



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

Y Pwyllgor Cyllid **The Finance Committee**

Dydd Mercher, 5 Rhagfyr 2012
Wednesday, 5 December 2012

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Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Peter Black

Democratiaid Rhyddfrydol Cymru
Welsh Liberal Democrats

Christine Chapman	Llafur Labour
Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Ann Jones	Llafur Labour
Ieuan Wyn Jones	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour

**Eraill yn bresennol
Others in attendance**

Kevin Ingram	Adran Gyllid, Rhaglen Cymru Fyw Finance Department, Living Wales Programme
Gretel Leeb	Uwch Swyddog Cyfrifol, Swyddog Gweithredol Rhaglen Cymru Fyw Senior Responsible Officer, Living Wales Programme Executive

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Joanest Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Gareth Price	Clerc Clerk

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

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Jocelyn Davies:** Welcome to this meeting of the Finance Committee. I remind you to check that your electronic equipment or mobile phones are switched off. We are not expecting a fire drill, so if you hear the alarm, please follow the directions of the ushers. No apologies have been received, but I understand that Chris Chapman will be joining us later.

9.31 p.m.

**Buddsoddi i Arbed—Cyfoeth Naturiol Cymru
Invest-to-save—Natural Resources Wales**

[2] **Jocelyn Davies:** We have witnesses with us this morning from natural resources Wales. Thank you very much for coming and for sending us the paper in advance. Would you like to introduce yourselves for the record, and then I will go into the first question?

[3] **Ms Leeb:** Thank you very much, Chair. I am Gretel Leeb, and I am the senior responsible officer looking after the Living Wales programme, which is tasked with establishing the natural resources Wales body.

[4] **Mr Ingram:** I am Kevin Ingram from the Environment Agency Wales, but I am seconded to Welsh Government on the Living Wales programme, leading on one of the 12 workstreams to make live for natural resources Wales.

[5] **Jocelyn Davies:** Okay, thank you very much. How was it decided that you would bid for resources from the invest-to-save fund?

[6] **Ms Leeb:** The committee will have read our summary paper and be familiar with the figures associated with that. My colleague, Kevin Ingram, will be happy to answer any specific questions on the finances as we go through. I also understand that much of the committee's interest will be in the use of invest-to-save as a mechanism in its own right, so I will take account of that.

[7] The decision to put in the invest-to-save bid was very much focused on some important facilitating mechanisms that we knew we would need to accelerate our ICT developments and smoothen the way towards establishing good HR arrangements for the new body. This was done so that we could get quickly up to speed on launching the body in a fit and ready state to operate.

[8] **Jocelyn Davies:** So, the assumption was that there would be cost savings in having one body, but that there would be upfront costs to achieve that.

[9] **Ms Leeb:** Indeed.

[10] **Jocelyn Davies:** So, why invest-to-save, then? Why choose that mechanism rather than any other?

[11] **Ms Leeb:** It was known over time—and a considerable period of time at that, as set out in the business case—that we would be making cash-realizable savings, so there would be benefits that were cash realizable. Invest-to-save is an appropriate mechanism for that, because we knew that the body would be in a position to repay the money, and it was an appropriate instrument for the work.

[12] **Jocelyn Davies:** We know from evidence from the Welsh Government that there is a two-stage process, and the Welsh Government was the lead partner in this one. Did you have to go through the same two-stage process as everyone else?

[13] **Ms Leeb:** I was not around at the time, so I will defer to Kevin on that.

[14] **Mr Ingram:** I was not either, but I spoke to individuals yesterday who were involved in that, and I believe that they went through the same process. I asked them for any feedback on that process and whether they had found it easy to follow, and they were quite positive about the process that they had to follow and what was asked of them.

[15] **Jocelyn Davies:** I do not suppose that you are able to tell us whether it was helped or hindered by the fact that it was the Welsh Government that was leading the project. Neither of you would be able to tell us that.

[16] **Ms Leeb:** I would imagine that it was possibly helped, just by its having a baseline understanding of the arrangements, but I could not tell you definitively one way or the other.

