e-mail correspondence between the FCW project officer and those in Calon, and that the project officer notified his line manager and other grant team members of his previous working relationship with them before he became involved with the application. Presumably, the Forestry Commission was happy for the project officer to continue his relationship with the applicant after he had notified them of that previous relationship?

[119] **Mr Stradling:** That is what we were led to believe, yes. They were happy for him to continue. It was the project officer's brief to be as supportive as possible to people making applications and, although there was closeness in the e-mail correspondence, it was nothing more than normal business friendliness, in our view. However, the problem was that there was no evidence that he had made that declaration or that it had been signed off that it was

still appropriate for him to continue to deal with the application, which leaves people exposed to allegations that they were too close and that he did favours for the applicants. It really should have been there to protect him and the Forestry Commission from those sorts of allegations, which a number of members of the public made.

[120] **Jonathan Morgan:** The final concern that I have refers to the point that you made about the conditions attached to the grant and the purchasing of the land, and also the money that came through the better woodlands scheme. In essence, this company has received well in excess of £700,000. It is a private company making private income, one would suspect, from the use of that land, although you say that you cannot identify that because it is separate. However, beyond the 20-year period, it should be able to allow access to the general public—and the alarm bells start ringing at that ‘should’. Presumably, there are no guarantees after that 20-year period that this will be open to the public.

[121] **Mr Stradling:** The Forestry Commission assures us that, whoever purchased the land if it was disposed of after the 20 years, public rights of way requirements would allow the public access to it, but I am not sure that that could be enforceable in law. I am not absolutely certain about that side of the legislation. However, the Forestry Commission is reasonably comfortable that, having got Calon to commit to that, the public should have access beyond that 20-year period. However, as I said, the funding of it cannot be guaranteed beyond the 20 years.

[122] **Jonathan Morgan:** There are two courses of action that we could take, and the more straightforward would be to write to the Forestry Commission. I am half tempted to invite the Forestry Commission here to answer some questions about how this was handled, as there are enough concerns in this report to warrant that. I understand that this has already been raised by the Petitions Committee, because it was the Chair of that committee who passed on these concerns to the Wales Audit Office. My understanding is that the Petitions Committee will be writing to the Forestry Commission, but perhaps we could take this a step further. I am concerned with the handling of this, I have to say: 120 ha is a significant piece of land, and for a company that has a membership of three people to secure funding in this way without there being future guarantees is of concern to me.

[123] **Janet Ryder:** Are you satisfied that this is the only example of this kind that the Forestry Commission has dealt with, or does anything lead you to think that this might be symptomatic of how it has dealt with other applications?

[124] **Mr Stradling:** Under this programme, I think that this is the only woodland purchase without other aspects, and that £500,000 is by far the largest individual award.

[125] **Janet Ryder:** However, on the basics, with the non-declaration of gifts and hospitality, and reminders of codes of conduct and everything, in your assessment, is that symptomatic of how the Forestry Commission is working?

[126] **Mr Stradling:** The problem is that we are looking back to 2006-08. As some members of the committee may recall, we did a widespread report on the operations of the Forestry Commission, drawing attention to some of its procedural weaknesses throughout the organisation. So, we are in the process of following up the recommendations made in that previous report, and they do mirror some of the weaknesses that were around at this time, such as in risk management. Hopefully, we will be able to report back to the committee in due course on how well it has implemented the recommendations of the first report, but we will also incorporate a follow-up on these recommendations.

[127] **Janet Ryder:** Would it be possible to have that piece of work before inviting the Forestry Commission in, or simultaneously? If we are to invite it in, it would be useful to

have our discussions informed by that piece of work.

[128] **Mr Stradling:** We have agreed a three-year programme of follow-up, as there were lots of recommendations in that original report, so we have prioritised those areas that we felt were more critical to the financial future health of the organisation. So, we would not have it complete for you in the short term.

[129] **Jonathan Morgan:** If that information could be provided, it would be of use. My original intention when I saw this on the agenda was to write to the Forestry Commission, as that would probably be just as straightforward. However, I understand from our deputy clerk that I have jumped the gun slightly as the Petitions Committee will be considering its action next Tuesday and one option open to it is to write to the Forestry Commission. I think that we could take that a stage further and have an evidence session with the commission to explore this, because I am not particularly happy with what I have read and what I have heard. I think that the report is exceptionally thorough, and I congratulate the Wales Audit Office on this piece of work, but the Public Accounts Committee needs some certainty that these issues are being resolved for the awarding of this sort of money in the future.

[130] **Sandy Mewies:** For those who have not had the previous report on the weaknesses that you found within the Forestry Commission, could we have a short note on that, especially as you say that some of those weaknesses are mirrored in this? The FCW controls quite a lot of land in Wales, and I think that your suggestion is good, but could we have a short note on the background to that as well? That would be useful.

[131] **Jonathan Morgan:** Is that possible?

[132] **Ms Body:** It certainly is possible, yes.

[133] **Jeff Cuthbert:** I am debating with myself whether to ask this point, but I think that I will. I do not think that I will be in conflict with my declared interest.

[134] **Jonathan Morgan:** If you are out of order, I will tell you.

[135] **Jeff Cuthbert:** Okay. Do you feel that there is a risk of the European Commission seeking to claw back any moneys?

[136] **Mr Stradling:** There is always a small risk, given my previous experience of the European audit regime, but I do think that the award of the grant met the requirements. The problem was that the scheme rules beneath that were drawn too wide and were too flexible. They were not tight enough, but if they had been, there would have been absolutely nothing wrong with what it was proposing to do with the grant. It was for the right reasons, it had the right objectives, and, subject to the slight difference between the valuation of the woodland and the amount paid for it, it was appropriate. So, I do not think that there is a risk of clawback. We did consider that when we were doing the work, and our high-level conclusion on the grant was that it was probably safe in that respect.

