



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

Y Pwyllgor Cyllid **The Finance Committee**

Dydd Mercher, 30 Ionawr 2013
Wednesday, 30 January 2013

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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

Sioned Evans	Grŵp Arwain y Gwasanaeth Cyhoeddus Public Services Leadership Group
Gregg Jones	Pennaeth Swyddfa'r UE, Cynulliad Cenedlaethol Cymru Head of EU Office, National Assembly for Wales
Dr Helen Paterson	Cadeirydd Rheoli Asedau, Grŵp Arwain y Gwasanaeth Cyhoeddus a Phrif Weithredwr Cyngor Bwrdeistref Sirol Wrecsam Chair of the Asset Management, Public Service Leadership Group and Chief Executive, Wrexham County Borough Council
Rhodri Glyn Thomas	Aelod Cynulliad, Plaid Cymru ac Aelod Pwyllgor y Rhanbarthau yr UE Assembly Member, Plaid Cymru and Member of the EU Committee of the Regions

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Gareth Price	Clerc Clerk

Dechreuodd y cyfarfod am 9.00 a.m.
The meeting began at 9.00 a.m.

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

[1] **Jocelyn Davies:** Welcome everyone to a meeting of the Finance Committee. I remind you all to turn off any electronic equipment and your mobiles, because it interferes with the translation. We are not expecting a fire drill, so if you hear the alarm, please follow the directions of the ushers. We have received no apologies. We will turn straight to the first substantive item on the agenda.

**Creu Gwell Synergedd rhwng Cyllideb yr UE a Chyllidebau Cenedlaethol ac Is-genedlaethol: Papur Safbwynt—Pwyllgor y Rhanbarthau yr UE
Creating Greater Synergies between EU, National and Sub-national Budgets:
Opinion Paper—EU Committee of the Regions**

[2] **Jocelyn Davies:** I welcome Rhodri Glyn Thomas and Gregg Jones. Perhaps you would like to introduce yourselves for the record and then introduce your opinion paper, which is from the European Union Committee of the Regions.

[3] **Rhodri Glyn Thomas:** Diolch yn fawr iawn, Gadeirydd, a diolch am y cyfle i ddod i'r pwyllgor y bore yma i drafod y datganiad o farn. Credaf fod y term '*opinion*' yn Saesneg yn golygu rhywbeth ychydig bach yn fwy na 'barn'; mae'n fwy o ddatganiad o farn na barn syml. Mae'n ddatganiad o farn y byddaf yn ei gyflwyno i Bwyllgor y Rhanbarthau yfory, yn y gobaith y gallwn sicrhau cefnogaeth iddo. Mae'n ymddangos yn weddol galonogol ar hyn o bryd; dim ond 18 o welliannau sydd wedi'u cynnig. Mae chwech o'r rheiny wedi'u cynnig gennym ni, ac rydym wrthi yn cynnig rhai newydd i gynnwys y gwelliannau eraill. Felly, nid yw'n ymddangos bod gwrthwynebiad i'r datganiad.

Rhodri Glyn Thomas: Thank you very much, Chair, and thank you for the opportunity to come before the committee this morning to discuss this statement of opinion. I think that the term 'opinion' in English means a little bit more than the word 'barn' in Welsh; it is more of a statement of opinion than a simple opinion. It is a statement of opinion that I will be introducing to the Committee of the Regions tomorrow, in the hope that we can ensure support for it. It appears quite encouraging at the moment; only 18 amendments have been put forward. Six of those have been put forward by us, and we are putting forward new amendments to include the other ones. Therefore, it does not appear that there is opposition to the statement.

[4] Rwy'n eilydd ar Bwyllgor y Rhanbarthau. Christine Chapman oedd yr aelod am chwech neu saith mlynedd, ac rwyf innau wedi bod yn eilydd am bedair blynedd. Mae Chris bellach wedi sefyll i lawr, ond mae hi wedi bod drwy'r broses hon o gyflwyno datganiad o farn. Gregg Jones, fel y gwyrddoch, yw cynrychiolydd Cynulliad Cenedlaethol Cymru ym Mrwsel a phennaeth y swyddfa yno, ond mae hefyd yn gweithredu fel fy ymgynghorydd arbenigol ar y datganiad o farn hwn.

I am an alternate member of the Committee of the Regions. Christine Chapman was the member for six or seven years, and I have been an alternate member for four years now. Christine has now stood down, but she has been through this process of putting forward a statement of opinion. Gregg Jones, as you know, is the representative of the National Assembly for Wales in Brussels and the head of the office there, but he also operates as a specialist adviser to me on this statement of opinion.