[17] **Julie Morgan:** In February, the Welsh Government published an interim evaluation of the fund, and one of the recommendations was a consideration of whether bids should be themed. We have evidence from different people, with some in favour and others saying that some projects would lose out. What is your view?

[18] **Ms Leeb:** I would not like to comment specifically on the theming of the availability of the funds. However, one thing that has struck us about our particular project is that we are not entirely sure that we are that typical, in the sense that the ITS project that we have been successful with sits now within a much larger programme, and the scale of our programme, as you will all be aware, is quite significant. Effectively, the ITS funding has contributed to just two of our work stream areas, if you like—information and communications technology and human resources. There is an interdependency of all the work streams across the programme, and I can give the committee a quick sense of that, if that would be helpful, Chair.

[19] We have around 94 people working on the programme to various degrees. Probably 80 of those are working more or less full time on it, and those are made up of people from the legacy bodies who are attached to Welsh Government, Welsh Government employees per se, and also some external expertise, which, thanks to the ITS bid, we have been able to secure. Those people are working in eight work streams covering legal, HR, organisational development matters—forward planning, business planning, corporate planning and so on—IT, finance, communications and, very importantly, operational readiness, which is all about our being in a state of readiness for day one. That includes important things like incident response, to which ICT is particularly important, customer services, evidence and advice, sampling, analysis, reporting, and all the work of the three bodies. So, it is a very big programme, and the ITS project has, effectively, provided contributory funding to two of those work streams. That is the first point.

[20] The second point is that the timescales over which we expect the benefits to be realised are very much longer than perhaps one would normally expect from an ITS project. Essentially, what the committee has here is some extremely worthwhile funding going in to a very large programme, and I wonder whether there might be a different approach for projects of that nature to those where you can very much more tightly tie down and attribute closer benefits to the funding that you are putting in.

[21] **Julie Morgan:** So, that sort of question does not apply so much to your bid, perhaps.

[22] **Ms Leeb:** I think not, because our programme probably spans all the themes, in one sense, if that is a fair response.

[23] **Julie Morgan:** That is fine, thank you.

[24] **Paul Davies:** You may be aware that the invest-to-save threshold has recently been increased from £100,000 to £200,000. In your opinion, is that likely to be a potential barrier to entry to the fund for some organisations, given that the Welsh Government's interim evaluation stated that nearly 60% of awards are less than £500,000 and that some projects funded in the past would not have met the new threshold?

[25] **Ms Leeb:** Again, from our own perspective, that is a difficult question to answer, but I would imagine that the committee would want the invest-to-save funding to be of a dimension that you feel would be of benefit. So, I can sort of understand the raising of the threshold. However, it is probably not for me to comment on the impact on external players.

[26] **Jocelyn Davies:** Just for the record, how much was your bid?

[27] **Mr Ingram:** It was just over £3 million.

[28] **Paul Davies:** You mentioned earlier that the bidding process had been fairly straightforward. Based on your experience, are you aware of any element of the process that could be a barrier to entry for any other organisation?

[29] **Ms Leeb:** I have been informed that we found the bidding process straightforward. I asked that specific question of John Westlake, our programme executive, who was involved, in that his name was on the original bid. Unfortunately, he cannot be with us today because he is in a programme board meeting. I asked him that question specifically and the information that I was given was that it was a straightforward process. I am not aware of any particular barriers or impediments to that.

[30] **Paul Davies:** So, there were no problems with the process, from your perspective.

[31] **Ms Leeb:** From our perspective, no.

[32] **Mr Ingram:** The feedback that I had from John was that there were no problems. The process was okay and they had some support to undertake it. They also felt that there was a fairly robust challenge—it was a fair process, but robust.

[33] **Ms Leeb:** Which, of course, the committee would want.

[34] **Mr Ingram:** To go back to your first question about the level of bids, if I may, I do not necessarily have a view on the £100,000 to £200,000, but on the opportunities here, our bid was £3 million and, in effect, it has helped us to deliver and move things quicker than we wanted to, to help us to deliver those benefits. In future, I would want to see those sorts of bids being encouraged: the more strategic bids that also have the potential to deliver much greater benefits.

