



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

**Y Pwyllgor Cyllid
The Finance Committee**

**Dydd Mercher, 11 Chwefror 2009
Wednesday, 11 February 2009**

Cynnwys
Contents

- 3 Ymddiheuriadau a Dirprwyon
Apologies and Substitutions
- 4 Goblygiadau Ariannol y Mesur Arfaethedig Caeau Chwarae (Ymgysylltiad
Cymunedau â Phenderfyniadau Gwaredu) (Cymru)
Financial Implications of the proposed Playing Fields (Community Involvement in
Disposal Decisions) (Wales) Measure
- 15 Ymchwiliad i Grantiau Addysg wedi'u Neilltuo: Cymdeithas Llywodraeth Leol
Cymru a Chymdeithas Cyfarwyddwyr Addysg Cymru
Hypothecated Education grants Inquiry: Wales Local Government Association and
the Association of Directors of Education Wales
- 30 Cynnig Trefniadol
Procedural Motion

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

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

Aelodau pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Plaid Cymru The Party of Wales
Angela Burns	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Chris Franks	Plaid Cymru The Party of Wales
Ann Jones	Llafur Labour
Val Lloyd	Llafur (yn dirprwyo ar ran Alun Davies) Labour (substitute for Alun Davies)
Nick Ramsay	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Norman Barnes	Cymdeithas Cyfarwyddwyr Addysg Cymru Association of Directors of Education
Dr Chris Llewelyn	Cyfarwyddwr Dysgu Gydol Oes, Hamdden a Gwybodaeth, Cymdeithas Llywodraeth Leol Cymru Director of Lifelong Learning, Leisure and Information, Welsh Local Government Association
David Lloyd	Aelod Cynulliad, Plaid Cymru Assembly Member, The Party of Wales
Richard Parry	Cymdeithas Cyfarwyddwyr Addysg Cymru Association of Directors of Education
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

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

Ymddiheuriadau a Dirprwyon
Apologies and Substitutions

[1] **Angela Burns:** Good morning, everyone. I welcome you to the Finance Committee on Wednesday, 11 February. I will just run through a few housekeeping issues. I remind you that you are welcome to speak in Welsh or English and that we have translation facilities available. Please switch off all mobile phones. If the fire alarm should go off, the ushers will

tell you what to do and, if necessary, direct you to the fire exits. Two of our committee members—Huw Lewis and Kirsty Williams—are running slightly late. We welcome Val Lloyd, who is substituting for Alun Davies, to the Finance Committee. Alun is not with us due to a family funeral and we would like to express our condolences to Alun and his family.

9.32 a.m.

**Goblygiadau Ariannol y Mesur Arfaethedig Caeau Chwarae (Ymgysylltiad
Cymunedau â Phenderfyniadau Gwaredu) (Cymru)
Financial Implications of the proposed Playing Fields (Community Involvement
in Disposal Decisions) (Wales) Measure**

[2] **Angela Burns:** I welcome Dai Lloyd AM, who has come before us today to discuss the financial implications of the proposed Playing Fields (Community Involvement in Disposal Decisions) (Wales) Measure that he is putting before us. We have some information on it, Dai, but I wondered if you might like to—

[3] **Ann Jones:** May I come in?

[4] **Angela Burns:** Sorry, Ann; I momentarily forgot that you wanted to do so.

[5] **Ann Jones:** Before we start the session, I put on record that both Huw Lewis and I sit on Legislation Committee No. 1, which is taking Dai's proposed Measure through. We have checked this out and there is no conflict of interest, so we will be able to play a full part in this and any other committee meeting.

[6] **Angela Burns:** Thank you very much for putting that on record, Ann.

[7] **Nick Ramsay:** May I put it on record that I also sit on that committee?

[8] **Ann Jones:** Yes, you are there as well.

[9] **Angela Burns:** There we are. This is an impartial committee, so we shall listen to you with open ears, Dai. Would you like to make an opening statement?

[10] **David Lloyd:** In terms of making a general opening statement, I was just going to concentrate on the simple, main point of my proposed Measure, which is that it is all about pre-sale consultation. That means local authorities writing to individual householders in the wards where the playing field that is potentially to be disposed is situated. The householders will be contacted by letter to explain what may happen to that nearby playing field. In other words, they will receive a summary of the impact assessment in letter form and it will include how the local authority would go down that road or not, as the case may be. This is citizen-focused consultation in its purest form, because this will be done before any final decision has been made by the authority. This is the stage before planning law kicks in. This is about pre-sale consultation.

[11] I was astonished to discover, a few years ago, that playing fields have no statutory protection whatsoever. Historic buildings, historic gardens and trees all have statutory protection, but playing fields do not. At the moment, just one part of the Local Government Act 1972 requires a local authority to advertise for a fortnight in the local press before disposal of a playing field. I would contend that that is absolutely no protection whatsoever. I will expand on the very important health agenda behind this proposed Measure at a later stage when it comes to the costings.

[12] As regards the costings, I realise that this is the Finance Committee, and I refer you to pages 22 to 25 of the explanatory memorandum for the estimated costs. You may well feel that they are incomplete, but that is not for the want of trying. Initial inquiries by my loyal Assembly Parliamentary Service support staff in preparing the explanatory memorandum elicited no replies whatsoever. As no responses were received with regard to the financial implications of this proposed Measure, we included a specific question in the consultation. The question was, ‘Will the proposals result in your organisation incurring financial costs? If so, what will they be (please quantify)?’ Of the 22 local authorities that received the consultation, six replied, as did the Welsh Local Government Association. Most of the replies were vague, in the ambit of, ‘Obviously, the proposals would impose significant costs’, but they could not provide figures. I am happy to go into further detail, but as an opening remark to set the scene, this proposed Measure will bring into scale, protection and law what is not there at present in a unique and novel way, because local authorities do not communicate with their citizens along these sorts of lines. What usually happens is that people wake up one morning to find a laminated pink notice strapped to a local tree or lamppost informing them that their beloved playing field is about to be flogged off. We are stepping back from that, or rather, we are stepping forward so that, before any such decision is taken, there is communication with the householders directly by letter.

[13] **Angela Burns:** Thank you for that, Dai. Based on your remarks, I would just formally register my disappointment at such a poor response from those who you asked for information in your consultation exercise. Being able to pass laws is an absolute privilege. Yours is a Member proposed Measure, as opposed to a Government proposed Measure, but either way, it is an absolute privilege to decide which direction the country will take. I am therefore saddened to hear that you were not given the courtesy of a reply from those who you asked for information. Whether people like it or not, giving simple information is part and parcel of making good law. For us to judge whether the finances are good or bad, we need that information, as, no doubt, does the Measure committee in making its decisions. I think that the lack of response is very poor, and through the vehicle of this committee, I want to tell the wider world that when we are looking at introducing laws, when the matter comes before the Finance Committee, I expect those who have been asked for an opinion to give good opinions and decent information so that we can make the right judgments.

[14] Now that I have finished my speech—

[15] **Chris Franks:** I would add my support to your remarks. We all know that local authorities have a lot of work to do, but it is important that we get the message through to them that they need to engage more with us. I am sure that many of us have difficulty in getting proper replies from local authorities, and they will say that they have other priorities. I understand that, but it is frustrating when we do not have responses from local authorities. We can perhaps take the matter up by other means with the WLGA and the individual authorities.

[16] **Angela Burns:** Thank you, Chris. Does anybody else want to make a point?

[17] **Nick Ramsay:** Just to add my thoughts to those of Chris Franks and yourself, Chair, for this committee to do the job with which it is charged, it is vital that we have co-operation from all sectors. As you say, we have now a process in which a backbencher has presented a proposed Measure in good faith and, for us to do our job, it is vital that we have the information.

[18] **Angela Burns:** Thank you. Given the difficulty of getting information, can you clarify what work you undertook to estimate the financial implications of this proposed Measure?

9.40 a.m.

[19] **David Lloyd:** There were several stages. I pay tribute to Torfaen County Borough Council as an honourable exception, because most of the finance brief is based on its detailed reply. So, it is exonerated from any criticism in this regard.

[20] To reiterate, initial inquiries were made on my behalf by APS staff before we constructed an explanatory memorandum to furnish the finance section with proper financial details. As I mentioned, no information was forthcoming following the initial inquiries, and that is why the specific question was asked in the consultation, namely, 'Will the proposals result in your organisation incurring financial costs? If so, what will they be (please quantify)?' Six local authorities replied, and most said that there would be significant costs but that they could not quantify what they would be. For example, Cardiff said that the costs could not be accurately quantified at this stage. The Welsh Local Government Association said that the process set out would result in an additional burden in terms of time and resources, but it did not provide any indicative figures. However, Torfaen County Borough Council provided a detailed estimate and breakdown in its consultation response, which it said was based on

[21] 'previous experience of consulting upon site development briefs and preparing planning cases for the disposal of Council owned playing fields'.

[22] So, it based its detailed reply on previous experience of similar potential disposals. The figures from Torfaen show that a single disposal was estimated to cost in the region of £10,000, plus printing and distribution costs associated with the preparation of any impact assessments. Therefore, Torfaen estimates £10,000 from its experience. It is the third smallest county borough council in Wales, so its experience is possibly not that of all county councils in Wales, but at least it has given us the benefit of its experience. It reckons that it costs £10,000 for a single disposal.

[23] The other important point is that the potential disposal of a council-owned playing field is not an everyday event. I think that there are 24 playing fields under threat at the moment in Wales, and they have been under threat for several years. If you divide that by the 22 local authorities, it equates to roughly one playing field per authority, and that is an ongoing situation. So, we are talking about one disposal every two to five years. If you multiply £10,000 for one disposal by 22 local authorities, that is £220,000. If you factor in that it will only happen once every two to five years, you end up with a figure of £88,000 per year for all authorities in Wales. I am quite willing to round up that figure to £100,000 if it makes people happier. So, the potential cost of providing this information is £100,000 for all 22 local authorities per year. There are ways of minimising that cost, and of bringing it down to zero. I realise that the Minister is very sensitive about the issue of cost, but it is important to note that is in the order of £100,000 or less, rather than being something that runs into several million pounds or is totally unquantifiable.