[5] Esboniaf gynrychiolaeth Cymru ar Bwyllgor y Rhanbarthau rhag ofn nad yw pawb yn ymwybodol o hynny. Mae pedwar cynrychiolydd: dau o'r Cynulliad a dau o

I will explain the representation of Wales on the Committee of the Regions in case not everyone is aware of that. There are four representatives: two from the Assembly and

gynghorau sir Cymru. Mae'r pedwar yn gweithredu fel unigolion ar Bwyllgor y Rhanbarthau ac yn aelodau o wahanol grwpiau. Rwy'n digwydd bod yn aelod o grŵp y Gynghair Ewropeaidd. Mae'r grwpiau i gyd yn cael pwyntiau y maent yn gallu eu defnyddio er mwyn cynnig am ddatganiad o farn. Yn ogystal â bod yn eilydd ar Bwyllgor y Rhanbarthau, rwyf hefyd yn aelod o gomisiwn ar adnoddau naturiol—comisiwn y NAT—ac rwyf hefyd yn aelod o'r pwyllgor ad hoc ar y gyllideb. Mae'r datganiad o farn hwn wedi dod drwy'r pwyllgor ad hoc hwnnw ar y gyllideb.

two from county councils in Wales. The four operate as individuals on the Committee of the Regions and are members of different groups. I happen to be a member of the European Alliance group. All the groups have points that they can use to make an application for a statement of opinion. As well as being an alternate member of the Committee of the Regions, I am also a member of the commission on natural resources—the NAT commission—and I am also a member of the ad hoc committee on the budget. This statement of opinion has come through that ad hoc committee on the budget.

[6] Y cais oedd inni edrych ar y synergedd rhwng y gyllideb Ewropeaidd, cyllideb y Comisiwn, cyllideb yr aelod-wladwriaeth, ac yna'r gyllideb ar y lefel is-wladwriaeth, a sicrhau bod cysondeb wrth i'r arian deithio o Ewrop, drwy'r aelod-wladwriaethau, i lawr i'r gwledydd a'r rhanbarthau lle mae'r rhaglenni a'r prosiectau yn cael eu gweithredu. Wrth reswm, yr hyn yr oeddem yn edrych amdano oedd gweld i ba raddau yr oedd y bwriadau a oedd yn cael eu gosod gan Ewrop yn cael eu gweithredu ar y lefel is-wladwriaeth. Er bod rheidrwydd i adrodd yn ôl ar y gwariant, yr hyn y mae'r broses honno o archwilio ariannol yn ei wneud yw sicrhau bod yr arian wedi cael ei wario yn gywir. Nid yw'n edrych ar yr hyn sydd wedi'i gyflawni drwy'r gwariant. Roedd yn syndod i mi nad oedd y broses o edrych ar y daith ariannol, ac ar yr hyn a oedd yn digwydd ar lawr gwlad, wedi cael ei gwneud o'r blaen yn Ewrop. Felly, roedd yn dir newydd yn hynny o beth.

The request was that we should look at the synergy between the European budget, the Commission's budget, the budget of the member states, and the budget on the sub-state level, and ensure that there is consistency as the funding travels from Europe, through the member states, down to the countries and regions where the programmes and projects are being implemented. It stands to reason that what we were looking for was to see to what extent the intentions that were being set by Europe were being implemented on the sub-state level. Even though there is a necessity to report back on the expenditure, what the process of financial audit does is to ensure that the money has been spent correctly. It does not look at what has been achieved by that expenditure. It surprised me that the process of looking at the financial journey, and at what was happening on the ground, had not previously been done in Europe. Therefore, we were breaking new ground in that regard.

[7] Credaf fod nifer o'r pethau yr ydym yn eu nodi yn y datganiad o farn yn cydweddu â'r adroddiad y bu ichi ei gyhoeddi fel pwyllgor. Roedd yr adroddiad hwnnw yn un gytbwys, yn adeiladol ac, ar y cyfan, yn un cadarnhaol. Mae'n nodi rhai gwendidau yn y broses, ond wrth wneud hynny, cynnigir y cyfle i wella'r broses honno. Rwy'n gobeithio y gallwn ni hefyd wneud hynny wrth inni nodi rhai o'r rhwystrau sy'n codi wrth i'r arian ddod o Ewrop ar gyfer rhaglenni a phrosiectau yn y gwledydd a'r rhanbarthau ar y lefel is-wladwriaeth.

I believe that many of the things that we note in the statement of opinion echo the report published by this committee. That report was balanced, constructive and, on the whole, positive. It identified some weaknesses in the process, but in doing so, you offered the opportunity to improve that process. I hope that we can also do that as we identify some of the barriers that arise as the funding comes from Europe for programmes and projects in the countries and regions at the sub-state level.

[8] Derbyniason dystiolaeth o sawl cyfeiriad, gan gynnwys wrth siarad â phobl o Gymru. Roeddwn yn ffodus iawn i gael cyfle i drafod gyda Hywel Ceri Jones, sydd wedi treulio blynyddoedd lawer yn y Comisiwn Ewropeaidd, ac roedd ei brofiad ef yn ddefnyddiol iawn i ni ac yn ddiddorol. Cawsom hefyd gyfle i siarad â Gwilym, ei fab, sydd bellach yn gweithio i'r Comisiwn ym maes amaethyddiaeth a materion gwledig ym Mrwsel.

[9] Cawsom hefyd gyfarfod o randdeiliaid ac roedd yn ddiddorol gweld pobl o wahanol ranbarthau a gwledydd ar y lefel is-wladwriaeth a chlywed eu profiadau. Un peth a gododd yn aml oedd y diffyg hyblygrwydd. Roedd yr arian yn dod, ond nid oedd digon o hyblygrwydd o ran defnyddio'r arian hwnnw mewn ffordd adeiladol. Rydym yn nodi hynny nifer o weithiau yn y datganiad o farn. Byddai mwy o hyblygrwydd yn ddefnyddiol iawn o ran sicrhau bod y prosiectau a'r rhaglenni hyn yn effeithiol.