[35] **Ms Leeb:** Of course, the quid pro quo, when you have a strategic bid of that scale, is tying in, in any attributable way, specific packages of benefits to the particular funding streams. That is a slightly different business. It is not as easy or clear-cut as it is with a small, compact project for which you know your benefits and how they relate quite precisely to your investment.

[36] **Jocelyn Davies:** You have given us that evidence from your own experience and you cannot say for certain that there were no barriers, but the feedback that you had would confirm that. If that is different, after you have left here today, would you send us note? If we do not hear from you, we will assume that there is nothing to add.

[37] **Ms Leeb:** We would be very happy to do that.

[38] **Peter Black:** We heard evidence that having a project ready on the shelf aided the application process and that that may be one reason why some sectors have been taking advantage of the fund while others have not. Did you find that having a completed business case helped you?

[39] **Ms Leeb:** That is almost certainly the case. It is prima facie obvious, I suppose. The business case was not 100% completed at that point—there was a little further refinement and then we were there. So, yes, undeniably, if people have a well-rounded and well-formed project, it will be easier for them to come forward for invest-to-save.

[40] **Peter Black:** Given that this is a £160 million project, why did you decide just to bid for £3 million?

[41] **Mr Ingram:** The £160 million is the gross benefits that come from the business case. The costs over the 10 years were £68 million, which are much lower, and the information and communications technology is a certain element of that. From the benefits realisation plan that we had in place, we knew that, in years 2 and 3, we would be releasing benefits for the investment in those years. It was only for this year and the next that we needed that specific funding for these specific areas.

[42] **Ms Leeb:** We knew that the ICT and human resources work was going to be a crucial key to unlocking some of those benefits in a timely fashion. That was the principal view.

9.45 a.m.

[43] **Peter Black:** My experience of IT projects is that it is always difficult to tie down cash-realizable benefits. [*Laughter.*] How certain are you that you will actually generate this £3 million in cash? [*Interruption.*] I have had several experiences.

[44] **Jocelyn Davies:** I think that you can tell from the laughter that Peter has certain experience in this area that we are all aware of.

[45] **Mr Ingram:** The benefits, as was said before, are about £160 million over the 10 year period, of which £130 million are cash-releasing benefits. As Gretel said before, it is very hard to tie some of those benefits to this invest-to-save specifically, but what we already have is a very clear baseline of costs across the three organisations that are coming together by activity, which we will be able to track as we go through. A lot of the benefits are coming at the moment—we operate on three IT systems, three finance systems and so on, so it is in that transformation, of three into one, that we really have the opportunity to free up resources.

[46] **Ms Leeb:** I should perhaps say that those benefits over the 10 years will have to be tracked and monitored, and that will be a responsibility of the new body. I should perhaps just make clear to the committee that the Welsh Government is in the process of establishing, building and developing with the new body a performance framework that will represent our sponsorship relationship, if you like. Whereas a major part of that performance framework will be about the business that the new body has to deliver, there will be a portion of it that will be about its own corporate arrangements and responsibilities, and the tracking of those benefits will be embedded and enshrined in that performance framework.

[47] **Peter Black:** My experience is that you can track the benefits, and the budget holders will identify the benefits, but getting the budget holders to release the cash, as opposed to reinvesting into their own service, is the difficult part.

[48] **Ms Leeb:** That will be done through our grant-in-aid mechanism, essentially. We are confident that that payback is secure.

[49] **Peter Black:** What would you have done if you had not had this funding? What would have been the impact on the project?

[50] **Ms Leeb:** Without it, we would have risked missing some of the solutions that we have now found our way to, thanks to the expertise that we have been able to get in. Also, we would have been a less intelligent customer for the buying in of that expertise. So, it has very much put us in a position where, now, we are just about in the process of reaping the benefits of that expertise. These are early days, and clearly we will not be seeing the benefits of the planning that is coming out of all that work, but we are already seeing that we have some good solutions in the making as a result.