[24] Ultimately, I am talking about sending a letter to individual householders in the electoral ward that contains the playing field. Local councils are always communicating with their citizens at least annually as regards council tax and being on the electoral register. In other words, this information is already held by local authorities because they send letters to all 30 wards on a regular basis. I am talking about three wards at most here, and quite a few local authorities also send out newsletters. Therefore, such a letter as I am proposing should be sent could be combined with the council's glossy newsletter if people are very worried about costs. These are infrequent events, therefore the letters could be timed to be sent with the next council newsletter. So, I am happy to argue that the potential cost of my proposed Measure is £100,000 per year for local authorities, but authorities could potentially do this without incurring any additional costs.

[25] Although a summary of the impact assessment is required, they should already be preparing an open-space assessment under TAN 16, and they should already have health and wellbeing strategies in place, which covers the other part of the impact assessment namely the health and wellbeing assessment. So, I am not talking about new expensive pieces of work. As caring local authorities, they should already have these various strategies in place. They could co-ordinate it so that, when they send out their next newsletter or electoral roll call, my letter could also be sent out. So, I would be happy to argue that there would be virtually nil costs, but I am also happy to run with an estimated cost of £100,000 annually at most, if people are happier to have a figure on it.

[26] **Angela Burns:** Thank you for that. Did you want to pick up on that, Joyce?

[27] **Joyce Watson:** Yes, I had a series of questions, most of which you have answered. However, moving on and taking on board everything that you have said, most of the costs are estimates based on information that you have received from Torfaen, and we appreciate why that is, as you have explained it, but it could be argued—and, indeed, it has been—that they are broad estimates from a single source, and so we cannot assume that the estimates provided by Torfaen will be typical of all authorities in Wales. Has any work been conducted to ascertain how variable these costs could be for different authorities?

[28] **David Lloyd:** We have made inquiries of the local authorities, even when they did not answer the specific questions. I have been a local county councillor in Swansea for years, and I know of the pressures on local authorities that Chris Franks mentioned. If they see a new piece of work coming along, the natural tendency is to raise their hands in horror and say, ‘Oh my God, it is an additional burden and cost’, without quantifying it. I am happy to run with Torfaen’s estimate, because it was the only authority good enough to supply me with an estimate of costs. If people are unhappy with that situation, I ask that they please answer the consultation question when it comes along. They should not complain when I base my financial estimates on Torfaen County Borough Council’s brave attempt to answer the question, for which I am truly thankful; otherwise, the explanatory memorandum might be a bit bare and would not run to three pages.

[29] I also wish to mention Denbighshire County Council in a favourable light, because it made the point that I have already raised, namely that these are not issues that will arise every day of the week. It was happy to say that it would expect such a situation to arise only once in the term of a local authority. So, any potential costs associated with sending out a letter should be weighed against the fact that it would be a pretty rare event, and could be co-ordinated with other post being sent to local council tax payers.

[30] We are where we are with the details of the costings, but, for the reasons that I mentioned earlier, I am happy to run with £100,000, based on Torfaen’s estimates and on the wider explanation that open-space assessments should be in place if local authorities are serious about their open spaces. They should certainly have a health and wellbeing strategy in place, because that has been in guidance for a long time, as well as the infrastructure to send a letter to all the electors in a ward, or even to all 30 wards in their council areas. I will not get bogged down over the cost issue, because I am happy to defend this as having virtually nil costs. If local authorities are sensible, and I am sure that they will be, they can be proud exponents of this. They could co-ordinate any mailshot with current mailshots targeted at local burghers.

[31] **Angela Burns:** Chris, I think that you wanted to come in, and then Val.

9.50 a.m.

[32] **Chris Franks:** I want to move away from the costs at this stage. Why do we not just

rely on the local authorities to use their judgment? Why are we talking about costs? It is an authority's playing field, so it should decide whether it should be built on. Why should we worry about the costs?

[33] **David Lloyd:** Indeed. I am quite happy to argue along those lines, but I remind the Member that we are in the Finance Committee and so we worry about costs and finance. In the health committee, we worry about health matters, and in the local government committee, we worry about local government matters. I take on board the philosophical point, because I come to this proposed Measure unashamedly from a health background. We have a rising tide of obesity, and diabetes has had to be renamed because of it: we used to have a form called 'maturity-onset diabetes' because it appeared only in people who were aged over 60, but now that it is appearing in teenagers we have had to change its name to 'type-2 diabetes'. So, the rising tide of obesity, with the associated heart disease and all the rest of it is an immensely serious issue. Poor diet and smoking have a part to play, but a major factor is physical inactivity. We have to make it easy and cheap, preferably free, for people to run around playing all sorts of sports, or just to run around, frankly. We have brave talk about joined-up thinking between health and social services bodies and everyone in local government. We say that we have to tackle this impending obesity epidemic so let us have some joined-up thinking; here is a sterling example of joined-up thinking if people agree with my proposed Measure on playing fields.

[34] This is not intended to halt the development of a playing field; it is just intended to give local residents a say before the decision is taken. There is no sham consultation here, as happens so often once we are into the planning phase. Before planning kicks in and before the decision of what to do with a playing field is taken by the local authority, the local population is being involved in the decision-making process and can influence the decision. That is fairly novel, as it does not seem to happen an awful lot. The beauty of this proposed Measure is that it proposes proper citizen-focused consultation. If the local residents subsequently decide to build a leisure centre on it or whatever, that is their decision, but this proposed Measure is just about giving people the right to a meaningful consultation.

[35] **Val Lloyd:** It clearly has very worthy aims, taking people with you and getting the views of those living adjacent to the fields. The question that I was going to ask has been answered, I believe, but I want to hear, for the record, that you are content that what you refer to as minimal costs can be found from within the local authority budget.

[36] **David Lloyd:** I am happy that local authorities in Wales are, fundamentally, doing this work already or should have done it. Open-space assessments are required under technical advice note 16, although, disappointingly, they are not mandatory. TAN 16 was published last week, and I was expecting to see a mandatory requirement to carry out an open-space assessment. However, it is not mandatory, and I think that that relative failure strengthens the case for this proposed Measure. If a local authority is serious about knowing its local areas, where its playing fields and leisure facilities are, it should already have carried out an open-space assessment in the expectation that the requirement would be mandatory under TAN 16. Authorities will already have carried out a health and wellbeing assessment, too. I want to see every household receiving a summary of those two assessments in a letter. The costs are already covered by the system, including the translation costs given that local authorities are subject to the Welsh Language Act 1993 as it stands.

[37] **Val Lloyd:** The Minister also pointed out that your proposed Measure would apply equally to community and town councils, whose budgets are somewhat different from a local authority's. Concern has been expressed that the cost of compliance may be quite prohibitive for those sorts of councils. How do you expect such bodies to meet any potential costs arising as a result of the proposed Measure?

[38] **David Lloyd:** This is a difficulty. Town and community councils are included in the same breath as county councils here, but my intention was not to make it difficult for town and community councils. My proposed Measure is aimed purely at county councils because they are also planning authorities and it is about having a meaningful consultation before any intended disposal. Community councils, as you know, are not planning authorities, and those that I know of tend to be fiercely protective of any playing fields in their community. So, I do not foresee an issue; however, it is a difficulty should a community council find itself in this position. I do not expect any community council worth its salt to be in the situation of wanting to dispose of a playing field, because local residents make their feelings known most vociferously, usually via the community council. However, they are only consultees in the planning process and are not the planning authority. So, the idea of the proposed Measure is to give planning authorities a reasonable idea of what local residents think about a potential decision to dispose of land.

[39] **Joyce Watson:** I would like to press you on this a little more. I am interested in the assessment that you have just given, because I can cite a case in Pembrokeshire in which playing fields on a prime site, which came under the remit and responsibility of the town council, were sold and that site is now a shopping centre. The council sold the fields against huge protestations from the local people, and so I must take issue with what you have just said. Following your statement, what sort of investigation have you carried out to find out how many community councils, as opposed to county councils, are responsible for playing fields? Are you aware that an awful lot of county councillors, in Pembrokeshire, for instance, have transferred the responsibility for playing fields from their remit over to community groups? Are you therefore aware of how onerous this proposed Measure might be for a community group should it wish to move a facility elsewhere, say, perhaps because it had combined its resources with those of another community group?

[40] **David Lloyd:** I take all those issues on the chin, and different community councils have different views. As I said, the main point of my proposed Measure is to afford local residents the courtesy of a meaningful consultation. That does not happen currently; people wake up one morning, once the disposal decision has been made, to see a laminated pink planning application fixed to a tree or lamp post down the road. There will then be a campaign against that decision, because people will think that it is a stitch-up as the consultation under current planning law is a sham. We must move away from that, and, as a former county councillor in Swansea, I know that local authorities always get the rough end of the stick. This is an attempt to help local authorities to come over as meaningful engagers of the local population, as they are meant to be. We see many straplines about being citizen-focused and putting the needs of the citizen first and all that sort of stuff, but it never seems to happen. This affords a genuine opportunity to local authorities to do that.

[41] I happily take on board the fact that certain community councils can flog off land contrary to the wishes of local residents. That is one reason why we must have a Measure such as this. As I mentioned at the start, there is no statutory protection for playing fields, which is completely unsatisfactory given that we have preservation orders for trees and historical gardens and all the rest of it—which are untouchable—but not playing fields. The proposed Measure will not render playing fields untouchable either, but at least the local population will get a grasp on what is going on instead of waking up one morning to find the JCBs rolling in.

[42] I fully take on board what you are saying. One Voice Wales is not happy with this proposal for all the reasons that you both alluded to, but, at the end of the day, the health crisis and the obesity epidemic are so important that, to be frank, trying to argue against greater community involvement on such an important issue on the grounds of cost does not convince me.