[10] Yn syml, mae'r Comisiwn Ewropeaidd eisiau i'r arian hwn drawsffurfio cymunedau yn economaidd ac yn gymdeithasol. Rydym yn gofyn y cwestiwn: os yw'r rheolau mor dynn â hynny, a yw'n bosibl gwneud hynny? Rydym hefyd yn gofyn a yw hynny'n codi o'r ffordd yr ydym ni'n dehongli'r rheolau ar y lefel is-wladwriaeth, neu a yw'n codi o'r ffordd y mae'r Comisiwn yn gosod y rheolau yn y lle cyntaf. Fel canlyniad i'r cyni ariannol sydd wedi bod, mae'r Comisiwn Ewropeaidd wedi rhyddhau'r amodau hynny, i raddau helaeth. Fodd bynnag, nid wyf yn siŵr i ba raddau yr ydym wedi llwyddo i fanteisio ar y rhyddid hwnnw wrth inni lunio'r rhaglenni a'r prosiectau hyn ar y lefel is-wladwriaeth.

[11] Byddai un peth yr ydym yn crybwyll yn y datganiad yn ddefnyddiol. Os oes arian dros ben, a bod arian o Gymru yn cael ei ddychwelyd—fel y gwnaethpwyd ar ddiwedd cyfnod Amcan 1 yn 2007-08—mae'r arian yn dychwelyd i'r Trysorlys. Rydym yn cael rhywfaint o'r arian hwnnw yn ôl, oherwydd mae gennyf gof ein bod wedi defnyddio'r arian hwnnw ar gyfer y gyllideb dwristiaeth ym mlwyddyn gyntaf Llywodraeth Cymru'n

We received evidence from many quarters, including through talking to people from Wales. I was very fortunate to have the opportunity to discuss with Hywel Ceri Jones, who has spent many years in the European Commission, and his experience was very useful for us and interesting. We also had an opportunity to talk to Gwilym, his son, who now works for the Commission in the field of agriculture and rural affairs in Brussels.

We also had a meeting of stakeholders and it was interesting to see people from different regions and countries on the sub-state level and hear their experiences. One thing that arose frequently was the lack of flexibility. The funding comes, but there was not enough flexibility in order to be able to use those funds constructively. We note that several times in the statement of opinion. Greater flexibility would be very useful to ensure that these projects and programmes are effective.

In simple terms, the European Commission wants these funds to transform communities economically and socially. We are asking the question: if the rules are so tight, is it possible to do that? We also ask whether that arises because of the way in which we interpret the rules on the sub-state level, or does it arise because of the way in which the Commission sets the rules in the first place. As a result of the financial hardship that there has been, the European Commission has relaxed those conditions, to a great extent. However, I am not sure how far we have succeeded to take advantage of that freedom as we formulate programmes and projects at the sub-state level.

There is one thing that we mention in the statement that would be useful. If there is money left over, and that money from Wales is returned—as was done at the end of the Objective 1 period in 2007-08—the money is returned to the Treasury. We get some of that money back, because I recall that we used that money for the tourism budget in the first year of the One Wales Government. However, I think that what we received back

Un. Fodd bynnag, credaf mai'r hyn yr oeddem yn derbyn yn ôl oedd yr elfen Barnett o'r arian hwnnw, a bod cyfanswm yr arian yn mynd yn ôl i'r Trysorlys ac yn aros yn y fan honno. Rydym yn dadlau y byddai'n llawer iawn gwell petai modd trosglwyddo unrhyw arian sydd ar ôl yn unrhyw gronfa ariannol, a'i fod felly'n cael ei ddefnyddio yn hytrach na'i fod yn cael ei ddychwelyd a'i golli. Roedd yn ddefnyddiol i ni o ran twristiaeth, ond os oes arian yn dod yn ôl, nid oes amser i gynllunio beth i'w wneud gyda'r arian hwnnw, ac mae'n tueddu i gael ei wario heb roi ystyriaeth ddwys i sut mae'n cael ei wario. Felly, rydym yn edrych ar y rhwystrau a cheisio gweld sut y byddai creu synergedd rhwng y lefelau hyn yn ein galluogi i wneud gwell defnydd o'r arian.

[12] Rydym hefyd yn nodi fod perygl y dyddiau hyn, oherwydd arian Ewropeaidd yw'r unig arian sydd ar gael ar gyfer buddsoddiad cyfalaf yn aml iawn. Rydym yn gweld hynny yng Nghymru, gan fod 40% o'r arian cyfalaf wedi mynd. Yn aml iawn, yr unig arian cyfalaf ar gyfer buddsoddiad sydd i'w gael yw arian Ewropeaidd. Felly, mae perygl y bydd yn cael ei ddefnyddio er mwyn ceisio ateb problemau tymor byr yn hytrach nag ar gyfer buddsoddi tymor hir a fyddai'n creu'r math o drawsffurfio cymunedol mae'r Comisiwn Ewropeaidd yn ei geisio.