- [51] **Peter Black:** So, if you had not had this money, you would not have done it.
- [52] **Ms Leeb:** We certainly would have done it, but it is less certain whether we would have come as quickly to the good solutions that we think we have now found to many of the challenges of getting the body up to speed in a timely fashion.
- [53] **Mr Ingram:** I think, Peter, that it has allowed us to accelerate some of that work and do it a bit earlier, and hopefully we will see the benefits of that. Certainly with the IT side, we are looking to have a stable platform for transition on 1 April, which we are confident we will have, but the expertise that we have been allowed to bring in is really enabling us to take a more strategic view, so whatever we are doing from day one is on the right path for the transformation to the best solution for the future. It has helped us to bring that work forward.
- [54] **Ms Leeb:** It has put us in a more robust place in respect of confidence about NRW's ability to get up to speed quickly in realising the benefits.
- [55] **Mike Hedges:** While it is only a small part of your project, how would you have funded it if you had not had the money from invest-to-save?
- [56] **Ms Leeb:** I think that it would have been a longer-term, perhaps less successful venture that we were engaged in, as Kevin said.
- [57] **Mike Hedges:** What other sources could you have used?
- [58] **Mr Ingram:** That is not the only source of funding from day one. I do not know the departmental budgets well, but there is money from the departmental budget that is being used to fund this and there is money being used from the three legacy bodies to supply resources. Those are the other two options that are being used at the moment. You would have to look at the priorities from those sources.
- [59] **Ms Leeb:** You would have had to consider the knock-on effects, had we been seeking further funds from those sources.
- [60] **Mike Hedges:** Is it the case that you could not have borrowed, because it would have counted against Government borrowing?
- [61] **Ms Leeb:** We will have to come back to you on that question.
- [62] **Jocelyn Davies:** Do you have the ability to borrow, as an organisation?
- [63] **Mr Ingram:** NRW will, but it will not be operational until 1 April. I can speak only from the Environment Agency's point of view and, no, we do not have the ability to borrow.
- [64] **Ms Leeb:** It is important to be clear about what stage we have reached. We have the programme, which is still a Welsh Government programme, and accountability for the successful delivery of the body rests with the Welsh Government. We have established the body in law—it is building up its board and executive team—so it does exist but not in its fully vested form.
- [65] **Mike Hedges:** This has nothing to do with the invest-to-save programme but I would be interested to know what position you would need to be in to be able to borrow. Can you provide that information or should we ask somebody else?
- [66] **Ms Leeb:** We can come back to you on that.

[67] **Mike Hedges:** Do you agree that IT projects in general come with lots of promises of substantial savings in the future? My experience has been that, as time moves on, a lot of those savings do not come through. How certain are you that the savings that you expect will take place?

[68] **Ms Leeb:** The first point is that the savings are not exclusively tied to the ICT work that we are doing. The second point is that we have specifically adopted an approach on ICT that is not to predetermine a way of doing things: it is an iterative development and building up of the ICT solutions. We are taking a slow and steady approach. We need to do this, not least because of the critical importance of some of the ICT-dependent work that the bodies now do and that the new body will have to do, particularly around incident response and so on. The organisation cannot afford any sudden shocks, so this is not some brand-spanking-new, sparkly, singly defined ICT project. It is an approach to the incremental, steady building up of a robust ICT platform for day one, but, with an eye on the future, enabling natural resources Wales to plan properly and slowly build its ICT solutions, rather than building one particular software solution that is, in some sense, global. We are taking a slow, steady and measured approach to building ICT solutions. The expertise that we have brought in has enabled us to do that.

[69] **Mike Hedges:** Again, this has nothing to do with this investigation—

[70] **Jocelyn Davies:** It is Christmas, so Mike is being allowed to have his own little investigation—a little sub-investigation. [*Laughter.*]

[71] **Mike Hedges:** There are lots of organisations that are going through ICT changes, which tend to be large ones. Will you be publishing anything on the success of your investigation, once it is finished?

