



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

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Iau, 12 Mehefin 2008
Thursday, 12 June 2008**

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Plaid Cymru The Party of Wales
Lorraine Barrett	Llafur (yn dirprwyo ar ran Ann Jones a Lynne Neagle) Labour (deputising for Ann Jones and Lynne Neagle)
Angela Burns	Ceidwadwyr Cymreig Welsh Conservatives
Alun Cairns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Alun Davies	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Jenny Randerson	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Teresa Filliponi	Cydllynydd Bwyd mewn Ysgolion, Cymdeithas Llywodraeth Leol Cymru Food in Schools Coordinator, Welsh Local Government Association
Dr Chris Llewelyn	Cyfarwyddwr Dysgu Gydol Oes, Hamdden a Gwybodaeth, Cymdeithas Llywodraeth Leol Cymru Director Lifelong Learning, Leisure and Information, Welsh Local Government Association
Jenny Randerson	Aelod Cynulliad, Democratiaid Rhyddfrydol Cymru Assembly Member, Welsh Liberal Democrats
Daisy Seabourne	Swyddog Polisi Dysgu Gydol Oes, Cymdeithas Llywodraeth Leol Cymru Policy Officer Lifelong Learning, Welsh Local Government Association

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

John Grimes	Clerc Clerk
Abigail Phillips	Dirprwy Glerc Deputy Clerk
Ian Summers	Cynghorydd ar Gyllid a Llywodraethu Corfforaethol Finance and Corporate Governance Adviser
Anne Thomas	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 9.31 a.m.
The meeting began at 9.31 a.m.

Ymddiheuriadau a Dirprwyon Apologies and Substitutions

[1] **Alun Cairns:** I call the committee to order and thank Members for their attendance. We have received apologies and substitutions. Unfortunately, Ann Jones and Lynne Neagle cannot be here, but we are grateful to Lorraine Barrett for substituting for both of them. The usual Standing Orders apply.

[2] The agenda for this meeting is not as full as was originally intended, because we had hoped to receive evidence from the Minister for Finance and Public Service Delivery on our inquiry into private investment in public services. However, naturally—for more than understandable reasons—he cannot make it today. I know that he is keen to offer us evidence and, hopefully, we will be able to reschedule that session in two weeks' time. In the event of a fire or anything like that, you will be directed by the ushers.

9.32 a.m.

Y Mesur Arfaethedig Bwyta'n Iach mewn Ysgolion (Cymru) Proposed Healthy Eating in Schools (Wales) Measure

[3] **Alun Cairns:** The next item on the agenda is the consideration of the Proposed Healthy Eating in Schools (Wales) Measure, and we are in a unique situation, perhaps, in that our witness for this item is also a member of the committee. I thank Jenny Randerson for the information that she has provided and, if we are all agreed, we will treat Jenny Randerson as any other witness. The Welsh Local Government Association is to give evidence later on and we will then give Jenny the opportunity, at the very end, to offer a response to whatever the WLGA has said. Are you happy with that, Jenny?

[4] **Jenny Randerson:** Very happy, thank you.

[5] **Alun Cairns:** Is everyone else happy with that? I see that you are. Jenny, would you like to make a few opening remarks and draw our attention to any particular matters that you think are of relevance?

[6] **Jenny Randerson:** The important thing for the committee to understand is that the basic principle behind this Measure is to work with the grain of 'Appetite for Life', and it allows the Minister the flexibility to build on the pilot projects that are currently taking place and to make key decisions about precise nutritional standards. However, it wants to go beyond 'Appetite for Life' in a number of respects, as I believe that more should be included in the legislation. The purpose of having legislation is to make sure that the very best practice that occurs as a result of 'Appetite for Life' is spread out throughout Wales to every school, so that we bring the lowest up to a good standard. Partnership working is fine. It is ideal, in fact, and this Measure does not intend to replace it. However, partnership working does not always work in practice in every single case. I have been to visit a large number of schools that are doing good work, but I am aware that there are others that are not.

[7] This Measure is designed to build on an incremental approach to avoid some of the mistakes that were made in England by doing too much too soon. Therefore, it allows the Minister to change the nutritional standards without having to come back to the Assembly to enable that incremental approach to take place. In relation to England, it is worth mentioning that the latest evidence from the School Food Trust shows that England is turning a corner, and that matters are improving significantly in England in relation to accepting the healthy eating approach.

[8] However, putting this on a legislative basis involves much more than just nutritional standards; it requires a reporting structure that is designed to fit in with existing reporting structures so that there is no onerous burden on schools, local authorities or on the Minister. It also involves the promotion of healthy eating, which is already a concept of 'Appetite for Life'. It involves the provision of free drinking water in schools and the embedding of the concept of healthy eating in the curriculum. It also involves the promotion of free school meals and the protection of the identity of those who receive them, which I regard to be an important role. That work is already under way by the Government, but it puts it all in a holistic policy. Finally, it refers to the concept of sustainability, which the Assembly has a legal obligation to adhere to, and so where could that concept be more appropriately embedded than in a piece of legislation on school food?

[9] **Alun Cairns:** Thank you, Jenny. I also welcome Anne Thomas from the Members' research service. It was remiss of me not to welcome her at the outset. I know that she has provided you with a great deal of support in preparing this work.

[10] **Alun Ffred Jones:** Yr ydych yn dweud yn y memorandwm ei fod yn anodd mesur y gost ar draws Cymru gan fod y sefyllfa yn wahanol mewn awdurdodau lleol gwahanol. A ninnau'n Bwyllgor Cyllid, mae hwnnw'n ein gosod mewn sefyllfa anodd. Felly, gofynnaf eto, pryd fyddwch chi mewn sefyllfa i ddweud beth fydd goblygiadau ariannol y Mesur hwn?

Alun Ffred Jones: You say in your memorandum that it is difficult to gauge the cost of this across Wales because the situation is different in the various local authorities. As the Finance Committee, that places us in a difficult position. Therefore, I ask you again, when will you be in a position to tell us about the financial implications of this Measure?

[11] **Jenny Randerson:** That comment is based very much on the work of the food in schools working group that was set up by the Welsh Assembly Government, and mirrors its own comment about how difficult it is to assess the cost. We will be in a position to give you much more precise figures once the pilot projects have finished. That is why there is no commencement date in this Order, because it is designed to fit in and build on the work of the pilot projects.

[12] On the basis of the figures produced by the food in schools working group, those produced in Scotland by the Hungry for Success initiative, and those produced in England, we estimate that the core cost of providing nutritious, healthy food in schools in Wales is between £17 million and £38 million a year pro rata. That is a wide variation and I will give you the other figures. In Scotland, the Government gave £63.5 million over three years and £70 million for the following three years.

9.40 a.m.

[13] In England, £220 million was provided over three years and £80 million for advice and support. If you work those out, that is a considerable variation between England and Scotland, and the answer to that probably comes in the standards that are applied in those two countries and what that money covers. However, you point out that there is variation from one part of Wales to another; four local authorities are undertaking the pilot schemes at the moment, but outside those four local authorities, there are individual initiatives going on in places such as Monmouthshire, for example, in its primary schools and which are being spread to its secondary schools to take that initiative further. I went to Pencoed recently to see an individual school taking on that type of initiative, and I have also been to a school in Neath, which is doing so—they are dotted all around the place. If you look at the amount that local authorities currently spend on their school lunches, you will see that there is a big variation from one local authority to another, not all of which depends on whether they are rural or urban schools.

[14] That is why the situation is so complex, but I wish to emphasise that the core cost will be incurred by the Government in any case under its 'Appetite for Life' policy. If we pass this Measure, we will need to look at additional costs. I would identify the additional costs as including the costs of reporting, that is, the report of the school governors, which is designed to be a small section in the annual report of the school governors. So, it is a negligible additional cost. Based on the Scottish model, Estyn believes that the cost of employing nutritionists for inspections—I can go into that in more detail if you wish—would be between £100,000 and £250,000 a year. There is a ministerial reporting requirement, but it is believed that that could be easily accommodated within existing resources. There is the cost of promotion, which is like asking, 'How long is a piece of string?', because the amount of promotion is not specified. It is worth pointing out that a lot of promotion is already going on as part of 'Appetite for Life', such as the cooking bus and the promotion via the Urdd, and many schools are already undertaking promotion. However, you would have to estimate that there might be marginal additional costs for the Assembly Government on that.