[13] Un o'r pethau rydym yn ei awgrymu yn y papur, a hwyrach rhywbeth y byddai'r pwyllgor hwn yn hoffi ei ystyried, yw'r posibilrwydd o sefydlu rhyw fath o raglen drwy rwydwaith o brifysgolion ar lefel is-wladwriaeth, a fyddai'n edrych ar y synergedd hwn ac yn ei astudio yn y gwahanol wledydd a rhanbarthau. Byddai'n braf iawn pe bai prifysgol yng Nghymru yn arwain ar y gwaith hwnnw, hwyrach hyd yn oed y ganolfan sydd wedi ei sefydlu yn adeilad y Pierhead yn ymyl y Senedd yng Nghaerdydd. Fodd bynnag, mae mwy o waith i'w wneud—agor cil y drws rydym yn ei wneud ar y mater hwn, a gobeithio dechrau trafodaeth a fydd yn fuddiol iawn o ran y Comisiwn Ewropeaidd.

[14] Mae diddordeb mawr wedi cael ei ddangos yn y datganiad o farn. Cefais gyfarfod hir iawn gyda Chomisiynydd Lewandowski a oedd yn syndod, achos roedd

was the Barnett element of that money and that the full amount of the money returns to the Treasury and remains there. We argue that it would be much better if there was a means of transferring any money left in any financial fund, and that it could therefore be used instead of it being returned and lost. It was useful for us in terms of tourism, but if money comes back, there is no time to plan what to do with that money, and it tends to be spent without giving serious consideration to the way in which it is spent. Therefore, we are looking at the obstacles and trying to see how creating a synergy between these levels would enable us to make better use of the money.

We also note that there is a risk these days, because European money is very often the only money available for capital investment. We see that in Wales, because 40% of the capital funding has gone. The only money available for capital investment is very often European money. Therefore, there is a risk that it will be used to try to solve short-term problems rather than for long-term investment, which would create the type of community transformation that the European Commission seeks.

One of the things that we suggest in the paper, which is perhaps something that this committee would wish to consider, is the possibility of establishing some kind of programme through a network of universities at the sub-state level, which would look at this synergy and study it in the different countries and regions. It would be very good if a Welsh university were to lead that work, perhaps even the centre that has been established in the Pierhead building near the Senedd in Cardiff. However, more work needs to be done—we are merely opening the door on this issue, and hoping to initiate a discussion that will be highly beneficial in terms of the European Commission.

A great deal of interest has been shown in the draft opinion. I had a lengthy meeting with Commissioner Lewandowski, which came as a surprise, as he was in the middle of his

ying nghanol ei drafodaethau am y gyllideb. Roedd yn awyddus iawn i fy ngweld, a dywedodd wrthyf dair gwaith yn ystod y cyfarfod ei bod yn eithriadol o bwysig fod llais a phrofiad Cymru yn cael ei glywed ar hyn o bryd yn Ewrop. Gwneuthum drosglwyddo'r neges honno i'r Prif Weinidog ac Alun Davies, y Dirprwy Weinidog sy'n gyfrifol am y cronfeydd hyn. Rwy'n credu ei bod yn deg nodi bod y ddau ohonynt, dros y misoedd diwethaf, wedi ei gwneud yn glir iawn beth yw safbwynt Cymru, sef ei bod yn fuddiol i Gymru fod yn rhan o Ewrop, bod yr arian sy'n dod i Gymru yn hynod o werthfawr a'i bod yn bwysig ein bod yn gwneud y defnydd gorau o'r arian hwnnw.

[15] Dyna'r datganiad o farn y byddwn yn ei gyflwyno prynhawn yfory yn y cyfarfod llawn, ond rydym eisoes wedi dechrau ar ddarn o waith arall sy'n gysylltiedig ag ef mewn rhyw ystyr. Derbyniodd y pwyllgor ad hoc ar y gyllideb gais gan lywyddiaeth Iwerddon i gyflwyno datganiad o farn ar y synergedd rhwng partneriaethau preifat a chyhoeddus o ran buddsoddiad, gan edrych yn benodol ar Fanc Buddsoddi Ewrop. Mae'r gwaith hwnnw yn dod i ben—rydym yn gorfod ei gyflwyno ar gyfer cael ei gyfieithu erbyn 4 Chwefror, a bydd yn mynd gerbron y pwyllgor ad hoc ar y gyllideb ar 6 Mawrth ar gyfer y cyfarfod llawn ar 11 a 12 Ebrill. Rydym wedi ymgynghori'n eang, a buom ym Manc Buddsoddi Ewrop yn Lwcsembwrg, a chawsom gyfarfod gyda rhyw 10 neu 11 o'i uwch swyddogion. Roedd yn ddiddorol iawn eu bod yn dweud wrthym fod Cymru ar y blaen ar y dechrau o ran edrych ar y math hwn o fuddsoddiad a phartneriaethau ac ar y blaen o ran ceisio cael arian o Fanc Buddsoddi Ewrop, ond ein bod wedi llithro'n ôl.

9.15 a.m.