[72] **Ms Leeb:** I am fairly sure that there will be robust reports. One thing that I do want to mention to the committee is that when our programme, Living Wales, comes to its conclusion sometime in April, we will be conducting a lessons-learned exercise. One thing that we will look at, which I am sure will be helpful to the committee, is the IT strands of funding. We will undertake to look at those specifically and report back to you. It will be early days at that stage to say anything on the future trajectory of the ICT work, but I am fairly sure that NRW will be accountable in many ways for how it ultimately develops its ICT solutions.

[73] **Julie Morgan:** I want to ask you about monitoring and evaluation. In your evidence, you describe a performance framework agreement between the Welsh Government and natural resources Wales to monitor the delivery of the business case. Can you describe how you will monitor and evaluate this project under the quarterly reviews that are imposed by the Welsh Government? Who will take responsibility for monitoring this project when the single body comes into effect?

[74] **Ms Leeb:** The environment and sustainable development department has within it a policy division that is organising our relationship across the board with natural resources Wales. They are working with colleagues in the forward planning strand of the programme to develop a performance framework. That will be about shared outcomes that are understood and about the performance measures that will attach to some of the delivery work of the body, which will enable us to measure its progress in moving towards the achievement of those outcomes. So, the performance framework is in the process of being worked through and, clearly, we need to have something firmly in place by 1 April. That will be the foundation for our sponsorship relationship with the body. The body itself will need to conduct evaluations of the various strands of activity and that will be a requirement set out in the performance framework, so it will be expected to report on the success of its interventions and activities. The Welsh Government will monitor the progress towards benefits realisation through reports

back on that performance framework from NRW.

[75] **Julie Morgan:** So, those will become the quarterly—

[76] **Ms Leeb:** It will be quarterly at least, but we are looking for a much closer and more active relationship with NRW than we have seen in previous sponsorship relationships. So, we will want to stay very much closer to the body, as opposed to leaving it to get on with it and coming in every quarter for a brief talk. I do not know whether you would like to say anything else about that, Kevin.

[77] **Mr Ingram:** From my previous experience with one of the legacy bodies, when we had projects with specific outcomes to deliver, it was usually on a monthly basis that we had a liaison meeting when we had to report on those outcomes. You are right that it was then on a quarterly basis that we had the formal sponsorship meeting, as well. So, it is usually monthly that we have to—

[78] **Julie Morgan:** So, you are happy with reporting on a much closer basis. In May 2012, the Environment and Sustainability Committee published its report into the inquiry on the business case for the single environment body and that urged the Welsh Government to publish progress reports on the achievements of the benefits outlined in the business case and to ensure careful monitoring of the IT element of the project, which we have already discussed. Can you confirm whether you plan to publish the progress reports and how they will link to the invest-to-save quarterly monitoring process?

[79] **Ms Leeb:** I have already made the point that the benefits realisation is over a very long period of time, but there will be regular reporting on that. That is almost a given. We do need to report on the progress of the body and the extent to which those benefits are being realised.

[80] **Ieuan Wyn Jones:** Gofynnaf fy nghwestiwn yn Gymraeg, felly bydd angen yr offer cyfieithu arnoch. Yn y dystiolaeth yr ydych wedi ei rhoi i'r pwyllgor, rydych yn dweud eich bod wedi cael £2.5 miliwn o arian buddsoddi i arbed yn ystod y flwyddyn ariannol gyfredol, 2012-13, a'ch bod yn disgwyl gwario'r £2.5 miliwn yn ystod y flwyddyn. Mae'r Llywodraeth wedi cyhoeddi ffigurau sy'n dangos mai £1.1 miliwn yn unig yr ydych wedi'i wario hyd yn hyn. Gan mai tri mis sydd ar ôl o'r flwyddyn, a ydych yn disgwyl gwario'r gweddill erbyn diwedd y flwyddyn?

Ieuan Wyn Jones: I will ask my question in Welsh, so you will need the interpretation equipment. In the evidence that you have submitted to the committee, you say that you have had £2.5 million of invest-to-save funding in the current financial year, 2012-13, and that you expect that you will have spent that £2.5 million during the year. The Government has published figures that show that it is only £1.1 million that you have spent so far. Given that there are three months left of the year, do you expect to have spent the rest of the money by the end of the year?