10.00 a.m.

[43] The town council to which you alluded would doubtless have recouped the cost many times over from such a shopping development. I will not lie awake at night worrying about the costs incurred, because the issue is so vitally important to the nation's health, which we all keep talking about. Everyone writes about it in their publications: it is in Welsh Assembly Government guidance, 'One Wales', Plaid Cymru publications, British Medical Association publications, and even Welsh Local Government Association guidance, which says wonderful things about playing fields. I am trying to institute a Measure that might bring about a single, additional hurdle to make it potentially more difficult to flog off a playing field without the residents knowing anything about it, and everyone is up in arms. I do not buy it, and I will not be sunk by any fatuous comments—not from you, but from community councillor colleagues—about the potential costs. The potential costs involved in saving our playing fields are far outweighed by the benefits that we will reap as a nation.

[44] **Angela Burns:** Thank you. Chris, I think you want to talk about capital funding.

[45] **Chris Franks:** I was enthralled by our witness.

[46] **Angela Burns:** It was a passionate discourse.

[47] **Chris Franks:** You mentioned your long and distinguished service as a county councillor—

[48] **David Lloyd:** Not so much distinguished, but yes, it was long.

[49] **Chris Franks:** A lot of funding for capital projects comes through realisation of capital assets—sometimes playing fields, sometimes other assets. If more obstacles were placed in the way of disposing of surplus playing fields, that could have a big impact on capital receipts, and therefore we would not be able to rebuild our schools, leisure centres and other important infrastructure. What do you say to people who take the line that you are putting another roadblock in the system, and will help to prevent the regeneration of some of our communities?

[50] **David Lloyd:** Those are matters for planning law, which kicks in after the decision has been made to dispose of a playing field. As I keep saying, I am interested in pre-sale consultation. People ask me why I keep referring to that, and it is because this proposed Measure has nothing to do with planning law. In other words, I never get into this argument. This legislation is about a truthful and timely consultation with involved residents, so that they know what is going on. They may well agree that a leisure centre should be built to replace a vandalised playing field, but my proposed Measure would mean that they at least had the right to know before a decision was taken. The residents may well agree with any proposal—they may say that a development should go ahead, and that an executive housing development or a prison would be a good idea. They may well say that, but that is not part of the proposed Measure. It is about letting people know what is going on before it actually happens. That is a novel concept, not just in local government, but in national Government.

[51] **Ann Jones:** Looking at the impact assessment in section 3—and particularly section 3(4) of the proposed Measure, which you now know off by heart—it 'may take into account any alternative provision of playing fields'. Does that imply that that is not a duty placed on local authorities, and that the consideration of alternative provision and the resultant costs estimated by the wonderful Torfaen County Borough Council is a matter of choice?

[52] **David Lloyd:** The issue was to flesh out a brief summary in the letter to the householder in terms of the impact assessment, which includes an open-space assessment.

You may well have one playing field just down the road from another, and that will affect the impact. The local authority may well point that out to people in case they are unaware. Similarly, it may be that there is a leisure centre just down the road from three playing fields, and there may be a proposal to develop one or all of them: what do people think about that? That is the context. This is also about fairness from the point of view of the local authority. We have been cognisant of the argument that Chris put forward, that there is a potent financial reason for development, and I am not moving away from that.

[53] However, the impact assessment is just about pointing out to people that there may be a playing field here, but there may be two playing fields down the road and a leisure centre over there. In other words, the open-space assessment should have given people, including the local authority, a fair idea of where their playing fields are, so that everybody can make a rational judgment as regards the future of one particular playing field based on knowledge of what is available in the whole area. That is in the interest of providing balanced information.

[54] **Ann Jones:** I am going to have to mention Torfaen again. If we had a pound for every time we said 'Torfaen' we would be rich. [*Laughter.*] Torfaen council estimates a cost of £35,000 for a full sports and recreation study to ascertain the overall provision of playing fields, presumably in its area. It is suggested that that would not have to be done every time, but how often do you think that should be updated?

[55] **David Lloyd:** It depends on local circumstances. I know that Torfaen council, excellently, has quoted me a figure for an impact assessment, but that work should already have been done. So, Torfaen council says that it will cost £35,000; I am quite happy to run with whatever costs have been incurred up to now, because those assessments should already be in place because of the open-space assessments under TAN 16 and the health and wellbeing strategy. That is how I move away from the cost of £35,000; that work should already have been done. Torfaen council has been extremely helpful, but these are rare events. If the proposal first appeared 10 years ago, there would be a need for a reappraisal, but something should already have been factored in to the open-space assessment, which is part of TAN 16. It would require an update if no disposal had occurred.

[56] **Ann Jones:** Do you see the open-space assessment as being different to the full sport and recreation study or do you think that those two could be linked? I think that local authorities will probably think that they can link them.

[57] **David Lloyd:** Yes, they are linked. The impact assessment that I am talking about—and I am not talking about the full bulky document being sent to every household, but a summary in a letter—is a combination of the open-space assessment, regarding the number of playing fields and leisure facilities locally, and the health and wellbeing strategies, which are also in place in local authorities. Therefore, the impact assessment relates to the local health and wellbeing strategy and how all of this would fit in with it. Building on the local playing field and tarmacking the whole neighbourhood might well be a valuable contribution to health and wellbeing—I cannot see it myself, but some people would argue along those lines. In other words, the impact assessment that I am talking about is work that should already have been done, because it is a combination of the open-space assessment, under TAN 16 and the health and wellbeing strategies that local authorities should have had in place for years.

[58] **Mohammad Asghar:** Dai, thank you for the brief on the proposed Measure. My personal view is that it is a crime to sell off a school playing field. You have been arguing for parents and residents to be consulted. Residents are one thing, but we have not yet mentioned the parents of the children who would be directly affected. We have been saying a great deal about cost. Given the concern expressed about publication in the press and the associated costs, have you considered alternative means for advertising the impact statement?

[59] **David Lloyd:** ‘Yes’ is the straightforward answer. I pay tribute to my loyal team at this point; I am merely a mouthpiece in that I have Gareth Williams behind me as well as Alys Thomas from the Members’ research service, Paulene Cunningham, who is a researcher, and Joanest Jackson from legal support. They have done all the groundwork on this. As I say, I am merely a mouthpiece, and all the hard work is done paddling below the surface. However, yes, we considered other possibilities. The title of the proposed legislation is the Proposed Playing Fields (Community Involvement in Disposal Decisions) Measure. Community involvement in disposal decisions is the crux of this. Not only is there no statutory protection for playing fields at the moment, but people find out that their local playing fields are going by waking up one morning to find a planning notice on a lamppost. That is it. People could miss the fortnight’s notice given in the local press, which will be placed right next to the racing results, when they are away in Marbella or wherever. Therefore, there is basically no community involvement in the disposal decision, because the decision has been made by the time that planning law kicks in.

10.10 a.m.

[60] The next question that we came to as a team was: how will we tell individual householders about this impending consultation? We felt that the simplest way is to write to each householder, because if you have a public meeting, not everybody is guaranteed to turn up or even know about it, and if you put it online, not everybody will be able to access it because not everybody has a computer. These playing fields are sometimes in quite deprived areas. I can think of playing fields that are under threat here in the city and county of Cardiff, in areas where I would not expect the majority of the local residents to have a home computer. So, yes, we thought about alternatives but, at the end of the day, the most reliable form of communication is a simple letter to the house, as county councils are already used to communicating with their local burghers in that way. The infrastructure is there to send a letter to people in the ward, because councils already do so, at intervals, be it the council’s glossy newsletter, a council tax demand or an update on the electoral roll. So, the infrastructure is there, and it is just a matter of bashing a few buttons.

[61] As I said earlier, these are infrequent events, and they can be timed so that they go out the next time the council newsletter goes out, for instance, in that particular ward—I am not talking about the whole county council area; just the involved ward. There is a list of statutory consultees, namely local sports clubs, local schools, Fields in Trust, the playing fields association, and local health bodies. As I said, this is about joined-up thinking, so the list of statutory consultees involves general people, but the most important people on the list are those who never to get to hear in time, and those are the local residents. That is the whole point about this. This is just about sending a letter to the involved residents’ houses. That is all that I am talking about, and I will deny any attempt to embarrass local authorities financially in relation to the cost of a franked envelope.

[62] **Angela Burns:** Nick, did you want to ask a question?

[63] **Nick Ramsay:** Yes. You have covered a lot of what I was going to ask in relation to what the Minister for Environment, Sustainability and Housing said about your proposed Measure, Dai. On TAN 16, very few local authorities have produced open-space assessments so far. Do you accept that there will be additional costs related to collecting the information required? From what you have said so far, I think that you do, because those open-space assessments do not cover exactly what you have been talking about.

[64] **David Lloyd:** I accept that, but there is good practice in local authorities, and they should have already carried out an open-space assessment if they are in any way serious about the potential disposal of a playing field anywhere within its county boundaries. They should not embark on a consultation on a proposed disposal of a playing field on a whim. They

should think long and hard about it. It is recognised now because we have been talking about TAN 16 and amendments to it for many years—since the former Conservative Member Lisa Francis’s section 31 debate on tightening up TAN 16 in the last Assembly. The promise then was that an open-space assessment would be mandatory in TAN 16, and I was fully expecting it to be so, because that makes perfect sense and is totally in line with what Lisa Francis’s debate was all about all those years ago. I am disappointed that there is not now a mandatory requirement in TAN 16 to have an open-space assessment. That makes it more important for this proposed Measure to be successful, because people need to know what is going on, and the impact assessment and open-space assessment is part of that needing to know. If a local authority is in any way serious about potentially disposing of a playing field, it should already have that open-space assessment up and running, because it needs to defend its corner, or explain its rationale for disposing of a playing field, and a potential rationale would be that there are three playing fields in a ward, not all three are needed, and a new school or new leisure centre is needed. That would be part of the open-space assessment. I am asking local authority leaders or chief executives not to wake up one morning and suddenly think that they want to flog a playing field on a whim, because the decision should not be made on a whim; it should be a measured, cultured decision, based on evidence, and part of that evidence should be an already formed open-space assessment.