[16] Yr esboniad roeddynt yn ei gynnig i ni am hynny oedd mai ni oedd un o'r gwledydd a'r rhanbarthau cyntaf i fentro i'r maes hwnnw, roeddem wedi wynebu rhai problemau ac roedd craffu manwl wedi bod ar yr hyn oedd yn digwydd a bod hynny wedi peri i ni fod yn ochelgar iawn rhag mentro i'r maes hwnnw, ond bod posibilidau gwirioneddol o ansefydlogi'r partneriaethau hynny. Rydym wedi cymryd safiad yng

discussions on the budget. He was very keen to see me, and he told me three times during the meeting that it was crucial that Wales's voice and experience is heard in Europe at present. I conveyed that message to the First Minister and to Alun Davies, the Deputy Minister responsible for these funds. I think that it would be fair to say that they have both, over the past few months, made Wales's position very clear, namely that it is beneficial for Wales to be a part of Europe, that the money that comes to Wales is extremely valuable and that it is important that we make the best use of that money.

That is the draft opinion that we will present tomorrow afternoon in the plenary meeting, but we have already started on another piece of work that, in a sense, is linked to it. The ad hoc committee on the budget received a request from the Irish presidency to submit a draft opinion on the synergy between private and public partnerships in terms of investment, looking specifically at the European Investment Bank. That work is nearing completion—we have to submit it for translation by 4 February, and it will go before the ad hoc committee on the budget on 6 March for the plenary meeting on 11 and 12 April. We have consulted widely, and we visited the European Investment Bank in Luxembourg, where we met with 10 or 11 of its senior officials. It was very interesting that they told us that Wales had led the way at the beginning with regard to looking at such investment and partnerships and had led the way in trying to get money from the European Investment Bank, but that we had since slipped back.

The explanation that they offered us for that was that we were one of the first countries and regions to venture into this area, we had faced some problems and that there was detailed scrutiny of what was happening and that that had caused us to be very cautious about entering that field, but that there was the genuine possibility of destabilising those partnerships. We have taken a stand in Wales, which I greatly support, that we are

Nghymru, un yr wyf yn ei gefnogi'n fawr iawn, nad ydym o blaid menter cyllid preifat—neu nid yw'r rhan fwyaf ohonom o blaid PFI yng Nghymru—ond y mae'r partneriaethau hyn yn wahanol iawn.

not in favour of the private finance initiative—or the majority of us are not in favour of PFI in Wales—but these partnerships are very different.

[17] Y mae'r math o fuddsoddiad y mae Banc Buddsoddi Ewrop yn gallu ei gynnig yn cael ei arwain gan y prosiect yn hytrach na'r buddsoddiad ariannol. Gall fod yn fuddsoddiad o hyd at 30 mlynedd gydag amodau arbennig ynghlwm wrtho. Mae'r gyfradd llog yn cael ei benderfynu ar sail y prosiect yn hytrach nag ar gyfradd sy'n cael ei osod gan y banc mewn perthynas â buddsoddi. Felly, mae posibiladau yn hynny o beth, ac rwyf wedi trafod y rheiny gyda rhai o Weinidogion Llywodraeth Cymru.

The kind of investment that the European Investment Bank can offer is led by the project rather than by the financial investment. It can be an investment of up to 30 years with special conditions attached to it. The interest rate is decided on the basis of the project rather than on a rate that is set by the bank in relation to investment. So, there are possibilities in that regard and I have discussed those with some of the Welsh Government's Ministers.

[18] Yn olaf, bydd y datganiad o farn hwn yn cael ei gyflwyno yn y Gymraeg ac rwy'n falch bod Mair Parry-Jones o'r uned cyfieithu yn dod draw i Frwsel yfory i gyfieithu. Bydd y datganiad ym mis Ebrill hefyd yn cael ei gyflwyno yn y Gymraeg. Dyna'r tro cyntaf y mae hynny wedi digwydd o ran datganiadau o farn ym Mhwyllgor y Rhanbarthau. Mae'n brawf o'r gydnabyddiaeth i'r iaith Gymraeg a roddwyd yn Ewrop. Wyt ti eisiau ychwanegu rhywbeth, Gregg?

Finally, this draft opinion will be introduced in Welsh and I am pleased that Mair Parry-Jones from the translation unit will come over to Brussels tomorrow to translate. The statement in April will also be put forward in Welsh. That is the first time that this has happened in terms of draft opinions at the Committee of the Regions. It is a demonstration of the recognition that has been given in Europe for the Welsh language. Gregg, do you want to add anything?

[19] **Jocelyn Davies:** Gregg, please do not add anything because we want to get to the questions and I am sure that there will be some questions for you.

[20] Having read the opinion, and for those of us who do not use European jargon every day, what do common strategic framework funds include?

[21] **Rhodri Glyn Thomas:** Maent yn cynnwys y cronfeydd strwythurol, y polisi datblygu gwledig, y cronfeydd morwrol a physgota. Gyda'r cronfeydd hynny, bydd angen i'r aelod wladwriaeth ddarparu fframwaith partneriaeth ar gyfer y cronfeydd hynny i gyd. Mae Llywodraeth Cymru wedi gofyn am gael pennod Cymru fel rhan o hynny fel ein bod yn gallu edrych ar y cronfeydd hynny gyda'i gilydd. Y gobaith yw y gallwn sicrhau fod hyblygrwydd rhyngddynt oherwydd pe bai mwy o hyblygrwydd rhwng y cronfeydd hynny, byddai modd gwneud llawer mwy gyda'r arian.