10.00 a.m.

[81] **Ms Leeb:** Yes.

[82] **Mr Ingram:** Yes. The money spent so far has been spent on the legal and actuarial work, which is around pensions and the Transfer of Undertakings (Protection of Employment) Regulations 1981. The remaining spend is on the IT transitional costs, and Atos is performing a lot of that work for us. The orders have already been placed and committed, and that work has started. That money will be spent within the next two months.

[83] **Ieuan Wyn Jones:** Rydych hefyd yn **Ieuan Wyn Jones:** You also say that the

dweud bod yr arbedion rydych yn gobeithio eu gwneud drwy'r cynllun hwn yn rhan o'r arbedion cyfansawdd o £158 miliwn y mae disgwyl i'r corff newydd eu gwneud. Sut y byddwch yn gallu asesu pa ran o'r arbedion hynny sy'n gysylltiedig yn uniongyrchol â'r cynllun arbennig hwn?

savings that you are hoping to make through this scheme are part of the gross savings of £158 million that the new body is expected to make. How will you be able to assess which part of those savings will be directly linked to this specific scheme?

[84] **Ms Leeb:** As I have said, it is going to be a challenge to very precisely tie this down. Given the interdependency of the work streams that are making up the whole programme, which I listed for you earlier, on both the ICT and HR aspects of the programme, in a sense, this is money to lay the foundations that will enable all of those other work streams to do the work that they have to do, and thereby to realise those gross cash realisable benefits.

[85] **Ieuan Wyn Jones:** Felly, y gwir amdani yw mai dim ond pan fydd y corff newydd wedi gwneud yr arbedion gwerth £158 miliwn y byddwch yn gwybod a yw'r cynllun hwn wedi bod yn llwyddiannus.

Ieuan Wyn Jones: So, the fact of the matter is that it is only when the new body has made the £158 million-worth of savings that you will be able to realise whether this scheme has been successful.

[86] **Ms Leeb:** That is probably fair to say in the round. That is why I said that this is probably not a typical ITS project, but, nonetheless, it is really worthwhile for all of that.

[87] **Mr Ingram:** I agree totally with what Gretel said, in that this is very much an enabling funding that helps us to do this. In the business case, and the numbers behind it, we have been quite specific with the timing in each year when we expect to achieve certain benefits. It will be difficult to track, but if we start delivering some of the benefits earlier because of this work, we could obviously track that.

[88] **Ieuan Wyn Jones:** Mae cwestiwn cysylltiol yn codi o hynny, sy'n dod yn ôl at y cwestiynau y mae Peter a Mike wedi bod yn gofyn i chi. Pe na bai'r gronfa hon wedi bod ar gael i chi, a chan nad yw'r corff newydd yn bod, o ble fyddai'r arian wedi dod i wneud y cynllun hwn?

Ieuan Wyn Jones: An associated question arises from that, which brings us back to the questions that Peter and Mike have been asking you. If this fund had not been available to you, and given that the new body does not exist, from where would the money have come for this scheme?

[89] **Ms Leeb:** We would have had to have done our best to fund the work that had to be done. As I have said, the impacts of that on the wider programme, the timescales and the extent to which we were positioning the body well to do its business going forward would have been quite significant.

[90] **Ieuan Wyn Jones:** Felly, mewn gwirionedd, ni fydddech wedi gallu fforddio ei wneud yn yr amser yr ydych wedi'i nodi yn awr. Mae'n debyg y byddai wedi cael ei ohirio am ychydig. Ai dyna'r hyn yr ydych yn ei ddweud?

Ieuan Wyn Jones: So, in truth, you would not have been able to afford to do it in the time that you have noted now. It would probably have been postponed for a while. Is that what you are saying?

[91] **Ms Leeb:** I would not like to say that quite definitively, but I think that we would have been moving forward at a slower pace.