[65] **Nick Ramsay:** The open-space assessment and the impact assessment are different. You could not just have the open space-assessment. The Minister herself has said that an authority will be faced with the additional cost, aside from that assessment, of doing the impact statement, so there is a significant extra cost.

[66] **David Lloyd:** There is a potential cost, but only if that local authority does not have a health and wellbeing strategy in place, which is the other part of the impact assessment. We have been waxing lyrical about health and wellbeing strategies for a few years, so a local authority would be negligent if it did not have a local health and wellbeing strategy in place. In other words, it would already have incurred those costs. The impact assessment that I am talking about here is a combination of the open-space assessment—where the playing fields are—and the impact on people’s health and wellbeing locally. The local authority should already have that information, because it is part of its health and wellbeing strategy.

[67] **Angela Burns:** Dai, I would like to ask a question on the costs that Torfaen—as it seems to be our benchmark—has put forward. Did it include any cost for producing the impact assessment in both Welsh and English, and translation costs?

[68] **David Lloyd:** I presume that it did. I have already alluded to the fact that, under the Welsh Language Act 1993, there are statutory obligations when communicating with the public. So, I can only presume that those costs are included. Local authorities usually have in-house translators or, at least, know how to outsource translation regularly. Therefore, that, again, is not a novel request. There should be structures in place to deal with that.

[69] **Angela Burns:** Thank you. Ann, I think that you wanted to ask a question.

[70] **Ann Jones:** You have scheduled a list of statutory consultees, many of which are public bodies. Is it intended that those bodies should meet any financial implications of the Measure from their existing budgets, or are you proposing a pot of cash?

[71] **David Lloyd:** I was not proposing a pot of cash, but I am quite open to suggestions. As I have said in other meetings on this Measure, I am a flexible type of guy. This is so important that costs will need to be borne. The Sports Council for Wales quoted a cost of around £2,900 as a statutory consultee. That is a legitimate use of the Sports Council for Wales’s budget, because we need those statutory consultees to respond statutorily. A cost will accompany that. So. £2,900 to be met from its allocation would be justified, for example.

[72] **Ann Jones:** Okay. Thank you.

[73] **Joyce Watson:** We have spoken so far, quite rightly, about consultation. However, there are two parts to the consultation relating to this proposed Measure. The other concern expressed by consultees is that there would be a requirement to send the impact statement to all households in the relevant wards. We have already spoken about those. However, a decision statement would have to go out. So, you have done your consultation, you have a decision and then you have to inform people of that decision. I appreciate, as we all do, that you have made forcibly and clearly your argument that it can send out the first part of the requirement to let people know—because it will not sell a playing field overnight—if that is what it wants to do. The other side of that is informing people of that decision. It is argued that there would be additional costs associated with that. Have you considered alternative methods for making households aware of the decision?

[74] **David Lloyd:** Again, the answer is ‘yes’. The loyal team that I paid tribute to earlier has spent practically every waking hour considering these issues. However, going back to Chris’s point, I am quite happy to give local authorities the freedom here with regard to the way in which they inform local householders individually—I still prefer that—in the form of a letter, but it could be included as part of the next newsletter that it would send around anyway. In other words, there could be some sort of creative thought. This is about meaningful engagement with their people. Local authorities are best placed to know, for example, how many people are online, or whatever. I would still prefer the issue to be brought directly to the attention of the householder, but it can be done creatively. It could be done in conjunction with the next council tax demand, the next letter regarding electoral roll registration, or as part of the council newsletter. That is my rebuttal to the argument that we are going to burden every county council with the huge financial cost of writing to a fraction of their populations. I think that local authorities have the ability to think creatively and therefore, the next time that they send out some missive to gallant council tax payers, perhaps they should countenance sending out the results of the consultation as well.

10.20 a.m.

[75] **Joyce Watson:** You quite rightly put this as a cost-benefit analysis of health and put the onus on local government. In terms of trying to sell or retain a playing field that clearly has beneficial outcomes for health, have you looked at a partnership approach, with health bodies and local government playing equal parts in bearing the cost?

[76] **David Lloyd:** There is potential for that because the local health bodies are statutory consultees in the proposed Measure and therefore they will incur their own costs. There are costs in terms of stamps and other postage costs, and I should have probably included the Royal Mail as a statutory consultee because most of it is down to the cost of envelopes, stamps and so on. However, at the end of the day, the health bodies will be fully engaged because they are statutory consultees.

[77] This is a magnificent example of cross-portfolio working. I went into local government because I knew, as a health professional, that the greatest impact on health comes from outside the NHS—it comes from local government because that is where we do housing, planning, public transport, environmental health, and all those sorts of things. That is the rationale for a GP being a county councillor, and most people who are involved in local government know that they are making a fundamental contribution to the nation’s health and wellbeing. This proposed Measure will give them the lead role to actually prove that to the nation. So, instead of bickering about the costs, they can actually stand up and say, ‘Yes, we actually can lead on health’.

[78] I was reading the *British Medical Journal*—as you do—a fortnight ago and there was an article in it on devolved health policies. The Welsh Assembly Government was given glittering praise for being the only Government in these islands that thinks about health outside the NHS and thinks of the wider determinants of ill health. The Welsh Assembly Government was afforded a huge pat on the back by august consultants and doctors who are not normally prone to giving pats on the back to the National Assembly for Wales. That was purely because this nation thinks about health in all its forms—not just the NHS, but the factors that make you ill in the first place. One of the main factors in ill health is the fact that we do not exercise enough. Physical inactivity is one of the scourges of our days, which is why I look forward to more Assembly Members playing rugby this Saturday morning, for the National Assembly for Wales’s rugby team, against the House of Commons. Some of us will be in that team, preaching what we are going on about here—

[79] **Ann Jones:** Practising what you preach, not preaching surely.

[80] **David Lloyd:** I will be preaching as well if somebody does not give me the ball. [*Laughter.*] At the end of the day, this is local government’s contribution to the wider health agenda and it should embrace it in full.

[81] **Angela Burns:** Does anybody else have any further questions for Dai? I see that you do not. Dai, may I thank you for coming before the Finance Committee? It has been a pleasure to listen to someone speak with such passion and conviction on an issue. We will be discussing your answers to our questions and preparing a report and, of course, you will be told of the outcome as soon as we have reached our conclusions.

[82] **David Lloyd:** Thank you, Chair, in return, for your kindness and indulgence. For someone who is naturally timid and shy in public, as you will be aware—[*Laughter.*]

[83] **Angela Burns:** That was my concern.

[84] **David Lloyd:** This has made a valuable contribution to my assertiveness training, so I value being here this morning. Thank you very much indeed.

[85] **Angela Burns:** We shall take a leaf out of your book. Take care and thank you very much.

[86] I would like to call a break for five minutes to grab a coffee because there is no heat in this room because the boilers have broken. We will reconvene in a few minutes with the Welsh Local Government Association and the Association of Directors of Education in Wales.

*Gohiriwyd y cyfarfod rhwng 10.25 a.m. a 10.32 a.m.
The meeting adjourned between 10.25 a.m. and 10.32 a.m.*

**Ymchwiliad i Grantiau Addysg wedi’u Neilltuo: Cymdeithas Llywodraeth Leol
Cymru a Chymdeithas Cyfarwyddwyr Addysg Cymru
Hypothecated Education grants Inquiry: Wales Local Government Association
and the Association of Directors of Education Wales**

[87] **Angela Burns:** Welcome back to the meeting of the Finance Committee. I welcome Dr Chris Llewelyn from the Welsh Local Government Association. Chris, please introduce the people with you today.

[88] **Dr Llewelyn:** Thanks for the opportunity to present evidence to you this morning. I

will allow my colleagues to introduce themselves—they are from the WLGA and the Association of Directors of Education in Wales.

[89] **Mr Parry:** Good morning, Chair. My name is Richard Parry, and I am the director of education in Swansea. I am the lead director for children and young people, the chair of the Association of Directors of Education in Wales and the chair of our finance committee.

[90] **Mr Barnes:** Good morning. I am Norman Barnes from Swansea, and I am an education finance manager.

[91] **Ms Seabourne:** I am Daisy Seabourne from the lifelong learning team at the WLGA.

[92] **Angela Burns:** Thank you. You are here today to discuss grants in the education sphere. Before I ask the opening question, would you like to make a brief statement on your views and the paper that you submitted?

[93] **Dr Llewelyn:** I will kick off by addressing that point. The WLGA's long-standing position on specific grants is relatively clear, so I can be succinct. Our view is that the Assembly Government sets a strategy nationally and local government delivers policy locally, taking into account local circumstances, so that when it comes to funding, we would like to see as much funding as possible going through the revenue support grant so that local authorities can distribute it locally as they see fit. We recognise that in some instances, it is important to have specific grants when new policies are being introduced for which it is difficult to assess the costs and implications. Also, as initiatives are rolled out, we need to ensure that they become embedded and that they take effect—there may be instances in which we need to review the impact of specific grants, and we recognise that they may need to be sustained.

[94] This position is also covered by a range of formal agreements between local government and the Welsh Assembly Government that are embedded in the partnership process; there is the consultative forum on finance, the distribution sub-group, the expenditure sub-group and so on. There are also other, less formal agreements, such as the grants protocol and the Essex-Jones agreement, and there is an ongoing dialogue between local government and the Minister for local government, and between different elements of local government and relevant Assembly Ministers, with an overview of the developing position.