Rhodri Glyn Thomas: They include the structural funds, the rural development policy, marine reserves and fishing. With those funds, the member state will need to provide a partnership framework for all those funds. The Welsh Government has asked for a Welsh chapter to be part of that so that we can look at those funds together. Hopefully we can ensure flexibility between them because if there were more flexibility between those funds, it would be possible to do much more with the money.

[22] **Jocelyn Davies:** It was interesting that we asked similar questions even though you were probably unaware of that and we did not know that you were doing so. We asked similar

questions about who was imposing the rules rigidly and received varying answers to our questions. I do not think that we got entirely to the truth in terms of whether it was the European Commission, the Welsh European Funding Office or others among the layers of people who look after the projects. In your paragraph 12, you mention absorption rates—is such a rate the actual spend on projects? You talk about the simplification of the rules, which have helped with absorption rates. So, is the absorption rate the actual spend on projects?

[23] **Mr Jones:** Absolutely. If you imagine that you have an envelope or an allocation to a region or a country, those rates relate to how much of that allocation you use. In some countries, the absorption rate is very low because this was written with the EU27 in mind and not only Wales, even though Wales is important from our perspective.

[24] **Jocelyn Davies:** That same paragraph also mentions unnecessary regulatory burdens and that you would welcome a move towards a more risk-based approach in the audit, which is the same conclusion that we reached. I wanted to point that out; it is not really a question. However, a number of Members do have questions, so we will start with Christine.

[25] **Christine Chapman:** I congratulate you, Rhodri Glyn, on your opinion. I know that Gregg has worked with you on this. I know, from my own experience, that a lot of detailed work is involved, which is reflected in your opinion and I wish you all the best for the process now as you go out to Brussels. I will just pick up on a couple of points. In point 3, you talk about calling for a stronger political priority to be given to creating synergies between the EU member states and sub-states, et cetera. You also express concern in point 24 that there is a drive towards the greater centralisation of powers and decision-making. You have talked in terms of networks among universities within Europe. What role do you see the Welsh Government playing in creating those synergies? Obviously, there is a strong link, but is it just about right, or should there be more scope for the Welsh Government to help to create synergies among the stakeholders, such as universities or other networks of sectors that would maximise the benefits?

[26] **Rhodri Glyn Thomas:** I think it would be very useful if the Welsh Government were to be more proactive, if I could suggest that in this role, and have a greater discussion with other regions and countries at the sub-state level. One of the interesting things from the stakeholder meeting was the various projects and programmes that were happening in the regions and the countries. A lot of the problems they were facing were the same problems in terms of what was stopping them from ensuring that the work was project-led and was not governed too tightly by the criteria set. You were speaking, Chair, about where the problems lie. The term that used to be used quite often in Wales was that the United Kingdom tended to ‘gold-plate’ the regulations coming down from Europe, and I think, to an extent, we still do it. There are other countries and regions that have been far more flexible and far more effective in their use, but I think that we have been constrained by the criteria to a far greater extent than some of those regions and countries. A proactive role by the Government of Wales would be very useful, so that the money is used to do what the Commission wants it to do, namely to transform communities. To do that, you have to have a clear project.

[27] If you go back to Objective 1, most of us would now accept that we got Objective 1 and then thought ‘Oh, right, we’ve got the money; what can we do with it?’ The Irish, when they first started drawing down structural funds, knew exactly before they got a penny of the money, or a euro of the money, what they were going to do with that money. That has been the difference over the years, but the Welsh Government is getting far more proactive now. You have had experience, Chris, of being on the Committee of the Regions, and when I first got there, I had no idea what was happening most of the time and no idea what we were voting on most of the time because it is very complicated. We spoke to all the MEPs as well in preparing this opinion and they had the same experience. We must find a way of getting all the representatives of Wales on the various committees together. As well as the Committee of

the Regions, there are other Assembly Members who represent Wales in Europe and I am not sure what they do, to be perfectly honest. So, if we could get all that together as well, it would be beneficial.

[28] **Mike Hedges:** I would like to make two comments and then ask two questions. You asked whether we were getting a definitive answer; I think the definitive answer we were getting was that it was always someone else.

[29] **Jocelyn Davies:** That is true; that is a good point.

[30] **Mike Hedges:** First, I congratulate you, Rhodri, on speaking in Welsh in the Committee of the Regions. It is pointless us having an accord for Welsh to be spoken there if no-one ever takes advantage of it. It is important for a language to be seen as a living language in some of these organisations. I thank you and congratulate you on doing that.

[31] I have two questions. One is—and I do not expect you will be able to answer this because it is one of the great questions—how do we get Governments at all levels to decide that on 31 March the wall does not come down and on 1 April something new starts? How can we move towards multi-year budgeting? Civil servants and accountants the world over do not like it, but the real world needs it. How do we set about getting this?

[32] My other point is that I agree entirely with you on risk, but the other bugbear of the world is people called auditors who have 20:20 hindsight, who, when you take risks—and obviously, when you take risks, some things will not work—will say, ‘There goes £200,000 of public money, wasted on this project’. The fact that 10 other projects that are exactly the same have generated thousands of jobs will be immaterial. That really is the problem. Again, I do not think that you have an answer for that either, but I just wanted to put those two points to you.