[15] On the cost of free drinking water, I think that there is already a requirement under the Education (School Premises) Regulations 1999 to provide drinking water in schools, but it does not specify where it should be, and so on. The Welsh Assembly Government provided water coolers for schools in Communities First areas. If you take the cost incurred then and look at how much it would cost to roll that out to all other schools in Wales, taking account of the fact that many of them already have water coolers, we estimate that the one-off cost might be about £900,000. On the cost to the curriculum, that is a case of taking it into account when the curriculum is reviewed, so there is no additional cost in the immediate future, unless the Minister decided to change the curriculum out of the usual timescale. On the cost of promoting free school meals, that work is already under way by the Welsh Assembly Government and is incorporated in its budget. So, the additional costs are relatively minimal. The big core costs, which are the variable costs that we find difficult to estimate precisely, will already be incurred because of 'Appetite for Life'.

[16] **Alun Ffred Jones:** Os deallaf yn iawn, dim ond ychydig filiynau fydd y Mesur hwn yn ei gostio gan fod 'Blas am Oes' eisoes, pan ddaw yn gynllun ar draws Cymru, yn gwneud y prif waith, sef newid arferion bwyta mewn ysgolion. Ai dyna yr ydych yn ei ddweud, sef mai dim ond ar yr ymylon y bydd costau ychwanegol?

Alun Ffred Jones: If I understand correctly, this Measure will cost only a few million pounds, because 'Appetite for Life', when it is rolled out across Wales, will already do the main bulk of the work of changing eating habits in schools. Is that what you are saying, namely that the additional costs are peripheral?

[17] **Jenny Randerson:** That is right. If you take the total cost of what is covered in the Measure, it is considerable, but if you strip out what the Welsh Assembly Government is already committed to, the additional costs are relatively small.

[18] **Alun Ffred Jones:** Mater i rywun arall ac nid i'r pwyllgor hwn yw beth a enillir o'r Mesur hwn. Dywedwch yn y memorandwm esboniadol y bydd y costau i awdurdodau lleol, oherwydd polisiâu bwyta'n iach, yn is ac y bydd arbedion, mae'n debyg. Mae'r dystiolaeth o Loegr a'r Alban yn awgrymu, wrth gwrs, bod y costau yn sylweddol. O ble y daw yr arbedion hyn i awdurdodau lleol?

Alun Ffred Jones: What will be gained from this Measure is a matter for others, and not for this committee. You state in the explanatory memorandum that the costs to local authorities, because of healthy eating policies, are likely to be lower and that savings are likely. The evidence from England and Scotland suggests, of course, that there will be significant costs. Where do you think these savings will be made by local authorities?

[19] **Jenny Randerson:** I think that the savings will come once you have an all-Wales approach. At the moment, as I have explained, you have little islands of good practice, including in the four pilot project areas, which are Wrexham, Ceredigion, Torfaen and Merthyr Tydfil. The savings will come through better procurement. Obviously, when you have larger contracts for fresh food, you will get a better deal than you would when individual schools try to hold a pilot programme on this approach. Healthy eating on a large scale is cheaper than healthy eating on a small scale, in terms of contract agreements.

[20] The other issue is that, once you have something on an all-Wales scale, you get the sharing of good practice. Incorporated in the concept behind this is the fact that we must spend a bit more on food in order to save a lot of money for the NHS in the long term and in many other ways. I do not know whether Anne wants to add anything about the savings.

[21] **Ms Thomas:** No.

[22] **Mohammad Asghar:** Thank you for the report, Jenny and Anne. You conducted this calculation based on 240 primary schools and 60 secondary schools, and you mention a number of inspections. Were these carried out by Estyn or are they geographical? You missed out some important places. How did you decide on using these 300 schools?

[23] **Jenny Randerson:** It is directly related to the number of Estyn inspections in 2006-07, which was 301 inspections. So, we have taken the liberty of narrowing it down to 300 schools and done the calculations. That is for the cost of the inspections in any one year. We have based it on the figures provided by Estyn, which are based on the Scottish model. In some ways, the Scottish model could be said to be a gold standard, because they employ nutritionists directly in their inspections, and they do not just take a cursory glance—the nutritionists spend quite a lot of time in schools. It could perhaps be done in a less thorough manner, but I do not think that that would be ideal. In Scotland, a nutritionist was used in 25 per cent of primary inspections and 75 per cent of secondary inspections, so those are really robust figures.

9.50 a.m.

[24] **Joyce Watson:** Thank you for the report, Jenny. You have already started to answer the question that I was going to ask, because you have an estimate here of the likely proportion of school inspections that would have to involve a nutritionist. There is a huge disparity between £100,000 and £250,000 in terms of costing that, so I wanted to know if you had a better estimate of the cost. Do you think that it is likely to be at the upper or lower end of that range?

[25] Following on from that, my next question is about the additional costs associated with monitoring, implementing, evaluating and disseminating good practice.

[26] **Jenny Randerson:** I think that the Welsh Assembly Government would choose what model of inspection it advised Estyn to undertake. If you go for a model that costs £100,000, that will employ fewer nutritionists, or would possibly employ nutritionists to advise inspection teams rather than be used directly. The Measure does not prescribe—it allows the Assembly Government to choose the level of thoroughness, if you like, in order to achieve the goals that it has set. So, it is better to stick with the broad figure, which is the one that was given to us by Estyn, rather than try to second guess the level of inspection that the Assembly Government will want to go for.

[27] As I said earlier, in relation to the costs of promotion, how do you promote healthy eating? You do it at three levels, do you not? You promote at Welsh Assembly Government publicity level, you promote through local authorities and with various LEA initiatives, and

you promote within the school. I have been to schools where promotion consists of pictures of healthy food on the noticeboards, children participating in food-making activities, children choosing the menu—these are all ways of promoting healthy eating during the school day, within the existing school budget. So, the additional costs would lie with the LEA and the Assembly Government. As I said earlier, the Assembly Government is already doing a lot of this, so the additional costs would probably fall in relation to how much promotion the Minister requires from LEAs. A lot of the promotion would eventually take place through the curriculum.

[28] **Joyce Watson:** If I can press you further—because this is the Finance Committee and we have to know about costs—I am concerned that we do not have the actual figure regarding the additional administrative costs and costs associated with training, monitoring and set-up.

[29] **Jenny Randerson:** Are you referring to the Estyn costs?

[30] **Joyce Watson:** Yes.

[31] **Jenny Randerson:** They are not included because, when we asked Estyn, it was not able to quantify them, and it said that it thought that they would be negligible—and I gather from Anne that that is the word that it used. That is why they are not included.

[32] **Lorraine Barrett:** On the calculations from the food in schools working group, which the Government set up to inform its ‘Appetite for Life’ strategy, it had difficulty getting good-quality baseline data to inform its decisions on the amount of investment needed. Do you feel that it would be more prudent to wait for the development of its approach to find out exactly what financial investment is required before going down the route of your Measure, to get a much clearer idea of what the costs will be?

[33] **Jenny Randerson:** As I said earlier, the vast majority of the costs of this Measure lie in the nutritional standards requirements. Those are built directly on ‘Appetite for Life’, and therefore there is no commencement date in here, because we recognise that, in a way, we are preparing the Minister for the end of ‘Appetite for Life’. So, the only additional costs left are those that I have been able to quantify to a very large extent. I was able to quantify the other ones based entirely on the food in schools working group approach and the work in England and Scotland. As I said earlier, that work shows, in a way, that you get what you pay for. If you want to raise your nutritional standards, there will be higher costs.

[34] As a country, we are already suffering from more ill health and the obesity epidemic is worse here. We are already years behind England and we are particularly behind Scotland, which is going through its second three-year programme on this, while we are still in the pilot project phase. I do not believe that we should wait any longer. The purpose behind this is that, when the ‘Appetite for Life’ pilot schemes have finished, it will all be ready to go, and the Minister can have her reporting and all the other things set up so that a holistic approach can be taken, as it has been shown, from the evidence in England, that that is what is needed. Then we can raise the worst schools to a good level as opposed to relying, as we do at present, on some schools becoming beacons voluntarily and dragging the others up.

[35] By the time that the Minister got to the point of setting a commencement date, she would be able to be pretty precise about the costs. She told the Proposed Healthy Eating in Schools Measure Committee this week that £6 million has been put into the pilot projects and £13 million overall has been put into the initiative. So, she knows exactly what costs she has there. I would imagine that if you are taking the incremental approach, which seems to be the Government’s approach—and I agree with that wholeheartedly—you will ratchet up the nutritional standards and hence ratchet up the costs as the years go by.

[36] **Alun Cairns:** Thank you. Unless anyone else has anything that they want to pursue, I will ask my question, which relates to the largest costing in the figures that you have shared with us. It relates to supplying free drinking water in schools in Communities First areas and how the figures have been multiplied.

10.00 a.m.