[92] **Ieuan Wyn Jones:** Yn olaf, yn eich tystiolaeth, dywedwyd y byddai'r corff newydd wedi talu'r cyfan yn ôl, sef y £3

Ieuan Wyn Jones: Finally, in your evidence, you state that the new body will have paid back the whole amount, that is, the £3 million

miliwn o'r gronfa buddsoddi i arbed, erbyn that you are receiving under invest-to-save,
diwedd mis Mawrth 2016. A ydych chi'n by the end of March 2016. Are you confident
ffyddiog bod hynny'n gyraeddadwy? that that is achievable?

[93] **Ms Leeb:** Given that things are panning out as planned and that we are within the scope of our plans, we have no reason to believe that that will not be possible.

[94] **Jocelyn Davies:** Peter, I think that you wanted to come in on this.

[95] **Peter Black:** I will try not to depart too much from the purpose of the inquiry but, just so I can understand the project better: you said that you are doing this through Atos; does that mean that you are part of the Government's Merlin contract or did you have a separate computer tender that delivered on this issue?

[96] **Mr Ingram:** I am not involved in the IT, but I believe that it is through the Merlin contract—

[97] **Ms Leeb:** Yes—

[98] **Peter Black:** So you are part of—

[99] **Mr Ingram:** It is through Welsh Government procurement—

[100] **Ms Leeb:** Yes, it is done through Welsh Government frameworks.

[101] **Peter Black:** Right, so you are basically going with the rates that it has agreed with the Welsh Government in terms of how you set this up. Is that right?

[102] **Ms Leeb:** Yes.

[103] **Peter Black:** Okay, I just wanted to be sure that I had understood that.

[104] **Jocelyn Davies:** We all have niche interests on this committee. [*Laughter.*] Chris is next.

[105] **Christine Chapman:** I apologise that I missed the early part of your evidence. It has been anticipated that there will be savings of £68 million over 10 years and that some of it will be reinvested in environmental services projects. Can you tell us a bit more about these projects?

[106] **Ms Leeb:** I think that it would probably be more useful if we came back to you in fuller detail on that. I am probably not the best person to come back with the detail on that because that stuff is being worked up at work stream level. We will come back to you on that.

[107] **Christine Chapman:** That is fine.

[108] **Ann Jones:** It was suggested by the Environment and Sustainability Committee in its inquiry into the single environmental body that lessons from other organisations that had undergone mergers should have been considered. It used Natural England as an example. Did you have any contact with Natural England or any other bodies that have merged to assist you?

[109] **Ms Leeb:** We are about to meet with Natural England because it has an interest, given the way things are going for it at the moment. I cannot speak for the early stages when this work was planned because, as I said, unfortunately, I was not around. However, again, we

can come back to you with an answer on that.

[110] **Ann Jones:** Okay, that is fine.

[111] **Mr Ingram:** Although I was not involved individually, I can confirm that meetings were held with Natural England over the past year.

[112] **Ms Leeb:** Indeed, there have been meetings.

[113] **Jocelyn Davies:** I do not think that we need a note on that if that can be confirmed.

[114] **Ann Jones:** No, we are fine with that. When she came to give evidence on the invest-to-save programme here, the Minister suggested that the public service leadership group has a direct role in promoting best practice and sharing knowledge. Have you had any involvement with that leadership group on the project?

[115] **Ms Leeb:** Liz Davies, who is the human resources and organisation development adviser on the programme, has been closely involved with the group. Indeed, I think that, some months back, earlier in the year, she had a session on NRW with the group.

[116] **Jocelyn Davies:** Earlier, you mentioned lessons to be learned, and we know that you intend to put this out to a wider audience, as you described. We are very grateful that you have agreed to send details to the committee, but who do you see as that wider audience?

[117] **Ms Leeb:** Do you mean who would be included in the lessons-learned exercise?

[118] **Jocelyn Davies:** Yes.