[33] **Jocelyn Davies:** Gregg, would you like to take those two points? [*Laughter.*]

[34] **Rhodri Glyn Thomas:** Yes. Thank you for those two questions, Mike.

[35] **Jocelyn Davies:** You can just agree with Mike. Many witnesses do.

[36] **Rhodri Glyn Thomas:** First, in terms of the use of Welsh, if I remember rightly, Nerys Evans was the first person to use the Welsh language, and I think that Alun Ffred and possibly Elin Jones have also, in their ministerial roles, used the Welsh language. I did it in one meeting, but this is the first time that an opinion has been presented in Welsh.

[37] In terms of the first question, yes, that is the problem, and that is because of the accounting system that we are using to look at how the money is spent—we are focusing on the expenditure rather than on what we are trying to achieve through the expenditure. Looking at synergies should at least allow us to actually concentrate on the projects. Of course, there is a need to account for the expenditure, and there are always dangers in terms of how money is spent, but it should be project led. Annual accounting is a problem and the way in which accountants look at expenditure is a problem; however, I think that it is fair to say—and Ieuan would know a lot more than me about this—that there has been a change, certainly in the way that the Welsh European Funding Office looks at projects in Wales. Ieuan will remember the issue that we had with Nant Gwrtheyrn. When we were approached by Nant Gwrtheyrn, it had put in for funding, and because of the way in which WEFO looked at projects, it had to create so many jobs. Wherever you were, if you were in the middle of a large town or on the Llŷn peninsula, where Nant Gwrtheyrn is, it was the same number of jobs that were required. We had to try to persuade WEFO and eventually succeeded. I think that it was six jobs in Nant Gwrtheyrn, or something like that, but that was a substantial number of jobs in Nant

Gwrtheyrn. It has transformed Nant Gwrtheyrn, and a lot of work is being done there now. It is bringing a lot of money into the area through the number of people attending courses there.

[38] So, there is greater need for flexibility, but it is not easy because there are various layers. It is interesting that, when you talk to other regions within the UK, you will find the bugbear is the member state and the fact that the member state imposes on the money that comes down certain rules and regulations that make it very difficult. We had an interesting discussion in the ad hoc budget committee where Albert Bore, leader of Birmingham City Council, Flo Clucas, who was from Liverpool at the time, and I were all saying exactly the same thing about the difficulty in terms of using structural funds.

[39] **Jocelyn Davies:** European funding has been around a long time. Why has it taken so long to get to the point where this is the thing that we need to address: that focusing on the delivery of the projects should be more important than the strict accountancy rules that have proved to be barriers? Why do you think that it has taken so long?

[40] **Rhodri Glyn Thomas:** I do not know. We are being told that this is the first time that the emphasis has been on what is actually happening on the sub-state level. It has been presumed in the past that the projects and the programmes reflect their goals, but that certainly has not always been the case.

9.30 a.m.

[41] **Julie Morgan:** Congratulations on this report and all the work that has gone into it. I am interested in your comments about the European Investment Bank, and you have mentioned it in the report. I do not know why we do not take more advantage of the European Investment Bank. I wonder if you can expand on what you said about Wales falling behind and the difficulties of using the funds. I know of some projects in Wales, but not many.

[42] **Rhodri Glyn Thomas:** I suppose that the classic example at the moment is the new campus at Swansea University. I was talking to Sir Roger Jones last night about that. He was telling me that it had worked very well, and that it had been simple and quick. The money came down, and the flexibility of that investment made it very easy for them. The European Investment Bank told us, as I said earlier, that Wales came in early and got a lot of attention because it came in early, and its feeling is that because there was a lot of attention given to those early bids, suddenly people became very wary and thought that it was too cumbersome.

[43] However, we tried to pin the bank down on the difference between the European Investment Bank and a normal, commercial, bank. I presumed that the banking system in Europe was the same as it is in the UK, but I was surprised to learn, when we did our second opinion work, that it is not: it is very different. In Germany, for example, there are far more public banks than there are private, commercial, banks. However, the European Investment Bank is different to all these banks because it is project led. A lot of the money goes in to support funds coming from Europe, and it is prepared to manage those projects to reduce the risk, which means that it can invest the money at a far lower rate of interest and ensure that the projects succeed. It has said quite clearly that it has to break even, but it is a not-for-profit bank, so it does not have to make a profit, but it can afford to make a loss. It has to balance the books, but that is the difference, and there are tremendous opportunities for Wales, especially because we have another couple of years of convergence, and there will be something after convergence. We are not too sure what it will be yet, but if we use European Investment Bank money on top of the money coming down from Europe, it means those budgets become far larger. As long as the projects are secure, there should not be a problem in drawing down that money.

[44] **Ieuan Wyn Jones:** Rwy'n croesawu **Ieuan Wyn Jones:** I very much welcome

eich papur yn fawr iawn. Gobeithio y byddwch yn llwyddiannus yn sicrhau cytundeb yfory. Mae gen i ychydig o bwyntiau yr hoffwn eich holi yn eu cylch, yn benodol ar eich adroddiad, paragraff 16, lle rydych yn cyfeirio at y posibilrwydd o greu un gronfa diriogaethol sy'n dod â nifer o gronfeydd at ei gilydd. Beth fyddai'n cael ei gynnwys yn y gronfa honno?