[37] Have you spoken to local authorities about their estimation of what they need to do in their schools, for example, in order to be able to deliver on that, rather than just multiplying the figures for the position in some areas elsewhere?

[38] **Jenny Randerson:** I refer you to Anne, because, as you can see, Anne has done all of the research on the details of the costings for me. There is a lot of research in those files, so I will let Anne answer that question.

[39] **Ms Thomas:** With the drinking water, we have not spoken to the local authorities to get costings. We are aware that it is an action point in the 'Appetite for Life' action plan and that there was a commitment that the Welsh Assembly Government would fund this. However, we were trying to quantify costs, which is why we looked at the Communities First information.

[40] **Alun Cairns:** That is useful, thank you.

[41] **Jenny Randerson:** I do not know whether it would help, for the benefit of the committee and the record, to say that 384 Communities First schools in Wales had coolers offering free drinking water at a cost of £225,000. So, theoretically, to provide water coolers to the other 1,500 schools would cost £900,000. However, I am aware—as I am sure you are—that many schools already have those coolers.

[42] **Alun Cairns:** I would like to press you on those costings. Water coolers can be plumbed in permanently or can be plastic bottles on top of units, which is generally mineral water that has been purchased. Do you have any information regarding how your estimates have come up in that regard, because many had strong views about mineral water and plastic bottles?

[43] **Ms Thomas:** The estimates that we looked at were for plumbed-in units providing drinking water and not for mineral water.

[44] **Alun Davies:** On the proportion of costings associated with the Measure, could you outline the proportions of the additional cost that goes into the provision of healthy eating in terms of drinking water and the rest of it? What proportion will be spent on a new reporting regime?

[45] **Jenny Randerson:** The additional costs that I have specified come to a couple of million pounds. That includes the Estyn inspections, the free drinking water and so on. If you cut out the free drinking water, the reporting requirements and the structure represent a minimal cost. I would say that the cost will be well under £1 million for the reporting requirements. If you look at the additional costs of the healthy eating and all of the other things, such as free drinking water, which are core element in terms of the delivery, they are more of the order of up to £40 million, depending on which end of the estimate you take.

[46] **Alun Davies:** Thank you for that. If I have a concern with this Measure, it is that it is not delivering healthy eating in schools, but additional reporting and bureaucracy in schools. Is it a good use of time in schools for people to be reporting back to Government rather than delivering healthy eating to children, which appears, largely, already to be delivered—albeit

through a pilot scheme, through ‘Appetite for Life’—and through the existing Government public health messages, all of which seem to be targeted at children and young people in the school environment? So, is this Measure less about healthy eating and more about the management of schools? If so, there are many hidden costs associated with that in terms of teachers’ time and resources to provide more reports to Government. As the Finance Committee, surely we should be ensuring that resources are targeted at the delivery of services.

[47] **Jenny Randerson:** A couple of important points arise from that, Alun. The first is: can you guarantee the delivery without legislation? You will probably get delivery in about 80 to 90 per cent of schools, and I wonder where the remainder will be. I can only speculate that it will be in the weakest of our schools that our children will not get the delivery that they deserve.

[48] It is important to remember that it is not just about adding reporting, because reporting is the means by which you can guarantee delivery. The reporting recommended in the Measure is deliberately set with a very light touch so that it fits the existing reporting structures, thereby avoiding setting up a mass bureaucracy to cater for it; we just dovetail it in.

[49] It is not just about reporting, however; it is also about promotion. Unless you promote healthy eating in a school—and this is the message from England and Scotland—it does not work. There are all sorts of ways in which you can promote healthy eating. One of the lessons from England relates to how you organise the lunch queues, how long lunchtime is and exactly what time of day lunchtime is. England’s experience shows how all those things matter in the promotion process. I do not think that this represents a large cost in ensuring that every child in Wales has the opportunity to eat healthily.

[50] I also feel passionately about something that I spoke only briefly about earlier, which is the promotion of free school meals and the protection of the identity of those who take them up. A lot of evidence shows that children are put off free school meals because they do not want their fellow pupils to know. We must work on that. There is bound to be a small, additional and hidden cost in doing that, although I could not quantify it. It is important that we develop the systems, however.

[51] **Alun Ffred Jones:** Did you suggest that this Measure would not come into force until the present scheme has been rolled out fully? Is that the implication, or are you proposing bringing it in before the pilot schemes are rolled out?

[52] **Jenny Randerson:** It has no commencement date. If the Minister were enthusiastic and determined to do it immediately, she could commence it as soon as it goes through the Assembly, assuming that it does. Alternatively, she could hold on to it until the pilot schemes have finished, and she could roll it out then. We are virtually halfway through the pilot schemes, and by the time this goes through the rest of the process in the Assembly, you then have, effectively, a school year to prepare everything for the end of the pilot schemes. It would therefore dovetail in reasonably well with the end of the pilot schemes.

[53] What would worry me would be our reaching the end of the pilot schemes and for there to be no roll-out throughout Wales, either via ‘Appetite for Life’ or via this mechanism. That would be a big step back from a major Government commitment. I do not see any signs of that, however. I have worked closely with the Minister on this—I have had meetings with her to ensure that I was working with the grain of ‘Appetite for Life’, and the officials who have assisted me have been in contact with Government officials. All the signs that I am getting are that the Minister is very committed to rolling out ‘Appetite for Life’ at the end of the pilot projects.

[54] **Alun Cairns:** Thank you, Jenny, for the evidence that you have provided, and I thank Anne Thomas for the support and evidence that she has given.

[55] I invite Dr Chris Llewelyn and his colleagues from the Welsh Local Government Association to the table. Jenny, I will invite you to make some closing comments after the WLGA has spoken in respect of your right as a committee member to contribute.

10.10 a.m.

[56] Dr Llewelyn, I invite you to introduce yourself and your colleagues for the record and to give us a brief overview of how you see the position. No doubt, Members will then have questions that they will want to pursue.

[57] **Dr Llewelyn:** Bore da, everyone. I am Chris Llewelyn, director of lifelong learning at the Welsh Local Government Association. I am accompanied by my colleagues, Daisy Seabourne, the education policy officer at the WLGA, and Teresa Filliponi, the ‘Appetite for Life’ and food in schools co-ordinator at the WLGA. Thank you for this opportunity to get involved in this debate and to present our views on the Measure. We are also representing the Association of Directors of Education in Wales, even though none of our director colleagues are with us this morning.

[58] Our position on the Measure is a relatively straightforward one. We agree with the principles and the philosophy underpinning the Measure, and we have no profound objections to what is contained in it—rather, it is a question of emphasis and approach. We have been involved from the outset in the ‘Appetite for Life’ work that the Government is promoting—Teresa is working on that project as a co-ordinator—in developing the strategy and the action plan. We think that this is a productive way forward, and we think that it has been successful hitherto, in that there is a significant consensus around the approach and a significant buy-in. It is based on a substantial body of research: in preparing the strategy and the action plan, evidence has been gathered and experiences elsewhere in England and other parts of United Kingdom have been looked at. We think that the ‘Appetite for Life’ process is the best way forward at this stage. It offers a gradual, incremental approach, and a light touch as opposed to a statutory approach. As that process is in place and is due to last until 2010, we think that, at this stage, the ‘Appetite for Life’ approach is the way forward.

[59] We have some concerns about elements contained within the Measure in terms of the overall approach and also in terms of some of the costings. Our preferred option would be to stick with ‘Appetite for Life’ to see what the pilot schemes come up with and what we can learn from them, and also to look at the networks of good practice and the various initiatives that are developing throughout Wales in relation to and in conjunction with ‘Appetite for Life’. A key element within it is the support and the buy-in that is evident from all stakeholders. If initiatives such as this, which promote healthy eating and changes in lifestyle, are to be successful, it is important that support and buy-in come on an almost voluntary basis. We need people to embrace healthy eating because they appreciate the benefits of it, not because legislation and statute force them to take that course.

[60] We are also conscious that, as with many other educational initiatives, it is about more than what goes on in the school. The wraparound environment—the community as a whole, parents, teachers and governors—also has a role to play. The way to gain successful engagement from them is through a gradual, incremental approach rather than a legislatively heavy approach. In summary, we think that, while there is much merit in the Measure, and at some point in the future it may be worth returning to this approach, the current ‘Appetite for Life’ process is likely to provide the best dividends and to be the most successful way forward.

[61] **Mohammad Asghar:** Thank you for the report, Chris. At what point does the WLGA envisage that the implementation of such a statutory approach is appropriate?