[95] Our view of the current arrangements is that there are too many specific grants and that we would like to see the process rationalised for a range of reasons. There is an administrative and bureaucratic burden that arises from the large number of specific grants, and in the current climate we collectively have the responsibility of securing the best value from the funding that is going in. Our assessment is that the current arrangement is not working as effectively as it could. There is a shared understanding of the underlying principles that I outlined at the outset, but where we depart is on how those principles are implemented, and, as I stated, at the moment, we have too many specific grants, and we would like to see some progress being made towards some kind of rationalisation or consolidation. As we indicated in the paper, that discussion is taking place. We recognise that the Assembly Government wants to ensure that its policies and initiatives are implemented locally. At the same time, we believe that local government needs the discretion to take local circumstances into account in implementing those policies. We are not a million miles apart, but the current situation needs to be reformed.

[96] **Angela Burns:** Thank you for that. May I ask you to clear up one matter of confusion? The Minister for Children, Education, Lifelong Learning and Skills provided details of some 38 grant schemes, a local authority put forward a list of some 50-odd that it had, and in your paper you referred to some 100. Although they are not all necessarily

directly from the Welsh Assembly Government, there is a lot of overlaying and interlinking between all these grants. Can you explain how you get to your numbers and how we can get some clarity on this?

[97] **Dr Llewelyn:** Getting clarity on this is difficult and, in a sense, this highlights the problem. We have identified the grants that local authorities must deal with in providing an education service, but, as you indicated, not all the grants come from DCELLS. I suspect that, when the Minister was referring to the number of grants that she was aware of, they were the large grants that DCELLS provides directly, but that she did not take account of grants provided by other Assembly Government departments or of the smaller number of grants that derive from the DCELLS main expenditure group. That highlights the problem, because it is difficult to provide an authoritative list of grants. The truth is that I do not think that anyone can say, hand on heart, 'This is the exact number'. We have compiled a list that emphasises the point in terms of the complexity of the process, but it may be that there are other grants that we have not included. Authorities receive grants from different Assembly Government departments and from other areas, all of which add to the bureaucratic burden. This highlights the need for rationalisation and some kind of consolidation.

10.40 a.m.

[98] **Mr Parry:** The figure of 38 rings a bell. We produced a position paper from directors of education about six to nine months ago, which outlined a whole series of aspects, including the need to focus on grants and the associated bureaucracy, and, at that stage, one of the authorities had identified 38 grants, so it is possible that the Minister has picked it up from that. We have done more work since then, and you are now getting a slightly different picture, which is changing almost daily sometimes at a local authority level. I hope that that helps.

[99] **Angela Burns:** Chris, do you want to ask about the number of grants?

[100] **Chris Franks:** I must admit that I find it very perplexing that no-one seems to know how many grants there are. I would accept a variation of plus or minus a couple, but the fact that no-one knows exactly how many there are indicates that the system has grown out of control. It is a bit disturbing that we have this situation. I have a list of grants from a council that fills a page. So, how does a poor headteacher cope with this situation? How does the overworked education department cope with this avalanche of bids that it must make?

[101] **Mr Parry:** I will give a couple of examples. We have a small number of very large grants, and a large number of very small grants, and the large number of small grants is what can create difficulties. In Swansea, as in other authorities, we are in the process of looking at how we implement the children and young people's plan. One thing that I am working on with others is how we can address the impact of poverty. Cymorth, the RAISE grant, Communities First and so on are elements that combine to form a way forward. Therefore, at local authority level, we have to try to make sense of this large number of grants in order to fit the criteria required by the Assembly Government as grant conditions while trying to address the individual priorities that have been identified within the local authority. That can prove to be quite difficult to achieve. For example, with regard to addressing poverty, which is obviously a major drive on the part of the Assembly Government, with a duty being imposed in future, there are things that I can do at my level, but I am unlikely to know what is going on at the level where, for example, £50,000 is going towards the development of a counselling service. That means that decision making may be going on at a level that is not appropriate for the overall direction in which things are moving at a more strategic level.

[102] With regard to how that affects schools, it can vary depending on the nature of the grant. We are quite clear at a local authority level—an education department level—that, over the past few years, we have had to increase the number of people involved in monitoring

grants and sending in returns by at least one full-time equivalent person, perhaps more. Within schools, it depends on the nature of the grant itself. For instance, a degree of accountability existed for the class-size grant, which has now been subsumed into the revenue support grant. That worked quite effectively and was quite simple. With the foundation phase, there is a requirement to account for an increase in learning support assistants and so on, which is proving to be quite onerous in terms of what we have to do to respond. Therefore, it will vary for individual schools and, again, what individual schools are trying to do is exactly the same as what the local authority is doing, which is to make sense of the 100 or so grants and work out how to direct them towards what they need. However, much of this is ameliorated before it reaches schools in order to offset the bureaucratic requirement.

[103] **Ann Jones:** From what you have said, Mr Parry, I am unclear as to who adds that additional bureaucracy to the grant process. Is it the local authority when it draws the grant down? You said that, in addressing poverty, you may not know what is happening on the ground. Surely, as director of education, you should be fully aware of schools where deprivation is a particular issue and fully aware of how education is being delivered to meet certain standards. Therefore, who is creating this bureaucracy?

[104] **Mr Parry:** The bureaucracy with regard to the grants stems from a variety of things. As director of education and lead director of children and young people, I am fully aware of the impact of poverty in a range of areas in Swansea and we are addressing that. We know where standards are not being raised and the impact that that has with regard to poverty.

[105] The bureaucracy arises for a variety of reasons. First, it arises because we have these grants coming from different parts of the Assembly Government. So, we may have a grant from the Department for Children, Education, Lifelong Learning and Skills, but there are four divisions within DCELLS and then further individual sections. Individual accountability is required from those individual divisions or sections. Sometimes, grants come from outside DCELLS and from other parts of the Assembly and sometimes they come from other areas. So, each one of those requires accountability that is not necessarily the same as that for another grant. That means that we have to deal with it at an individual level. That, in a way, captures what the problems are.

[106] **Ann Jones:** Who deals with it at that individual level?

[107] **Mr Parry:** Who deals with it?

[108] **Ann Jones:** You said that the grant has to be dealt with at that individual level. I want to know who deals with that grant at that individual level.

[109] **Mr Parry:** It depends where the accountability lies. If anything has gone directly to schools, then the accountability will rest with the school. However, the responsibility for most of the grants rests with the local authority. So, it would be a variety of people, both in terms of the process of accounting for it and monitoring. Norman is involved in helping to deal with some of the grants at a local level. Norman mainly links in with our finance staff. The central finance staff would deal with the accountability in terms of returns. With regard to things such as raising attainment and individual standards in education in Wales, we would have local authority advisers working closely with schools to help to monitor the implementation to ensure that schools are delivering as required. I do not know whether that answers your question.

[110] **Ann Jones:** Yes, thank you.

[111] **Joyce Watson:** I was going to ask the same question as Ann, but you have answered that. I would like to ask you about the non-delegated part of the budget that the LEA holds.

Within that non-delegated part of the education budget, there must be consideration of the amount of money that you would need to process your grants. I understand that that can be anything from—when the grant first comes to you—top-slicing it by 25 per cent in some cases to 4 per cent in others. How does the WLGA account for that differential in top-slicing?

[112] **Mr Parry:** I will answer that, Chair. I recognise the 4 per cent and the 25 per cent figures, so let me try to address where I think they are coming from. Conditions are often applied to the grants. The foundation phase is one, RAISE is another. Often, they are very explicit about where the grant should be targeted and how it should be delegated to schools, using the criteria. In some cases—and the figures that you have talked about seem to correspond with the figures that I am aware of—the requirement under the foundation phase, for example, is for training to occur and for someone to be appointed at a local level to become the foundation phase training officer. That person may cost £60,000 with add-ons and everything else. If a decision is made to delegate all of the money for training to individual schools, then that would account for 4 per cent. If the decision is made in discussion with schools, as we do in Swansea, to retain the money centrally for training so that it can be directed to the schools and the teachers who need it, we might end up with 21 per cent.

[113] However, none of that is going into bureaucracy in any way. We are not allowed, in many cases, to take any money to deal with the bureaucracy that may come from dealing with a grant from the grant itself. What I have described in relation to the foundation phase is a good example. We have the training officer, we have the money for training and then we have the money that goes into the school in order to get the 1:8 and 1:15 ratio. In order to deal with any accountability from a finance point of view or other accountability, then we are using our own resources.

10.50 a.m.

[114] So, Norman may be involved for some of the grant, and the accountants will be involved, and we have to fund that locally from what we have got. Often, the process in local authorities these days is that no department has its own finance or human resources facility; all the funding for that is held centrally, and we work in that way through a service level agreement. I wonder whether that answer helps you.

[115] **Joyce Watson:** That helps a bit. Thank you.

[116] **Angela Burns:** I now call Val. I am sorry that we hopped around a bit before getting to you.

[117] **Val Lloyd:** I want to ask two questions. You might have touched on the answers to both questions, but I would still like to ask them, because I think that there is more to be said. The WLGA evidence paper is quite clear in stating its view that grants place an unnecessary and costly burden on local authorities and the Welsh Assembly Government. I want you to explain which measures could be taken to lessen the bureaucracy associated with specific grant funding.

[118] **Dr Llewelyn:** May I answer that one? Maybe Richard and other colleagues would like to come in later. As I mentioned earlier, we want to see a more streamlined approach to the grants whereby more of the funding goes through the revenue support grant. We want the mechanisms and processes used to calculate the RSG to be used to calculate the range of specific grants, too. We recognise that, in some instances, specific grants are useful—indeed, essential—but the economising comes through avoiding duplication. Each of the four divisions within the Department for Children, Education, Lifelong Learning and Skills has its own range of specific grants to deal with. The divisions negotiate with us on the terms and conditions of the grant, its distribution formula, and its monitoring and evaluation processes.

All those discussions take officer time. There are dedicated officers who deal with those aspects of the work. Potential efficiencies could therefore be gained by taking a more streamlined approach, and those savings could then be focused on front-line services. Instead of having a set of discussions, if only one discussion took place, it would make life easier for the Assembly Government and local authorities, and the efficiencies could be used elsewhere.