[137] **Jonathan Morgan:** Are there any further points? I see that there are not. Okay, we have an agreed course of action. Thank you very much indeed for being with us this afternoon.

2.39 p.m.

**Gofal Heb ei Drefnu—Datblygu Dull o Weithredu ar Sail Systemau Cyfan:
Cyngor gan Archwilydd Cyffredinol Cymru**

Unscheduled Care—Developing a Whole-systems Approach: Advice from the Auditor General for Wales

[138] **Jonathan Morgan:** We have some advice from the auditor general, and Stephen Lisle is also joining us this afternoon. It is very good to have you back with us, so thank you for coming. Members will have had the advice note from the auditor general. I will ask the auditor general to brief the committee. Then, we can ask a couple of questions and consider which course of action is most appropriate.

2.40 p.m.

[139] **Ms Body:** Members may recall that, following our briefing to you on our report, as a first course of action, you determined to write to seek a response to our recommendations before deciding what further action you wanted to take.

[140] The response from the Assembly Government is very comprehensive and detailed. It is very specific in terms of the proposed actions, in terms of who is responsible for taking forward those actions and the intended timescales that they are working to. Our judgment on the response is that it is evident that this particular issue is of high priority and that a considerable amount of work has already been undertaken. They accept all eight of our recommendations and what you have before you from the Assembly Government is an ambitious plan for change.

[141] The caveat that I put in my letter is that, of course, the success of this change is dependent on the delivery of it, not on the planning of it. I have suggested that the committee might like to consider returning to the issue and taking evidence on it at a time when most of these plans should have been implemented—early in the next calendar year—and at a time when the new chief executive of the Welsh Ambulance Services NHS Trust will have been appointed.

[142] The subject matter of course also gives the committee an opportunity to take evidence from the local health boards and I make a specific suggestion on that. That was our view and suggestion for the committee.

[143] **Jonathan Morgan:** Are there any questions? The response from the Welsh Assembly Government does seem to be thorough, and a marked improvement on previous responses. I am grateful that we have been able to elicit that response.

[144] Some of the recommendation target dates that the Assembly Government has said that it would adhere to are in this year—some are in August and December—and I think that it would be wise for the committee to be able to return to this at some future point. Clearly, we would want an opportunity to discuss progress on this with the new chief executive of the Welsh Ambulance Services NHS Trust, but I understand that no person is yet in post. I would anticipate us being able to have a joint evidence session with Paul Williams, the chief executive of the NHS, along with the new chief executive of the ambulance service, whenever he or she is appointed. A session early in the new year might be of use.

[145] I have heard a rumour, however, that the chief executive of the NHS has said that he is unavailable to attend the Public Accounts Committee between now and February. If it is deemed necessary that he should attend the committee between now and February, I will be making that crystal clear.

[146] Are there any further points on this? I am grateful for the way in which the auditor general and the staff, particularly Stephen and others, have been robust in eliciting this response from the Welsh Assembly Government. It is exceptionally detailed and I was

pleased with the progress. So, are we happy with that course of action, to return to this when we can and when it is appropriate? Okay, thank you. Thank you, Stephen; that was very brief, I am grateful to you—this is a very satisfied Public Accounts Committee.

2.43 p.m.

**Datblygu Cynaliadwy a Gwneud Penderfyniadau Busnes yn Llywodraeth
Cynulliad Cymru
Sustainable Development and Business Decision Making in the Welsh Assembly
Government**

[147] **Jonathan Morgan:** The auditor general is remaining at the table for this item and she is supported by Alan Morris, who is one of the engagement partners at the Wales Audit Office. It is very good to see you this afternoon, Alan; thank you for joining us.

[148] The background to this report is that the audit office published its report in January of this year, we received briefing on 27 January and took evidence from the Permanent Secretary and Director General for Sustainable Futures on 17 March. Following the evidence session we agreed that I should write to the Permanent Secretary to seek some further clarification. She has responded and, according to the usual procedure, we have sought the advice of the auditor general. I will ask the auditor general to brief the committee and if there are any questions, those questions those questions will follow.

[149] **Ms Body:** This response is replying to your letter seeking to provide some assurance in terms of residual concerns that Members had following the evidence session. We think that the response from the Permanent Secretary is very helpful. That said, we think that there are some risks that remain. One issue that Members were concerned about was the potential for confusion between the term ‘wellbeing’ and that of ‘sustainable development’. The response from the Permanent Secretary addresses this and is helpful in doing so but, clearly, that risk remains. What the response does say, however, is that the Assembly Government is clearly alert to that risk.

[150] On the basis that the Assembly Government knows of the concerns of the committee and is seeking to address them, our suggestion is that, as the committee has already determined that it would like to return to the subject matter in the latter part of 2011, it would give it the opportunity to look to see how, in practice, these particular issues have been handled and whether they have been addressed satisfactorily.

[151] **Jonathan Morgan:** Are there any questions to the auditor general on this? I think that the advice is very helpful that we return to this. We have a briefing session on how the Welsh Government mainstreams consideration of sustainable development after the meeting on 7 October, but I think that we should recommend that the Public Accounts Committee, as constituted after the next Assembly elections, return to this later in 2011. I do think that that is wise. Are there any other concerns with this issue? I see that we are happy. Thank you; we are very grateful to you.

2.46 p.m.

**Cynnig Trefniadol
Procedural Motion**

[152] **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(vi).

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth y cyfarfod i ben am 2.47 p.m.
The meeting ended at 2.47 p.m.*