[62] **Dr Llewelyn:** It depends on the outcome of ‘Appetite for Life’; it is an action research project. Given the way that the pilot schemes are taken forward, and their success, and, as I say, the networks of good practice, the initiatives and the lessons that are learned elsewhere, it may well be that we do not need any legislative changes, and that we can operate successfully within the current arrangements. We are aware that, where there have been sudden changes in approaches to healthy eating and changes to menus, there have often been adverse results. We are concerned that, if changes are too drastic, the habits that we are trying to change will not be impacted on. Therefore, we believe that a gradual, incremental approach is probably best. It well may be that, if this approach is successful, we do not need to introduce any further legislative changes.

[63] **Alun Davies:** You are not burning with enthusiasm for this Measure, are you?

[64] **Dr Llewelyn:** As I said, we support the principles behind it. A narrow interpretation of the Measure suggests that it will have little impact, and that it dovetails neatly with ‘Appetite for Life’, in which case we would ask whether we need to do this now. Alternatively, a wider interpretation of it suggests that it may significantly increase the bureaucratic burden, and may result in a heavy administrative approach, with a considerable amount of reporting, and the possibility of significant cost implications, in which case we would be less comfortable. We would be concerned if all the Measure resulted in was increased bureaucracy and administration, at a time when authorities, schools, and everyone concerned, could do with a light touch.

[65] **Alun Davies:** I would agree, philosophically, with that broad approach. However, the key issue for me, which Jenny Randerson outlined in her response to my earlier question, is that, if this can be achieved in, say, 80 to 90 per cent of schools without going through the process of creating a statutory framework, then that is all very well and good. For me, the only argument for this approach is to reach 100 per cent of schools. Is it your contention that 100 per cent of schools, and 100 per cent of pupils, can be reached by going down the non-statutory route, avoiding all of the resource implications of the reporting mechanisms that we have heard about this morning?

[66] **Dr Llewelyn:** We need to see what the pilot schemes and the work of ‘Appetite for Life’ deliver, to see how far they go, and how much change they can initiate. The other question is to what extent we are sure that a legislative approach can deliver the 100 per cent. We are conscious that this is about changing the way that people think. It is not just about providing healthy menus for school meals—there are the wraparound issues of having an impact on lifestyles and having a change in attitude from communities as a whole, not just within the school environment and the confines of the school day. Therefore, let us see what the pilot schemes of ‘Appetite for Life’ deliver, and, at that point, make a further assessment, bearing in mind that a legislative approach is no guarantee of getting the results that we want to achieve.

[67] **Alun Cairns:** I have a number of Members who have indicated that they want to ask questions. If they are on the same theme, then I will take them in the order in which Members have indicated. Joyce is first.

[68] **Joyce Watson:** Mine are on the same theme. Resources are finite, and it is fairly obvious from what you are saying—but I would like some clarification on this—that you are not keen, and that you do not want us to fall into a system of duplication of effort, with no additional outcomes. Could you elaborate further on that to confirm whether what I think that

I am hearing is correct?

10.20 a.m.

[69] **Dr Llewelyn:** There is the potential in the Measure for duplication of effort—again, it depends on whether it is implemented in a narrow or a broader sense. There is a clear danger of duplication of effort. We are all concerned about trying to establish what works effectively, and we would not want to see a great bureaucracy grow around this issue and incurring significant costs, or resources misdirected and not achieving the outcomes that we wanted to see achieved. In terms of understanding how to get to those outcomes, we think that the current ‘Appetite for Life’ pilot programmes are probably the best way forward. The important thing to add is that there is a considerable consensus among all stakeholders with regard to the ‘Appetite for Life’ approach. It has been built up over some time with the support of everyone who has been involved. So, if we have something that seems to be working okay, why change it at this stage?

[70] **Lorraine Barrett:** Is it fair to say that you are more concerned about the burden of this Measure than the financial implications of it? Given that many schools, as far as I can see, are already doing a lot of what the Measure and ‘Appetite for Life’ are trying to do, in that many schools are engaged in the healthy eating programme, do you have any data on how many schools are already doing a lot of what is contained in it? How many more schools would need to come into the equation? Do you see what I am getting at? Is it that much more would be imposed on schools and local authorities than what is already being done? How much of a shift is needed?

[71] **Dr Llewelyn:** I will ask my colleague to come back on the detail of the data. On the first part of your question, we have concerns about administration and bureaucracy in relation to the Measure. There are also concerns in terms of the financial burden and the costings. We are not entirely convinced that the approach would work in all cases and would achieve the outcomes that we would want. The other element is that we think that the ‘Appetite for Life’ approach is working, and is the right way forward. There are four elements to the concerns, and I think that each one of those is valid. In terms of the detail, perhaps Teresa can help.

[72] **Ms Filliponi:** I cannot give you the exact number of schools, but I can give you a profile or image of what is currently happening. We have been working with all of the local authorities, using the nutrition system that was procured by the Welsh Assembly Government, which is called Saffron. By the end of this academic year, all of the local authorities will be trained to analyse menus, and the data that we build will centre on ingredients and recipes, which can be shared among the authorities, as well as copied to create their own recipes.

[73] At the moment, we are working on primary school menus and by the summer we will have a better picture of how many local authorities are hitting the standards. Saying that it is not difficult is perhaps to understate it, but it is easier to work with primary schools; the difficulty is with the secondary schools, which are much more complex, and that work will start in the second stage of this project. At the same time, we will work with the schools that have opted out from the local authority catering service, and work, initially, with the action research project. As well as looking at the nutrient and food standards, this will create a network that helps the schools to get back into a communication process.

[74] Alongside that, we are working to create a network in which schools, local authority caterers, and healthy-schools co-ordinators can share some of the good practice that has been carried out in different schools in different local authorities. To do that, we are working together with Physical Activity and Nutrition Networks Wales, which is a Welsh website network, in which we invite local authorities to share good practice, as well as to use the network.

[75] There is a lot of work happening in primary and secondary schools. At primary school level, we are not far from reaching the standards. With secondary schools, I would not say that we are far, but it is much more complex. It is where more work is needed to prevent students from dropping off and not using the catering service. I hope that I answered your question.

[76] **Alun Ffred Jones:** Yr wyf am fynd ar ôl y pwynt hwnnw. Beth yw'r dystiolaeth ar hyn o bryd yn y sector uwchradd o ran 'Blas am Oes', os yw'n berthnasol i'r sector hwnnw, ynghylch nifer y plant sy'n cael bwyd yn yr ysgol? A fu gostyngiad o gwbl yn y nifer honno ac, os felly, a oes unrhyw syniad gennyich am unrhyw gostau ychwanegol o ran y newid hwnnw yn y patrwm bwyta?

Alun Ffred Jones: I will pick up on that point. What evidence is there currently for the secondary sector in relation to 'Appetite for Life', if it is relevant to that sector, about the number of children eating school meals? Has there been any reduction in that number and, if so, do you have any information about any additional costs resulting from that change in eating pattern?

[77] **Ms Filliponi:** We do not have any data in relation to that. The data that we have come from the Local Authority Caterers Association. We looked initially at what is happening in England. Last year, a survey undertaken by the LACA English local authorities was published, which showed a drop in the uptake of school meals in primary and secondary schools. The drop in secondary schools was very dramatic. The LACA Welsh survey will be launched next week, so we will have a better picture. All the local authorities are a bit worried about the drop in the uptake of school meals in primary and secondary schools. I think that there has been a drop of around 17 per cent in the uptake of school meals.

[78] **Ms Seabourne:** I do not have the exact figures with me, but one local authority introduced a different—healthy eating—menu in its schools, and it did that quite quickly, and I think that the loss was somewhere around £170,000.

[79] **Alun Ffred Jones:** Was that per annum?

[80] **Ms Seabourne:** Yes.

[81] **Dr Llewelyn:** To add to that point, one thing to bear in mind is that school meals services are quite fragile financially, and the sustainability of the service is often very delicate. One problem with moving too quickly towards healthy menus is that there is the potential for a sudden drop in take-up and an increase in costs at the same time. That relates to the cost of the raw materials, because they are often more expensive than highly processed meals, but also to the cost of training staff and adapting the preparation facilities, such as the kitchens and so on. The service is fragile and there are significant cost implications, and that is why we think that a more gradual approach, of learning lessons as we progress, is advisable.

[82] **Alun Cairns:** There is one issue that I want to pursue before I bring Angela in. If you get a drop of 17 per cent, as we have just heard, there is no doubt that the unit costs or the cost per pupil would be a lot more. Can you tell us about the implications for the overall costs within that setting, where there might have been a drop of 17 per cent, for example? Is it not much cheaper overall because you are not serving so many pupils? [*Laughter.*] Do not forget that we are looking at the financial implications. I am not saying that I agree that it is a good thing to happen, but we are focusing purely on financial issues. If there is a 17 per cent drop-off, the unit cost will no doubt increase, but would the overall cost to the authority not drop because you need fewer people to serve the food, and so on?