[119] **Val Lloyd:** So, that is where the duplication is, but if the grants are different and if dedicated officers have a body of knowledge and skills to deal with them, how would you gain from removing that duplication given that you would be losing their expertise?

[120] **Dr Llewelyn:** That is not necessarily the case, because the officer time that is used to deal with the grants could be used elsewhere. It may be that you would need fewer officers in the various departments in DCELLS and also within local government. It may be—dare I say it?—that you would have fewer accountants, but more teachers and classroom assistants.

[121] **Mr Parry:** I can give an example from the Assembly Government about six years ago that I think captures the direction in which directors of education would like to see progress being made. Prior to 2002, we had a whole series of grants that were related to children and young people, so there were some around Sure Start, childcare, youth-related activities and play. As a result of discussions with the Assembly Government, a decision was made to create Cymorth that, for Swansea, provides a significant amount of money. It is about £4 million as we are the third largest authority. Although Cymorth splits its direction with different services and different levels for different age groups, it is much easier to manage than what we had before, which was about six or seven different grants. That is the type of direction that ADEW is saying will help the situation: a larger number of larger grants with the smaller grants subsumed within that. On the requirements, namely what the Assembly Government wants to achieve, we need to be driven by outcomes, which is very important, but we also need to make sure that there is sufficient discretion in the guidance to respond to local need.

[122] The Cymorth grant is a good example, as we achieved that over time, and that is where some of the poverty aspects come in. However, with the smaller grants, it is much more difficult to do that. Therefore, Cymorth is a good example of where we should be going. The raising attainment and individual standards in education in Wales grant, RAISE, is also a large amount of money, and there are other examples of the Government doing that. It is the large number of small grants that really tips the balance.

[123] **Dr Llewelyn:** May I add to that? There is a shared understanding between local government and the Assembly Government that, if an existing grant programme can be used to channel new funding for a new initiative, it should be used, and that is reflected in the grants protocol. It is understood that that makes sense, but that is not currently reflected in the practical reality. So, when a new initiative is introduced, the temptation is to introduce a new grant and a new programme, rather than try to squeeze it into an existing grant. The point that Richard is making is that there is a continuum, if you will. At one end of the continuum, you could put all grants into the revenue support grant and, at the other end, there would be a massive proliferation in the number of specific grants. Along that continuum are points at which you could reduce the number of grants by rolling many of the smaller grants into a number of larger grants. It is also possible to reduce the amount of funding that goes out in grants, and put the overall amount into larger grants or the RSG. So, there is a range of possibilities, and we see it as a continuum rather than an either/or option.

[124] In the discussions that we have held with the Assembly Government, some elements have been positive, and there is recognition that it is a continuum and that we need to make progress. However, the difficulty is not on the level of principle but on the level of practice.

[125] **Ann Jones:** May I press you on the streamlining of grants into the RSG? That works on the assumption that each local authority will keep that amount for education. In your paper, you say that,

[126] ‘there is an underlying assumption that resources are used as effectively and efficiently as possible’.

[127] Are you confident that every local education authority in Wales spends to its required amount, and that, if you were to put a grant back into the revenue support grant it would go to the area that it was meant for? Remember where I come from. [*Laughter.*]

[128] **Dr Llewelyn:** As an association, we have a policy of not discussing the affairs of individual authorities, but I take it that you mean collectively. This is an ongoing discussion, and we have appeared before the Finance Committee in the past to discuss how authorities spend the funding that goes into the RSG. We would like to see a switch of emphasis onto outcomes, and to establish an agreed set of outcomes between the Assembly Government and authorities. We could then agree on a way of measuring whether authorities have achieved those outcomes, which could be the judge of the matter, rather than looking in detail at how funding is spent.

[129] That said, over the past 10 years or more, local authorities collectively have spent more on education than has been received from the Assembly Government. That has been the case year on year, apart from a recent year when the teachers’ pay settlement cost less than the assumption that had been built into the process. Spending was marginally below the assumption that year, but, with that exception, local government spends more on education year on year than it receives from the Assembly Government, and I am confident that that will continue.

11.00 a.m.

[130] **Angela Burns:** May I press you further on Ann’s point? One issue that I wanted to raise was the whole question of additionality. To my mind, the point of having a grant to resolve a particular issue or to help to fund something is that it is on top of the money that a local authority should be devoting to education. Evidence appears to be coming through—and we are looking for it in a harder format than the anecdotes that are pouring in to us—that if a local authority knows that it will receive funding through the foundation phase for learning support assistants to meet the criteria, for example, the requirement for a learning support assistant for a child with special needs, for example, gets subsumed into that and so that both boxes are ticked at once and a saving has been made. In several instances, local authorities do not seem to be treating the grants as extras, but surely it is with extra money that you will get extra benefits that take people out of poverty or deliver a particular educational stratum. When you answer Ann’s question, and I see that Joyce would now like to come in, please bear in mind my question on additionality as well. It is all very well saying that you will roll stuff up into the RSG and that it is outcomes based, but the whole point of a grant is to fulfil a particular aim, and there are concerns that some local authorities, knowing that they will get £50,000 through a particular grant, will swipe it out of the back door of the education budget and spend it on something else.

[131] **Dr Llewelyn:** May I come in first of all, and then Richard can come in with the detail on specific authorities? I reiterate the point that authorities pass on more funding than comes in for education. I do not think that there is any evidence to suggest that authorities collectively do not spend the funding that they get on education.

[132] **Ann Jones:** Does every authority spend more than the Assembly Government suggests it spends?

[133] **Dr Llewelyn:** There will be slight—

[134] **Ann Jones:** No, does every authority spend more?

[135] **Dr Llewelyn:** There will be variations from authority to authority, based on local circumstances.

[136] **Ann Jones:** So, not every authority spends in full what the Assembly Government suggests.

[137] **Dr Llewelyn:** The figure—

[138] **Ann Jones:** Yes or no? Either they all spend above it or some of them do not.

[139] **Dr Llewelyn:** The Assembly Government does not set a target. There is an assumption of what it costs to provide a service, but it is not a target. Successive Ministers for education have said that the assumption in the settlement is not a target. There is an assumption of what it costs to run a service, but what I have said is that authorities, collectively, spend more on education than they receive. There is an assumption in the settlement, but it is not a target.

[140] **Ann Jones:** I want to pick you up on that. You just said that the Assembly Government does not set targets for education, and yet you are telling me that authorities spend above what the Assembly Government suggests. If there are no targets, how do we measure what is spent? It is like saying, 'Go into the supermarket and spend a tenner; I do not care what you spend it on, but spend it', and then saying, 'Actually, I do not really care how much you spend'. How can you say that all local authorities spend above the target if there is no target?

[141] **Dr Llewelyn:** There is an assumption in the settlement. There is a budget line under which the Assembly Government identifies the funding that is available to spend on an education service, but it is not a target.

[142] **Ann Jones:** Does every authority spend above that identified line in Wales—yes or no? That is all we need: a 'yes' or a 'no'.

[143] **Dr Llewelyn:** Collectively, they do, but—

[144] **Ann Jones:** No, does every local authority?

[145] **Angela Burns:** He is saying that collectively they do, but individually some may not.

[146] **Dr Llewelyn:** There will be variations between authorities, but those variations will be relatively small.

[147] **Joyce Watson:** I agree absolutely that any money that is given must have an outcome. I am 100 per cent on the same wavelength as you on that. If we give money, we expect an outcome, and I welcome the Proposed Local Government (Wales) Measure that seeks to achieve that end. My question has to be about the RSG. We put money into the RSG and we hope or assume that it is going where it would have gone before. I would really like to believe that that is what is happening, and I am sure that it is, in most cases. However, how can you convince us that that is the case? What mechanisms do you have in place? I ask that because my experience tells me that scrutiny—which is what we are doing here now—in local government is not working. If my assumptions are correct—I think that they are correct,

although I am not saying that that is always the case as I would not be that silly; however, they are correct in most cases, because I have done a fair bit of research into this—how can we be sure that, if we put money into the revenue support grant for specifics, that they are being funded? Where is the feedback? I know that we can have the outturn figures but how do we get to the detail? That is my concern.

[148] **Dr Llewelyn:** I understand that concern. We have tried to capture that towards the end of the paper that we have presented as evidence, in terms of the way forward and the ongoing discussion. To go back to some of your earlier points, when grants are transferred into the RSG there is a problematic dimension to the transfer in that, in many instances, the formula used for distributing funding through specific grants is not the same as the formula used within the RSG. Again, this is mentioned in our written submission. It can cause some turbulence in the system. It may be the case that it is not always appreciated, and it may seem, in some instances, that funding is being cut. When the grant goes into the settlement, the authority in question receives less funding than was the case when it was a specific grant, because the distribution formula has changed. That is very common; it is dealt with through the distribution group. There are various ways of dealing with the problem: the transfer to the settlement could be phased over a period of time so that there could be some form of cushioning and dampening.

[149] The other issue to bear in mind is that, in terms of the RSG, as the financial climate becomes more difficult and funding becomes tighter, authorities actually face cuts in their funding. After the recent settlement, many authorities face real cuts in funding. The post-16 funding that was announced two weeks ago included a 7.5 per cent cut—there was a 0.3 per cent increase when growth was taken into account. However, many authorities found their funding cut. It is worth bearing in mind that these decisions are made by authorities, set against very challenging funding circumstances.

[150] **Angela Burns:** Nick and Chris had questions on this. I would then like to get back to Oscar's main question.

[151] **Nick Ramsay:** I will go back to the earlier point that Ann Jones made with regard to hypothecation, although I know that we have moved on slightly from that. Is it not the basic problem that those amounts of money that local authorities are given are not targets? I am referring to the IBAs—

[152] **Ann Jones:** Indicative baseline assessments.