[119] **Ms Leeb:** I intend to go quite widely in our lessons-learned exercise. I would like to include the parent body organisations and the Department for Environment, Food and Rural Affairs, which has a material interest in this, because one aspect of the programme has been that we have been working very closely and interdependently with the Environment Agency—as the parent body—the Forestry Commission and DEFRA. Therefore, we want to include their experience of the programme because they have programmes of their own. Effectively, the divorce has two sides, and they have their own programmes. We have been working very closely, not least because natural resources Wales will have to purchase services from those parent bodies. With some of those, that will be in the interests of the public purse for perpetuity; others will be purchased for a period of time to ensure a smooth transition.

[120] **Jocelyn Davies:** Okay, thank you. Do you have any other suggestions on how lessons learned and best practice from the invest-to-save programme could be promoted more widely?

[121] **Ms Leeb:** Do you mean in the feedback that comes back to you as a committee?

[122] **Jocelyn Davies:** Yes, and anyone else interested in invest-to-save. You have had a very good experience of it. I guess that is because of the business case that you had and so on, but it seems that you did not have any problems at all. I know that it is easy to learn lessons from mistakes, but you can also learn lessons when things go well.

[123] **Ms Leeb:** It is very important that we do that. I suspect that one area from which our lessons-learned exercise will pull information will be to do with this business of the attribution of benefits in such a large-scale project. In a sense—

[124] **Jocelyn Davies:** I am sure that local authorities and others could learn from that.

[125] **Ms Leeb:** Indeed, I would imagine so. I am not familiar with your full portfolio of projects, but there will be other projects where that applies. My own sense is that that should not be an impediment to invest-to-save support, but, collectively, we need to think quite carefully about that issue of attribution and about any useful solutions that can be found to making that work better.

[126] **Jocelyn Davies:** Yes, I think that the committee would agree. Members have made the point today that, sometimes, savings are promised but they are not realised or it is not easy to accurately identify them.

[127] We have run out of questions. Thank you very much. I am sorry, Mike has a little question; he is taking the Christmas spirit a little too far.

[128] **Mike Hedges:** I have my normal last question, Chair.

[129] **Jocelyn Davies:** Okay.

[130] **Mike Hedges:** If you were involved in another organisation in the same sort of position, would you look at invest-to-save as one of the methods of getting money?

[131] **Ms Leeb:** Definitely.

[132] **Jocelyn Davies:** Thank you. We will send you a transcript of this morning's meeting so that you can check it for factual accuracy. I think that you agreed to send us a note on the borrowing ability of the new body and about the environmental improvements that people can expect to see following Chris Chapman's question.

[133] **Ms Leeb:** The only reason I did not answer that is because it was a very broad question and it might have taken quite some time to go through it.

[134] **Jocelyn Davies:** We would be very grateful for that note.

[135] **Christine Chapman:** Yes, just to give us an idea of what we can expect.

[136] **Ms Leeb:** Yes, indeed.

[137] **Jocelyn Davies:** Thank you very much.

10.12 a.m.

Papurau i'w Nodi Papers to Note

[138] **Jocelyn Davies:** We have a number of papers to note. I suggest that we consider paper 3 in our private session later. Is everyone happy to note paper 2 on the financial implications of the Welsh Government's Local Government (Democracy) (Wales) Bill? I see that you are. Are you also happy to note paper 4, which is the response of the Minister for Finance to the action points? I see that you are. Paper 5 is the response to the consultation on invest-to-save from Cardiff Metropolitan University. Are you happy to note this?

[139] **Mr Price:** That is the only higher education bid. That is why that one is significant.

[140] **Jocelyn Davies:** I see that you are happy to note it.

[141] Paper 6 is correspondence from Chris Chapman, the Chair of the Children and Young People Committee. It is about training. Would Members like to take up the training? This is something that we could also discuss in the private session later. I see that you would like to do that, so we will come back to that in the private session.

[142] Paper 7 is the correspondence from the Chair of the Environment and Sustainability Committee regarding the Welsh Government's draft budget. We will bring a summary of budget responses from all committees to our next meeting in January.

[143] There are also the minutes of the previous meeting to note. Does everyone agree those? I see that you do.

10.14 a.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public from
the Meeting**

[144] **Jocelyn Davies:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[145] I see that Members are content. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.14 a.m.
The public part of the meeting ended at 10.14 a.m.*