10.30 a.m.

[83] **Dr Llewelyn:** Teresa will come in on this point in a moment, but one problem is that the fixed costs are a significant factor in the capital investment. However, as with other local authority services, the level of sensitivity and responsiveness is not as immediate as the changes in the take-up are.

[84] **Alun Cairns:** That is exactly what I wanted to hear.

[85] **Angela Burns:** I have two questions. The first question follows on from Alun Ffred's question about the drop-off in the take-up of school meals. Do you want to comment on Jenny's assertion that, in England, the School Food Trust has reported that they are beginning to turn a corner?

[86] **Ms Filliponi:** Two reports were published last summer, which identified different numbers: one was published by the Local Authority Caterers Association and the other by the School Food Trust. About a year ago, I attended the annual conference of the Local Authority Caterers Association, and the comments from the caterers were very negative. I had a chance to meet again with some of the caterers and schools in England there, and you get a different picture depending on whom you are talking to. If you speak to a caterer, they will tell you that they are very worried about the sustainability of the services, but if you talk to nutritionists on a more theoretical level, they will say that they do not see that aspect. I know that there was a lot of discussion, because two surveys came out that identified a different type of drop in the number. The more dramatic drop was that presented by the association but the School Food Trust's numbers were different. They both justified the data that they provided, but there were a lot of worries when I went to the annual conference of the Local Authority Caterers Association last year. There will be another annual conference in July, and it will be very interesting to see how much progress has been made, but there is a lot of worry about the feasibility and sustainability of the catering service in England.

[87] **Angela Burns:** My second question is about the fact that Dr Llewelyn described earlier how the school meals scenario is very fragile. Would some of the resistance or concern about this Measure be because of the fragility of the finances involved? If this Measure becomes law and is prescriptive, is there less wriggle room—to put it politely or impolitely—for an authority that might be under a bit of financial pressure to tighten up a little on spending on school meals, if it had choices to make, which would take away the ability of a local authority to be in control of its own destiny in that area?

[88] **Dr Llewelyn:** The funding concerns would be in relation to the school meals service, and would not go beyond that. However, it comes back to the outcomes that we want to achieve. We need to tread carefully here. We would urge caution, because we would not want to see any sudden changes that undermine the whole process and the goals that are set out in 'Appetite for Life' and the ends that we are trying to achieve. The evidence from elsewhere is clear that, if things move too quickly without there being a substantial and substantive evidence base, there are risks.

[89] We do not have a profound objection to this Measure, but our view, which I think is shared quite widely, is that the current arrangement is the best way forward, and so as little movement away from that as possible is likely to deliver the best outcomes.

[90] **Angela Burns:** If we did not take this Measure on board, how could we regulate or encourage those local authorities that choose not to spend as much on their school food as they should?

[91] **Dr Llewelyn:** We need to look at what happens in the pilot schemes and at how they

work, and the other initiatives that are taking place in authorities in Wales. As you have already heard, there is a significant number of initiatives, and there are networks of good practice that Teresa is involved with. Maybe towards the end of the ‘Appetite for Life’ project, I suggest that we look at the evidence base that has developed and consider that issue at that point.

[92] **Alun Cairns:** I am conscious that we are running 20 minutes over schedule, and I have two more questioners, namely Alun Davies and Oscar. If you really want to ask your questions, you can, because I do not want to exclude anyone, but we are 20 minutes over schedule already.

[93] **Alun Davies:** Thank you for that instruction, Chair. The paper says that the WLGA and ADEW are largely ambivalent about this Measure, but in paragraph 5 you go a bit further than that, and say that it could undermine the work that is currently going on under ‘Appetite for Life’. In answer to Angela Burns’s question, you seemed to indicate that what you meant by that was the drop-off in the number of pupils eating at school, and the financial impact of that on the viability of the school meals service. Could you just clarify that that is what you meant, and that you do not mean anything additional?

[94] **Dr Llewelyn:** I refer you to the answer that we gave earlier. We have concerns about the administrative and bureaucratic burden associated with this and the potential for increased costs. There is a lack of conviction that a statutory approach is the best way forward, and we believe that the consensus that has built up around ‘Appetite for Life’ will deliver the outcomes that we want to achieve.

[95] **Mohammad Asghar:** One difficulty in all this is that parents will supplement the food that children get in schools, and all your healthy eating will go for six. How have you taken that into account? You are giving them healthy food in school, but their diet may be most unhealthy at home, and so, at the end of the day, your pilot projects will be wasted.

[96] **Dr Llewelyn:** I will ask Teresa to comment in detail on the pilot projects, but I agree with the point that you make, and it is for that reason that we think that the gradual incremental approach of ‘Appetite for Life’ is preferable to a legislative approach, which we think is bureaucratically heavy handed. The gradual, incremental approach is more likely to win hearts and minds, which is what we need to achieve, than the statutory approach.

[97] **Mohammad Asghar:** Are you actually educating parents at the same time?

[98] **Ms Filliponi:** ‘Education’ is the key word, as you said, and it is about correct education at every level. We are working to establish best practice and to share that among all local authorities. Sometimes, little details like after-school events or parent evenings—

[99] **Alun Cairns:** Sorry, I am grateful for the answer, but it is probably beyond the scope of our consideration. I did not want to stop you prematurely, but please remember that it is the financial implications and the timetable of our finances that we are prioritising. So, I will close it there, unless there is anything specific that you want to add on the financial implications.

[100] **Ms Filliponi:** No, I was just about to look at what works best, because it is an important element, without doubt.

[101] **Alun Cairns:** Thank you, Dr Llewelyn, Daisy Seabourne and Teresa Filliponi for your evidence. It will be helpful for our consideration. You may now leave, if you like. I also thank Jenny Randerson and invite her to take her usual seat at the table, instead of sitting as a witness. Before I close this item, I think it only fair that Jenny have the opportunity to respond

as a committee member; otherwise, she and her party will not have been represented in the discussions on seeking evidence.

[102] **Jenny Randerson:** First, I advise Members that a careful reading of the explanatory memorandum will deal with most of the issues. The WLGA has fundamentally misunderstood the whole purpose of this, although that is set out in the explanatory memorandum. The purpose is to build on the work that the Government is doing, and to guarantee that it applies to everyone, so that that bottom 10 per cent is not left out.

10.40 a.m.

[103] It is perhaps a salutary lesson to think back to the 1980s when nutritional standards for school lunches were removed. That did not have an immediate impact, but when local authorities were in tough times, they drove down the cost of school dinners, which had a dramatic impact on the nutritional quality of those school dinners. The Government has wonderful ideas at the moment, but the foundation phase lesson proves to us that the ideas have to be delivered and that partnership working with local authorities is good—that is the ideal—but that it does not always work. The Minister's difficulties in ensuring co-operation on the foundation phase are a lesson for us.

[104] I want to stress that the whole scheme is designed to have a light-touch approach, leaving the power in the hands of the Minister to decide when and how much she does in terms of regulation and so on. It refers to consultation with parents and with pupils. The whole idea is that, by giving that power to the Minister, you do not have sudden changes. It is based on the Scottish model of legislation and the whole point of how it was written is to ensure that there will be no duplication of effort. It is designed to dovetail with existing structures, thereby minimising the cost. Briefly, healthy food is about more than just lunchtimes; it is also about tuck shops, where a lot of junk food is still being sold, despite much effort.

[105] I have one final point of clarification. Teresa and I have referred to different reports by the School Food Trust. It produced a more recent report, in January 2008, than the one that she talked about, which showed that 60 per cent of LEAs in England were reporting improvements.

[106] **Alun Ffred Jones:** Mae Jenny wedi gwneud achos dros y Mesur, ond nid ydym yn siarad o blaid nac yn erbyn y Mesur; y cwbl yr ydym yn ei wneud yw adrodd ar y goblygiadau cyllidol. Felly, sut mae'r pwyllgor yn adrodd ar hyn, Gadeirydd? A ydym am ddod i benderfyniad fel grŵp ynteu a ydym am ddisgwyl am adroddiad drafft?

Alun Ffred Jones: Jenny has made a case for the Measure, but we are not talking in favour or against the Measure; all that we are doing is reporting on the financial implications. Therefore, how will the committee report on this, Chair? Will we reach a conclusion as a group or are we going to wait for a draft report?