[153] **Nick Ramsay:** Yes. From the local authority perspective, the amount of money that authorities receive tends to be based more on a convenient way of dividing up the money and putting it into the RSG or into the specific grants. I think that you said in your statement earlier that authorities across the board—although I do not know whether you meant all authorities—tend to need to spend more than they are given by the Assembly Government. Does that not show a basic problem, whether it is for specific grants or RSG, with the way that the Assembly Government determines what it should be giving to local authorities? Is there a case for revising the whole system in terms of how the money is put into the RSG?

[154] **Dr Llewelyn:** The problem is that it is an imperfect system, but, at the moment, it is the best that we can come up with. There has been an ongoing debate over the last five or six years about how education is funded in Wales. The Assembly has had a dedicated committee to look at the funding of schools, and the Wales Audit Office has looked at this issue.

11.10 a.m.

[155] The Minister for Finance and Local Government, at the time, commissioned the

Bramley report, which is still being discussed, and, despite the various reviews that have taken place, while everyone recognises that the current arrangement is flawed and imperfect, as I stated earlier, it seems to be the best that we can come up with at the moment.

[156] **Chris Franks:** I have always been interested in the raising attainment and individual standards in education in Wales programme, which is mentioned on page 4 of your submission. That is a substantial grant, and my interpretation of your evidence is that you are not objecting to all grants, but you would like fewer, bigger grants. So this presumably fits into the type of grant that you would support. Is that correct?

[157] **Dr Llewelyn:** The RAISE programme is an example of how not to go about the process of introducing a specific grant, which is why it is highlighted in the paper. I think that we would share its aims, but we would have liked to have seen more examination of the possibility of channelling the funding through other mechanisms.

[158] **Chris Franks:** My interpretation of your evidence is that you are saying that you cannot prove at this stage that it was very effective.

[159] **Mr Parry:** Educational change normally takes about five years to get embedded, so if you are talking about a time-limited grant, which probably will not go to the RSG, that creates its own problem. The evaluation is currently being carried out, but change takes quite a while to embed within a school context, particularly in some of the schools in significant areas of deprivation. I was involved in the narrowing the gap project five or six years ago, which in a way predicated the direction that RAISE initially took, even though I would agree with Chris that the way that it started was not helpful, because we were not engaged in a discussion around the most effective way to target the funding.

[160] **Chris Franks:** The guidelines were free school meals figures and so on, were they not? It was as clear as that, was it not?

[161] **Mr Parry:** The early narrowing the gap research showed clearly that there are schools in areas of deprivation, with high levels of free school meals, which can buck the trend. Above a level of about 15 to 20 per cent, it becomes more difficult to achieve the type of strides forward that you want to see. At a local level, in Swansea or Neath Port Talbot, and in others that I know well, there are some schools that have already bucked the trend, so there was no need for them to have RAISE funding. We had a system whereby schools with a level of over 20 per cent were targeted, but a school with 19.5 per cent, which is really struggling, was not targeted. That is my main point.

[162] **Chris Franks:** Is this a three-year programme?

[163] **Mr Parry:** It is now running into its fourth year. It was initially for two years, but it was extended to a third year, and the fourth year includes a reduced amount—the requirement is that we work regionally and locally with an amount that is about 30 per cent of the total amount for the previous year. We must ensure that we have sustainable approaches, given that there will not be any more money afterwards.

[164] **Chris Franks:** I am hesitant to say that this grant was a flash in the pan but, in educational terms, it was for a very short term. The message that I am getting from you is that these type of programmes need to be for a longer term.

[165] **Mr Parry:** Yes. It was the right thing in terms of the policy initiative, it has helped to address issues but it is too early to evaluate it at the moment. We are now getting the fall out from it being reduced, without having real confidence that we can evidence that it has helped. That does not mean that it has not addressed some issues, because I can evidence it in various

schools in Swansea, but I cannot evidence it totally yet.

[166] **Angela Burns:** I do not want to get into the ins and outs of one particular grant, because this is about the number of grants within the education sector. I only want to cover what is pertinent to the objective of our inquiry.

[167] **Dr Llewelyn:** I have a general comment about the question of evaluation, because the problem with short-term specific grants is that it is always difficult to measure the impact of an intervention. Everyone recognises that there is a link between deprivation and educational attainment, and that targeting resources on deprivation can have a positive impact. The difficulty with short-term interventions—this is not a criticism of the evaluation processes that have been put in place—is that it is simply not possible to make an informed evaluation in a short time period. These things have to be looked at over a much longer timescale. That has been the difficulty with short-term interventions like RAISE, and other specific grants.

[168] **Angela Burns:** Could you make yours a short question, Joyce? I think that Oscar will burst if he does not ask his soon.

[169] **Joyce Watson:** It is short-term, and it is linked to the whole question of the value of additional targeted money. Is it too bureaucratic, and does it meet its outcomes? You said that there is a link between deprivation and educational attainment, and I do not think that anyone here would argue against that. The specific grants that we put in place have identified a particular problem area towards which we might direct money and resources, achieving a positive outcome. I am sure that everyone would agree that that is the intention. You talked about getting the right level of attainment from the overall money that you receive in your block grant from us, the RSG. If we do away with specific grants and give you more under the RSG, bearing in mind that we want outcomes, is it not down to the local authority to determine the percentage of the budget that it spends on education—I know that it is, because I used to be a councillor—and is the duty not also placed on you to ensure that that happens? How would you achieve it if we pooled all these individual grants, and eased the burden that you say that we are imposing upon you to deliver the outcomes that we want?

[170] **Dr Llewelyn:** May I come in first, and perhaps Richard will comment later? I agree with your point, which I think you also made earlier—I should have come back to it. The challenge for local government is to convince you, as Assembly Members, and the Assembly Government, that it can deliver and that it can be trusted. If you provide the funding for an education service, we must show that local government can deliver the outcomes that we collectively want. That is the challenge, and that discussion is ongoing. We have begun that discussion with the Minister for Children, Education, Lifelong Learning and Skills. We have looked at the suggestion from the Minister for Social Justice and Local Government about putting outcome agreements in place, and we are discussing the idea of using education across all 22 authorities in Wales as a pilot programme for that. Over the next 12 months, engaging in that discussion, we will identify the outcomes that collectively we want to put in place, and then agree on a set of measurements that can tell us whether those outcomes have been achieved. There is an agreement on that in principle, but the difficulty will be in agreeing on the detail. However, that is the way forward, and, collectively, we are agreed on that. It means that, in these difficult financial times, if we can achieve that, we can make progress on ensuring that the available funding is used effectively. Within local government, we recognise that, on the one hand, we have a responsibility to try to argue the case for as much funding as is needed, but, equally, we have a responsibility to ensure that funding is used as efficiently as possible. This is a way to achieve that. It will not be easy; it will be difficult, but as far as we can see, it is the only way forward in the present circumstances.

11.20 a.m.

[171] **Mr Parry:** I will start by going back to an earlier point. From a local authority point of view, the establishment and implementation of the foundation phase, the 14-19 learning pathways, RAISE, the school effectiveness framework and addressing the impact of poverty are critical to the improvement of outcomes generally, and learning outcomes for children and young people in particular. They all represent large amounts of money, through grants, directed in a way that allows an element of local discretion—forgetting the bureaucracy for a minute.

[172] Chris identified a type of spectrum earlier, from pooling the revenue support grant to the situation that we have, which is many small grants and a small number of larger grants. There must be some migration towards something around the RSG, but not a quantum leap, because if there were one—and this is not a criticism of a local authority but the reality of the situation—the policy, which, for the first time since I came to Wales 20 years ago, I am really excited about, might not be delivered, and it needs to be delivered. You need that assurance, and you need the assurance that the funding will go into the RSG at the end of the grant. I am quite clear that the childcare money in Swansea that has gone into the RSG has found its way out to where it should be. That is unencumbered; it has not been moved. That is the pattern. I cannot speak for other local authorities and I will not try to.

[173] You are picking up on one of the core issues. I am quite clear—and from an ADEW point of view we are certainly very clear—that these grants are an important lever for us locally, working with schools as well, to help to improve and target better. The example that I gave with regard to RAISE was that we would not necessarily target some schools because they have already moved forward. That is an important element. I do not know whether I am disagreeing with Chris, but I think that, although moving straight from where we are to the RSG would not be helpful, there must be a phased move in that direction through the use of outcome agreements.

[174] To give an example, we are required at a local authority level—and I have discussed it within our corporate management team—to look at policy agreements. One of the areas that we are looking at is attendance and raising standards generally in that regard. We are clear that that is an important element, but it is a tiny bit at the moment. If we can develop that further, that will be the way forward, because it will underpin the Assembly's getting what it wants in terms of these outcomes and our being able to target locally.

[175] **Angela Burns:** After Oscar, I will bring in Nick to ask his questions because I know that he has to go early.

[176] **Mohammad Asghar:** Thank you for your presentation. In your paper, you said that these various grants come from different Welsh Assembly Government departments. I just heard Chris use the word 'imperfect' and Richard used the word 'bureaucracy' a few times. Therefore, this is complex. You have not come here to give us a straightforward answer to how this should be addressed. You are talking about this, that and the next thing, but you should be addressing the question of what measures we should be taking to deal with this.

[177] **Dr Llewelyn:** What we are saying is that we would like to see a reduction in the number of specific grants. We recognise that we have to convince the Assembly Government and Assembly Members that if the number of grants is reduced and what we see as the bureaucracy, administration and overwhelming monitoring and evaluation of the process are reduced, local government will provide something in return. We are saying that we need to focus on outcome agreements and a way of measuring outcomes so that the sort of outcomes that the Assembly Government currently feels can be delivered only through tight grant terms and conditions and strict monitoring can be delivered in a process that is freed up and that delivers better value for money and a more effective and efficient use of resources.

[178] The only way that we can achieve that is through discussion between local government and the Assembly Government about what we identify as the key outcomes we want to achieve and then by agreeing on a set of indicators that show that those outcomes have been achieved. In doing that, we need to engage with stakeholders such as the various regulators, as well as other stakeholders in the process, so that everybody buys into that agreement and when we look at the indicators and try to judge whether or not the outcomes have been achieved, we do not get a dispute about the outcomes and measures we are looking at. I recognise that that is a difficult challenge, but I think that there is a consensus that that is the way forward, and we have started that process in education.