[107] **Alun Cairns:** Standing Order No. 14.2 states that:

[108] 'The Committee may also consider and, where it sees fit, report on:

- (i) financial information in explanatory memoranda accompanying proposed Assembly Measures;
- (ii) the timetable for the consideration of budget proposals and budget motions and on the handling of financial business; and
- (iii) any other matter any other matter relating to or affecting the expenditure of the

government or other expenditure out of the Welsh Consolidated Fund.’

[109] Those are the limits within which we can comment. It will not be in support of, or opposition to, a policy.

[110] **Alun Ffred Jones:** Yes, but does a draft report come back to this committee before we ratify it?

[111] **Alun Cairns:** If that is what you would like to happen.

[112] **Alun Ffred Jones:** I think that it would be useful.

[113] **Alun Cairns:** Thank you; that is the end of our discussion on that item.

10.44 a.m.

**Gweithredu Proses y Gyllideb—Adroddiad Drafft gan y Pwyllgor Cyllid
Operation of the Budget Process—Draft Report from the Finance Committee**

[114] **Alun Cairns:** I will now invite Ian Summers to the table.

[115] **Joyce Watson:** Chair, could we have a break before this item?

[116] **Alun Cairns:** A break is not scheduled and I want to continue, because we are 18 minutes behind time. By all means, if you need to go, please do.

[117] I thank Ian Summers for his paper—

[118] **Joyce Watson:** I am sorry, but I need a comfort break.

[119] **Alun Cairns:** I am sorry, but no break is scheduled and we need to continue.

[120] Ian, bearing in mind that this is the first time that this has been considered—

[121] **Joyce Watson:** I am interested in this item and I would like to hear Mr Summers, but I need a two-minute break, which is not unreasonable. If anyone has objections, could they please say so? I am not trying to be unreasonable, but I just need two minutes.

[122] **Alun Cairns:** What is the view of committee members? I see that there is no clear view. We will, therefore, reconvene at 10.46 a.m..

*Gohiriwyd y cyfarfod rhwng 10.44 a.m. a 10.47 a.m.
The meeting adjourned between 10.44 a.m. and 10.47 a.m.*

[123] **Alun Cairns:** Ian, I will ask you to introduce the paper briefly, bearing in mind that this is the first time that it will be discussed in the public domain, although I should state for the record that we have considered it in private previously.

[124] **Mr Summers:** As Members will know, the budget process is governed by Standing Order No. 27. That was drafted by the old Assembly in good faith. I think that we all appreciate that, at that time, we did not have the new Assembly and we did not even have a Finance Committee and we were all wondering how it would all work out in practice. So, in large measure, we are looking with hindsight at how the Standing Orders have operated the first time around.

[125] Early on in the life of this committee, Members decided that they would like to follow the Scottish model of having a protocol sitting underneath the Standing Orders to govern the way in which the budget process would operate. That would deal with matters that were not quite important enough to go into Standing Orders. The Minister also stated that he would like a protocol, and it was agreed that a protocol should be drafted after the end of the first budget process so that we could get it into operation, hopefully, for the second round, which will start this autumn. If we have a protocol, you will need to look at that and the Standing Orders combined—there may be things that will come out of the Standing Orders and go into the protocol, and so on.

[126] When the committee considered and reported on the Government's budget back in December, it said that it would like to report separately on the budget process and how it is operated. That was the stated intention of this committee. This report does just that. Members have looked at this report in a private session and they gave me some very useful comments, which I have tried to take on board. Members also invited me to discuss the report with Assembly Government officials to see whether they were comfortable with the conclusions and recommendations, and I hope that I am not out of order in saying that I have done that and that they are, in large measure, comfortable with them, although I cannot say what the Government's formal response will be when this report is published.

[127] I had hoped to table the protocol for the committee's consideration today, as I have a version that has been agreed in large measure with Assembly Government officials. They wanted to clear one or two points of substance with the Minister but they have been unable to do that because of his absence. Hopefully, they will be able to do that fairly shortly; if they are able to do it before the next meeting, we might have the protocol ready to have a quick look at it then. With that in mind, Chair, I am at your disposal with regard to how you want to examine this report. Would you like to take it page by page or section by section?

10.50 a.m.

[128] **Alun Cairns:** At the outset, I invite broad comments from Members, if that is okay, after which we will take it page by page, depending on the outcome of the broad comments. I should thank you on the record for your work. An awful lot of work has gone into what is a relatively short report, but I know that a lot of work has gone into it in the negotiations and discussions.

[129] **Alun Davies:** I echo your thanks. The report is very comprehensive.

[130] I have a question about the timescale for developing this protocol. I am concerned that we have a protocol in place and agreed with Government prior to the beginning of the next budget round. I assumed that that meant that this protocol would be in place by the summer recess, to enable the Government and us to prepare over the recess to ensure that we are in a position in the autumn to move, understanding each other's positions and each other's roles more comprehensively. Do you have a timescale for agreement on this protocol?

[131] **Mr Summers:** Yes. Assembly Government officials and I would also like to agree the protocol before the summer recess. As I say, it has been delayed by the Minister's absence. There are one or two points that they want to run past him and, subject to that, we should be able to proceed fairly quickly.

[132] **Alun Davies:** Will the protocol include issues such as the nature of information provided to us, and not simply a timescale for it?

[133] **Mr Summers:** Yes. This report spells out what the committee would like to see

accompany the budget as laid by the Government in the autumn. The protocol, as it currently stands, does reflect that.

[134] **Alun Cairns:** Are there any other broad comments?

[135] **Joyce Watson:** I welcome the work that you have done. I know that, on paper, it looks very easy. I would just ask you for a few explanations.

[136] **Alun Cairns:** If you are referring to specific sections, we will deal with them when we deal with it page by page. I am inviting broad comments at this juncture.

[137] **Joyce Watson:** Okay.

[138] **Alun Cairns:** We will move forward now to take matters page by page. Please turn to page 1. Do you have any issues to raise or are any explanations required on page 1? I see that you do not. What about page 2?

[139] **Alun Davies:** In paragraph 9, you say that the Standing Orders' timescales are tight and that the procedure is somewhat inflexible. I can appreciate that we were involved in a rather peculiar spending round earlier this year, because of the comprehensive spending review, the Assembly elections, the formation of the Government and the consequential difficulties with time. Are you suggesting that the Standing Orders or the protocol be amended to provide for greater flexibility in terms of timescales?

[140] **Mr Summers:** The main point here is that we do not know the start date for the budget process. Admittedly, there were additional problems last year, because of the comprehensive spending review, but Standing Orders do not specify a start date. They do say, however, that the committee must report within four weeks of the date on which the Government tables its budget. As things stand, we could have a budget tabled on one day and then have four weeks in which to make arrangements to take evidence and consider a report. It would be helpful, as I say further on in the report, if we can have a fixed start date, or at least a fixed date by which the committee must consider the issue. One way of doing that is to say that the Minister should announce the day on which he is going to table budget some time in advance. Indeed, in the UK context, budget day is well known, it being publicised a few weeks in advance. If we know the start date, then fine, we can spend a bit of time between then and the actual scrutiny sessions in setting up the meetings, working out from whom we want to take evidence, sorting out the timetable and so on. Without any notice whatsoever, it is a bit difficult to know who to call and when to call them.

[141] **Angela Burns:** Thank you for this report, Ian; it is great. I agree with you totally, and I am particularly concerned about the other committees that might want to have two bites of their financial examination cherry before reporting back to us. If they are meeting fortnightly, and with the pressures that are on people, it may be hard to do that. So, I would advocate that either we go for a slightly longer period, maybe six weeks, or that we know the date well in advance, because even saying that they must always report by the 19 November, or something along those lines, might put the Government under a huge amount of pressure; for example, if it is forming a Government, it would be difficult for it. However, I am concerned by the fact that all the other committees will have already booked business for their meetings, and they will have only one committee meeting to which they will have to try to get any witnesses that they want to talk to about it. That will be tricky. So, I would like to see a period of six weeks or a fixed date that will be well after any normal amount of time needed for the negotiations and setting up of new Governments.

[142] **Mr Summers:** I do not want to speak for the Government, but I suspect that its view will be that, in a normal year, it does not wish to extend the timetable for scrutiny, because

that would probably push the end stage of the budget past Christmas. The other way of doing it, and this is important for this committee as well as for other committees, is to know when the start date will be, so that we and the other scrutiny committees can plan. The main issue for other committees was that they had little time to plan their meetings. Some of them could not even get their Minister to attend so that they could ask him or her pertinent questions. If we knew in advance when they had to meet, it might help with timetables, diaries and so on.

[143] **Jenny Randerson:** I will start with a precise point. Halfway down paragraph 9, it says,

[144] ‘The Assembly amended the Standing Orders to accommodate the unavoidable delay’.