[179] We had a discussion yesterday with Jane Hutt on this matter, and we are progressing it, but it is very challenging and difficult, and I am sure that there will be disagreements along the way, but at present I do not think that there is another way forward. So, with respect, I think that we are being constructive, but we are also being realistic about the challenges. We are saying that the current situation is not sustainable, and we also recognise that there is scepticism in the Assembly as to whether or not we can achieve this, but, just because it is going to be difficult does not mean that we should not persist with it.

[180] **Mr Parry:** On the term ‘imperfect’ that you identified, over the last year, we have developed closer links with the Minister, the director of the Department for Children, Education, Lifelong Learning and Skills and others to enable the type of thing that Chris has talked about to happen, and I have talked to the Minister to ensure that she is very clear that ADEW wants to be in at the beginning of any thinking around this so that we can avoid the imperfect starts that have occurred in the past. So, we have a basis for that already, and that is like a springboard.

[181] The second thing is that we are saying that we would prefer larger grants and a smaller number of overall grants, as some of the smaller ones get subsumed. The third thing is outcome agreements. While there is work to be done around that—and Scotland has already moved ahead quite considerably; Wales and other places have not—that is the way forward, and there is an accountability in that. The fourth thing is that, consequently—and this is the point that Chris picked up earlier—bureaucracy will, over time, in the Assembly Government and in local government, begin to reduce.

[182] **Angela Burns:** Nick, do you have a question?

[183] **Nick Ramsay:** I was going to ask about monitoring and evaluation, but we have just had a very thorough answer on that, and I am quite happy with what I have just heard.

[184] **Angela Burns:** Joyce, do you feel that we have talked enough about the distribution of specific grants?

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

[186] **Angela Burns:** I want to take a leaf out of Ann’s book, because additionality is my bugbear. Do you think that there are local authorities that will use additionality to free up other parts of their budgets, meaning that the money does not go into education—that can be a ‘yes’ or ‘no’ answer; I am not going to ask you to name them—or do you think that that is a completely false premise, and that no-one does that?

[187] **Dr Llewelyn:** The difficulty is that authorities are faced with challenging circumstances. We realise that public funding is getting tighter due to the current economic problems and the circumstances that the Welsh Assembly and Westminster Governments find themselves in. Many authorities have received below-inflation increases in their settlements this year, and that means that cuts have to be made in some areas. The same thing has

happened with the post-16 settlement. So, authorities face very difficult challenges in making ends meet. They are, however, the bodies that are best placed to make those decisions. It is very difficult from the outside to second-guess those decisions. So, the truth is that I do not know whether that is the case in individual authorities—and Richard can speak for his own organisation—but if that was the case, I suspect that it would be because of the range of pressures coming to bear on the authority.

[188] **Angela Burns:** Yes, and I am sure that nobody wants to advocate giving a child a new chair or laptop if it means somebody not receiving social care, but I believe that education is the most important job in the world. I am aware of local authorities targeting money at helping disadvantaged young people or families and, although money is spent on them, it is not what should have been spent, plus that addition, which would make the significant difference. By using additionality, or losing it—whichever way you choose to use that word—all we are doing is maintaining the status quo. Surely the whole point of the extra grants is to seek an improvement, and not simply to maintain the status quo. I understand all the arguments about funding.

11.30 a.m.

[189] **Dr Llewelyn:** The Welsh Local Government Association has been making that case in relation to specific grants. Last year, during the discussion on the foundation phase, one of our concerns at an early stage with regard to the proposed distribution of the foundation phase grant was that there was the possibility of it being a top-up grant. We opposed that idea because we regarded it as rewarding bad practice, and the assumption should be that there is a level playing field and that specific grants should not be allowed to be used in those circumstances.

[190] **Joyce Watson:** I will move on to talk about the way forward. Life is rosy and it is spring time in the garden of education, and here we are, trusting you absolutely, never needing to see you again, because we know that you are delivering. We know that every penny that we give to be directed at education is being spent on education. My question is very simple, but look out for such questions: how are you going to convince me, a sceptic, that you, as local government and education authorities, have a system in place that scrutinises you on your delivery? If I have no faith, and I do not, that that system is working effectively, what flows from that will be obvious. I am not saying that it does not work in some cases, because I know that it does. I would argue, and I will argue unless you can convince me otherwise, that in most cases scrutiny of the budget process in local government is not working very well, and scrutiny of education and its delivery is not working very well. How do you intend to convince a sceptic like me that you can do something about that?

[191] **Mr Parry:** I have found this to be quite a good and robust process this morning, so I understand what good scrutiny is about. I will make my comments within a Swansea context first, and then widen it. In Swansea, we have four scrutiny boards and four overview boards. One board looks at finance and business improvement, one looks at children and young people, another deals with health, social care and wellbeing, and another with regeneration and housing. The scrutiny process, such as what you are doing, and the overview process, consider whether policy making is moving forward. We are looking at a variety of aspects within the children and young people board at the moment. The finance and business improvement scrutiny board is currently taking a very rigorous approach, looking particularly at how savings have been achieved in the previous year. That process has become very robust in the last 12 months. Estyn, when it has inspected various authorities, has recognised that the scrutiny process is variable and not as robust as it should be. In Swansea, we have just had an inspection and comments were made that the scrutiny process has improved from the previous inspection.

[192] One thing that we have not yet done, but that we have planned to do, is to scrutinise the effectiveness or otherwise of some of the grants that come from the Assembly Government. So, I am quite convinced that, because there are models across Wales that work effectively—and I can influence but I cannot deliver elsewhere—the inspection process is an important element in relation to giving clear messages. As we move forward to outcome agreements, these would have to be scrutinised. The package that is being put together, with local scrutiny as well as accountability to the National Assembly, will begin to achieve—and I use the word ‘begin’ as I accept part of the premise that you have made—what is required, but there is a need for accountability at local authority level.

[193] **Dr Llewelyn:** I agree with what Richard has said, but, as is often the case, the key to this is partnership and working in collaboration. I have mentioned this ongoing discussion on outcome agreements between us and the Department for Children, Education, Lifelong Learning and Skills. However, there are also other dimensions to that relationship. We have been working with the Minister on tri-level reform over recent years. What we mean by that is the alignment of national policy, through the Welsh Assembly Government, local authority policy and delivery at the schools. It sounds obvious, but in past years that has not always been the case—there has not always been that alignment. That work has been developing over recent years. There is also the school effectiveness framework that is now in place. It is in its early stages, but it is in place and that is a positive and healthy development. On delivering the outcomes that we are talking about and that we recognise, and about which some people are sceptical, all of these processes will get us closer to the destination that we want to arrive at.

[194] **Angela Burns:** Are you happy with that response, Joyce?

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

[196] **Angela Burns:** Do you wish to discuss the RSG further or do you think that we have covered it?

[197] **Ann Jones:** I do not think that I will go back to that, because Chris cannot keep his face straight when I ask him questions, and we all know why. May I just ask about grants protocol? You say that that protocol exists in theory, but not in practice. Why is that? Do local authorities not have the capacity to deliver?

[198] **Dr Llewelyn:** The truth is that many of these agreements rely on trust and confidence and part of the problem with the current position is that there is some scepticism in the Assembly Government and among Assembly Members about local government’s capacity to deliver. There is a challenge for us as an association and for local government as a whole to convince the Assembly Government and Members that it can deliver.

[199] On ongoing discussions on the grants protocol, the Essex-Jones agreement and the idea of developing a concordat, the truth is, over the last 12 months, that discussion has not made much progress. We have made progress in the realm of education, and I have mentioned several times the ongoing discussion on outcome agreements, but beyond that, there has not been significant progress on the other elements that underpin the current arrangements. Collectively, we need to deal with that, but until we do, the current difficulties will persist.

[200] **Ann Jones:** If you have the protocol right, both in theory and in practice, and you convinced me that every local authority was doing its best for education—there is a long way to go on that—should we keep the number of specified grants? Is it because the protocol is not working properly that you want to see all of these grants rolled into the RSG?

[201] **Dr Llewelyn:** You are right in a sense. If the protocol were working effectively, we

would have fewer specific grants. I think that I have mentioned, and the paper mentions, that there is a place for specific grants—they have a specific purpose and the Minister identified them in her written statement. We have also recognised that in our paper and it has emerged during the course of our discussion. However, it is also clear that in some instances, where a grant is not needed or where a new grant can fit into an existing grant programme, that that does not happen. If we could sort out the whole issue of the outcome agreement and the concordat, then we would have less of a need to resort to grants protocol—it would become less significant. As is the case with any regime or system of governance, you only appeal to the rules or procedures when things start to go wrong. So, I suspect that if we can sort out the bigger issues, the grants protocol will become less of an issue.

[202] **Angela Burns:** Richard, did you want to add anything?

[203] **Mr Parry:** No, I think that Chris has covered it adequately, thank you, Chair.

[204] **Angela Burns:** Does any committee member have any further questions that they would like to ask on this matter? I see that no-one does. Thank you all for coming today. It has been a good meeting and I trust that your bruises will not show too much.

[205] **Ann Jones:** I thought that I was very gentle. [*Laughter.*]

[206] **Angela Burns:** It has been really helpful because we are trying to see our way through this fairly thorny issue. It has been an excellent session; thank you very much indeed.

[207] **Dr Llewelyn:** Thank you.

11.40 a.m.

Cynnig Trefniadol Procedural Motion

[208] **Angela Burns:** I would like us for us to meet for five minutes in private to discuss our views on Dai's evidence so that we can proceed with the report. I ask a Member to propose the appropriate motion.

[209] **Ann 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).

[210] **Angela Burns:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion carried.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.41 a.m.
The public part of the meeting ended at 11.41 a.m.*