[145] It is my recollection that we suspended them rather than amended them. I do not recall amending them, so perhaps you can check that that is accurate.

[146] The second point relates to the timetable. Are Government officials content with some kind of extension of the timetable? I ask that question because this timetable was negotiated at great length with the previous Assembly Government during the writing of the Standing Orders. This was the longest timetable that we could push it to accept at that time; it wanted it to be shorter, and we pushed it to this amount of time. So, is it now content to make it longer? I want an assurance that we will not reach a hitch here.

[147] **Mr Summers:** I cannot give you that assurance, but I do not think that the Government is content to extend the time available for scrutiny in a normal year. That is likely to be its response. However, there is a normal year, and then there is a year like we had last year, when there was a comprehensive spending review. Such years come around every now and again, and I have suggested that, when we have additional work to do, such as looking at the CSR settlement, we might like to discuss a slightly different timetable for an exceptional year of that sort.

[148] In the next round, this committee is likely to be looking at any changes to the indicative figures that were made last time, because we know the amount that is coming from the Treasury, so the main thing that the Government and we can look at is the changes to the indicative figures, and that should not take nearly as long—I hope—as the last time around. However, in a CSR year, when we must look at the total quantum of the money available, we might need some additional time. That is why, in this report, we are recommending that we take a fresh look at that procedure, but not in a normal year. I should add that when we discussed this report in private, I did not sense any appetite for additional scrutiny time in a normal year.

[149] **Alun Cairns:** To clarify Jenny’s first point, a temporary Standing Order was introduced to see us to the end of that period. So, it was not a suspension, strictly, but an amendment.

[150] Does anyone have any comments on page 3?

11.00 a.m.

[151] **Joyce Watson** The last sentence of paragraph 13 is vague—it does not add anything, and it does not necessarily take anything away.

[152] **Mr Summers:** I am happy to consider the wording, Chair. By way of background, Members may recall that, when the Minister came to give evidence on the draft budget, he made the point that there was not a ‘One Wales’ programme and a specific programme for

Government—it was all one programme for Government. With the best will in the world, I believe that the ‘One Wales’ document was written to accommodate the agreement between the two political parties, and it was done towards the end of the summer recess. At the time when we had the draft budget, there was some confusion as to what the spending priorities of that Government might have been and how we were to interpret what was given to us with the budget.

[153] Ideally, in a normal world—and I am not being party political about this; I would say the same if I was talking to a private company—you should have a corporate plan, which should include objectives, and your spending priorities should be clearly and unambiguously related to the objectives. I am not sure that we are there yet with the devolved administration here in Wales, but we should be encouraging a movement in that direction. Therefore, that is why I included that bullet point.

[154] **Alun Ffred Jones:** Can we refer to paragraphs as we go through, Chair, because I am confused as to which page we are on?

[155] **Alun Cairns:** Yes, of course. Are there any additional comments on paragraph 13? I see that there are not. Are there any comments up to paragraph 16? I see that there are not. Are there any comments on paragraphs 17 to 22? I see that there are not. Are there any comments on paragraphs 23 to 27? I see that there are not. Are there any comments on paragraphs 28 to 32?

[156] **Angela Burns:** Paragraph 32 is very good, because I felt that that was a frustration. I appreciate that it is a fine line to walk, because it is not our job to govern or to tell the Government how to govern, but it is our job to draw attention to an area of concern, so I wanted to commend you for that.

[157] **Mr Summers:** Thank you.

[158] **Alun Cairns:** Are there any comments on paragraphs 33 to 38?

[159] **Jenny Randerson:** I am sorry, but I do not understand paragraph 34. Having read it about three times, I think that it could possibly mean two different things, so it needs some redrafting. However, as it is a complex issue, I am not sitting here with some kind of instant solution to it—it is a very dense paragraph.

[160] **Mr Summers:** I am happy to take a look at that and perhaps send a reviser around, through the clerks. What I am trying to say here is that, with the ‘take-note’ motion, currently, the Minister proposes a motion that the Assembly take note of the draft budget, and the Standing Order at that point says that Members can propose amendments. However, if one part of the budget increases as a result, something else has to decrease. What I have said earlier in that section is that that is rather confusing, because the Standing Orders do not define what we mean by ‘budget’. However, the Government of Wales Act 2006 makes it clear what it means for the Assembly’s role.

[161] What is before the Assembly for approval in a budget is a series of figures, or resource limits, for each of the ministerial portfolios—that is how the Assembly Government has decided to carve the budget motion up at present. What it does is specify maximum amounts of resource that can be used by the Assembly Government for each of those ministerial portfolios. That is what the Assembly is being asked to vote on. Anything below the level of portfolio is not, strictly, a matter for the Assembly; movements made up and down and between portfolios are a matter for internal Assembly Government procedures. Therefore, the Assembly’s only locus is to consider the budget motion at the level specified by the Government, which is the ministerial portfolio level. I do not believe that it makes

much sense, when you look at it that way, to be able to start swinging money from one ministerial portfolio to another.

[162] We can certainly express concerns. For example, we have looked at the foundation phase recently and, when that comes back, we may want to ask questions about how the money is being allocated within the various portfolios for that, to satisfy ourselves that the Government's objectives can be met. However, I do not think that we are in a position to say that the Assembly ought to be able to change the budget by moving things up or down. With the best will in the world, I do not think that the Assembly will ever be in a position to do that; it is for governments to govern. However, I will try to look at the wording, Jenny.

[163] **Jenny Randerson:** In that case, if that is what it means, I do not agree with it. Are you suggesting that we put in that we cannot include amendments to the draft budget that transfer money from one portfolio to another? That is surely the level—for Assembly Members—at which we could have the most meaningful input because, as Assembly Members who are not involved in the administration, it is too much to expect us to know that there is, let us say, £0.5 million unspent under one sub-heading that should be moved to another sub-heading. However, we might wish to make a fundamental decision to take £10 million out of roads and put it into health—it is at that level at which we work. Do I understand this correctly? If so, I do not agree with it.

[164] **Mr Summers:** That might be one view. However, the way the Act is worded means that the constitutional position is that functions are conferred on Ministers. Ministers, therefore, have powers and duties, and it is for them to decide how much money they need to exercise those functions, and they must justify that to us. It does not make any sense whatsoever to say that we demand that you spend more money on health or education, for example, and therefore we are going to be able to push the MEG up. The Act does not allow you to do that in any case and, even if it did and more money was allocated, the Act is worded in such a way that means that you specify a maximum that can be spent. There is no obligation that anyone can put on Ministers to use that money in a certain way within that. They could simply say, 'Thank you very much; we note that, but we are not going to spend that money to exercise functions on that level.'. That would not make sense when you take the constitutional position and look at the way that the Act is worded, which talks about maximum resources for portfolios.

[165] **Jenny Randerson:** Yes, but it could still be relevant; perhaps my example was not a good one. Let us say that we have a new Welsh language Measure and the Minister or the Government decides to put £10 million into the Welsh language. It could be possible that Assembly Members would say, 'I do not agree with that policy and, therefore, I do not agree with that maximum of £10 million.'. What do we do with the budget if we do not change a few things around that level?

[166] **Mr Summers:** At that point, your option as an Assembly is to vote to the budget down and refuse to approve the budget motion.

[167] **Jenny Randerson:** I am sorry, Ian, but we are then told by the Government, 'You have nothing constructive to say.', and, in that case, it would be right. We are told, 'You do not have any ideas about what to do with this and you are just voting against it as a matter of principle'.

[168] **Mr Summers:** That goes back to the delicate balance at the drafting point that Angela mentioned. Part of this committee's valuable role is to look at the Government's spending priorities, to ask questions and to make any reasonable points that we want to make about Ministers' spending plans and whether enough money is being spent. At the draft budget stage, that is exactly what our role is. It is then for Ministers to come back to respond

to those concerns, but I think it is difficult to express those concerns by saying, 'We want to change the budget by pushing one ministerial portfolio up and another down'. Constitutionally, it does not fit with the Act and even if we are able to do it, Ministers could still then say, 'We do not want to spend that much money, so we are not going to spend it'.

11.10 a.m.

[169] **Alun Davies:** I will just make a very brief point. I think that we have to protect the right of opposition parties and individual AMs to question the Government and Government spending, both in committee and in Plenary, as an Assembly as a whole. The right of opposition parties and individual AMs to oppose elements of the budget and to propose changes has to be absolute. However, I think that what we are dealing with here is something subtly different. What we are dealing with here is the separation of powers. If you have a Government that is accountable to the Assembly, that accountability is expressed not simply through the budget motion, but through the work that we do in this committee and in other committees in a different sort of fashion. I think that it is very difficult, therefore, with a separation of powers, to impose different spending priorities on a Government, unless you do that with the consent of the Assembly through the overall budget motion. While I sympathise very much with the points that you are raising, Jenny, I think that it is very much a point for the previous Assembly, under the previous settlement, and not for the new way in which we are moving forward post the 2006 Act.

[170] **Alun Ffred Jones:** We are dealing here with the process that this committee uses to deal with the budget, are we not?

[171] **Mr Summers:** There are two issues in this section. There is whether the Finance Committee's report is able to recommend changes to budgets at portfolio levels, up or down, and, secondly, if we continue with this take-note motion at the Plenary stage, whether changes should be able to be proposed then or not.

[172] **Alun Ffred Jones:** It would not make sense for the committee to deal with whether enough money had been spent in one area and not enough in another, because we would then be straying into the realms of policy making.

[173] **Alun Cairns:** Under the current arrangements, you will remember that we are not absolutely precluded from policy making. It is the financial issues that we generally talk about, and we have generally stayed away from policy making because it is possibly contentious, however, you will remember that, at the last budget, there were calls for money to be made available for disabled children and that was part of the budget report that the committee agreed, which went to Plenary. The Government questioned whether we could call for money to go into that area if we had not identified where that money should come from. This is what we are seeking to clarify.

[174] **Mr Summers:** I think that, in that regard, we had an instance of an aspect of expenditure that was a small part of one portfolio, or a relatively small amount spread over several portfolios. At that point, we were asking a reasonable question. It got tied up in a point of order at the end of the day, and I think that the whole reason why that happened was because we were not clear and the Standing Orders were not clear as to what we actually meant by 'budget'. The Act is clear on what is the purpose of the budget motion, so I think that we could have done exactly the same thing, looking back with hindsight, by asking questions such as, 'How is the Minister going to ensure that an appropriate amount of money, as expressed by Members, is going to be spent on that area?' I think that we could do the same thing with the example that we had on the Welsh language. I think that we can do what we want by asking questions, by expressing concerns and by pointing to ministerial portfolios. We can do all of that and write the report in the right way and then we would not

be in conflict with the Act or Standing Orders, but we would still get what we wanted out of it. That is the point that I am trying to make. We should do it by scrutiny, not by trying to amend a Government motion.

[175] **Jenny Randerson:** Could I come in?

[176] **Alun Cairns:** Before I bring you in, I would just like to clarify my understanding. I hope that it will be helpful. The Minister proposes the budget motion, but we do not have a debate on the budget motion, or it is not proposed that we have a debate on the budget motion. The debate is on the committee's report and that is why asking questions will allow the debate in the Assembly on the issues. The Minister will still propose the budget motion itself, which will either be accepted or rejected. I do not know whether that helps people's understanding.

[177] **Jenny Randerson:** We have to be careful about what we write here, because we are inviting amendments to Standing Orders that are of a fairly fundamental nature. We should bear in mind that the Standing Orders were written following the taking of a lot of legal advice from the Government and Assembly sides. They are written specifically to fit with the Act, so that they do not conflict with it. If we put this report forward, it will invite an amendment to those Standing Orders that will limit flexibility. We may choose to work one way or another, but an amendment will limit flexibility in the future. As Alun has just said, you will limit the rights of backbenchers. We need to be careful about doing this and putting it in this report in this way.

[178] **Alun Davies:** Could we have a note on paragraph 34?

[179] **Alun Cairns:** Yes, that is a useful way forward, because I cannot see us resolving this now. Can you give us some background on that?

[180] **Mr Summers:** We have not got to paragraph 35 yet, but it might help if I say something about paragraph 35. The Minister currently has two bites at the cherry. He has to stand up and propose a take-note motion on the draft budget. He then makes some changes and comes along with the final budget motion that cannot be amended. Then he has to seek approval from the Assembly for that budget motion, so, in effect, he is asking for that same thing twice. What I propose in paragraph 35 is a slight move away from that towards the Scottish model.

[181] In Scotland, the Minister introduces his budget and makes a statement when he does so, and then the Finance Committee of the Scottish Parliament scrutinises the budget and produces its report. The next debate in the Parliament is not on a take-note motion proposed by the Minister, but is on a take-note motion on the Finance Committee report, which is proposed by the committee, so the committee then has its hour in Plenary to debate that report. All of those types of things that we have just discussed come up in that Plenary debate on the Finance Committee's report. If people are concerned about too much money being spent in one place and not enough in another or about whether the money is being directed in the right way or is meeting ministerial objectives and so on, all of that stuff can come out in the debate on the take-note motion on the Finance Committee report. The Minister can then go away, as he would at the moment, think about what he wants to do, amend the budget if he sees fit and come back with the final budget motion. So, I think that the same thing can happen here.

[182] **Alun Cairns:** That is why I think that backbenchers' rights are not necessarily curtailed by the possible changes. However, I do not think that we will get absolute agreement on this at this stage. Ian, would you kindly provide us with a note on what we have just discussed, particularly on paragraphs 34 and 35, so that we can have a better understanding of

the reasons behind this and why it has been presented in that way. You already mentioned that you could look at how it is phrased and perhaps draft a proposal on that basis.

[183] **Mr Summers:** I will try to do that this afternoon and e-mail that to everyone.

[184] **Alun Cairns:** Is everyone happy with that being e-mailed around? I see that you are. It will be agreed at the next committee, I would think, but that will give us time to consider it.

[185] Are there any comments on paragraphs 35 to 38, and 39 to 43?

[186] **Alun Davies:** Is it the role of this committee to consider the work of the different ombudsmen or the different government offices? Is that for our committee rather than for the Audit Committee, which I would anticipate would deal with those areas? I am thinking about the examples here.

[187] **Alun Cairns:** We consider only their budgets.

11.20 a.m.

[188] **Mr Summers:** The reason I added that in is twofold. First, I think that independent offices are likely to be set up. We know that the office for the Commissioner for Standards will be put on a statutory footing and, subject to legislative competence arriving from Westminster, it looks like there is widespread agreement to create an independent Welsh language commissioner. These bodies, like the auditor general and the ombudsman, will be independent of Government. We will probably look at the budget in the same way as we look at the budget for the ombudsman, but there is a gap if all we get is a process whereby the Finance Committee looks at its budget, and there is no mechanism in place, unlike for the Assembly Government sponsored bodies and NHS bodies, for the governance arrangements to be looked at. This came to the fore as a result of the issues with the National Audit Office, my former employer, and expense claims that were being looked at in the media. The Public Accounts Commissioner of the House of Commons instituted an inquiry into the governance arrangements of the National Audit Office, and part of the problem was that there is no governing board for a body such as the National Audit Office. AGSBs and others have appointed members that will be able to oversee the organisation, but the auditor general and the ombudsman are corporation soles—there is no governing board.

[189] So, the issue is how you put in place proper governance arrangements that are acceptable in this day and age and according to any recognised standards. There are ways of doing that, and, indeed, the Wales Audit Office has done that by appointing an audit and risk committee that gives advice to the auditor general. If the committee was concerned about anything that the auditor general was up to, it could report to the Assembly, but that is done voluntarily. There are no mechanisms in place for looking at the governance of those bodies. So, just looking at the budgets, I thought that there was a gap, and it is worth raising that as an issue in a neutral way.

[190] **Alun Cairns:** Are Members comfortable with that? I see that you are. Jenny wants to come in on the recommendations in paragraphs 44 to 48.

[191] **Jenny Randerson:** It is a tiny point. In paragraph 44(iii), there is an 'on' missing. It should read provision of information 'on' in-year allocation. I was a teacher.

[192] On point 9, I infer, Ian, that you are suggesting this Finance Committee report debate in addition to other budget debates?

[193] **Mr Summers:** I am suggesting it as a replacement for the present debate that is

initiated by the Minister on a take-note motion of the draft budget.

[194] **Alun Cairns:** Before we go any further on this, this refers directly to the paper that Ian will prepare for our next meeting. It is the same point—paragraphs 34 and 35. So, I suggest that we discuss that at the next meeting.

[195] **Jenny Randerson:** Okay. I was just trying to get it clarified in the paragraph.

11.23 a.m.

Cynnig Trefniadol Procedural Motion

[196] **Alun Cairns:** Before we move on to item 4, I invite someone to propose that we move to a private session.

[197] **Alun Ffred Jones:** I propose that

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

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

*Derbyniwyd y cynnig.
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.24 a.m.
The public part of the meeting ended at 11.24 a.m.*