[45] **Rhodri Glyn Thomas:** Byddai'r gronfa honno yn cynnwys yr arian strwythurol. Gallai gynnwys y rhan fwyaf o biler 2; ni fyddai'n gallu cynnwys piler 1, o ran arian y polisi amaethyddol cyffredin, oherwydd mae hynny'n arian uniongyrchol i ffermwyr. Gallai gynnwys yr arian morwrol ac ar gyfer pysgodfeydd.

[46] **Ieuan Wyn Jones:** Yr hyn roeddech chi'n dweud wrth y Cadeirydd, mewn gwirionedd.

[47] **Rhodri Glyn Thomas:** Ie.

[48] **Ieuan Wyn Jones:** A fyddai'r cronfeydd hynny i gyd yn dod o dan un pot?

[49] **Rhodri Glyn Thomas:** Rwy'n awgrymu y byddai hynny'n creu llawer iawn mwy o hyblygrwydd. Y broblem ydy, pan fydd pobl yn meddwl yn nhermau un gronfa yn unig, mae'r hyn y gellir ei gyflawni drwy hynny llawer iawn yn llai, ac weithiau nid yw mor gynhyrchiol â phe bai rhywun yn edrych ar y sefyllfa yn fwy cynhwysfawr.

[50] **Ieuan Wyn Jones:** Wedyn, ym mharagraff 17, rydych yn cyfeirio at synergeddau ar draws y cyllidebau hyn. Ar hyn o bryd, rhaid ichi benderfynu pa un o'r cronfeydd rydych yn gwneud cais amdani a rhaid ichi ffitio'r canllawiau hynny. Nid oes modd ichi ddefnyddio mwy nag un gronfa ar gyfer prosiectau penodol. Ar hyn o bryd, mae'r Comisiwn yn argymhell y gallech, er enghraifft, ddefnyddio cronfeydd strwythurol a Horizon 2020 gyda'i gilydd mewn un cais. A ydych yn croesawu'r math hwnnw o beth? Ai dyna'r math o synergedd rydych yn gweld y dylem ei hyrwyddo?

[51] **Rhodri Glyn Thomas:** Mae hynny yn sicr yn digwydd. Rwy'n credu ei bod wedi digwydd ar gefndir y problemau ariannol

your paper. I hope that you will be successful in ensuring an agreement tomorrow. I have a few points that I wanted to raise with you, specifically on your report, in paragraph 16, where you refer to the possibility of creating one territorial fund that brings several funds together. What would be included in that fund?

Rhodri Glyn Thomas: That fund would include the structural funds. It could include the majority of pillar 2; it could not include pillar 1, as regards the common agricultural policy, because that is specifically allocated to farmers. It could include the maritime and fisheries funds.

Ieuan Wyn Jones: The sorts of things you were telling the Chair about, in all honesty.

Rhodri Glyn Thomas: Yes.

Ieuan Wyn Jones: Would all of those come under one pot?

Rhodri Glyn Thomas: I suggest that that would create a lot more flexibility. The problem is that when people think in terms of one individual fund, what can be achieved through that fund is far more limited, and sometimes it is not as productive as looking at the situation as a whole.

Ieuan Wyn Jones: Then, in paragraph 17, you refer to synergies across these budgets. At present, you have to decide to which of the funds you are going to make an application and you have to fit the criteria of those funds. You cannot use more than one fund for specific projects. At present, the Commission recommends that you could, for example, use structural funds and Horizon 2020 together in one application. Do you welcome that kind of thing? Is that the kind of synergy that you think we should be promoting?

Rhodri Glyn Thomas: That certainly happens. I think that it has happened on the back of the financial problems that are

sy'n bodoli drwy Ewrop; nid yn unig yn ardal yr ewro ond drwy Ewrop i gyd. Mae'n bodoli, ond rwy'n credu y gellir bod hyd yn oed yn fwy hyblyg na hynny. O fewn y gyfatebiaeth honno, petai rhywun yn ychwanegu Banc Buddsoddi Ewrop hefyd, byddai hynny'n creu posibiliadau go iawn. Byddwn yn falch hefyd petai rhywun yn gallu creu term gwell am *synergies* na 'synergeddau', sy'n air hyll iawn, yn fy marn i.

[52] **Ieuan Wyn Jones:** Yn olaf, rydych hefyd yn gwneud pwynt yn yr adroddiad—sydd efallai yn bwynt gwleidyddol mwy eang na sôn am y gyllideb yn unig—am y perygl o ganoli mwy yn yr Undeb Ewropeaidd; nid yn unig canoli o safbwynt yr undeb, ond canoli o gwmpas yr aelod-wladwriaethau yn hytrach na'r is-wladwriaethau. Faint o berygl sydd yn hynny, mewn gwirionedd? Mae'n cael ei ddweud yn amlach y dyddiau hyn bod hynny'n digwydd. Sefydlwyd Pwyllgor y Rhanbarthau fel rhan o'r ymateb i hynny yng nghytuniad Maastricht. A ydych wedi gweld bod llai o werth a llai o bwyslais yn cael eu rhoi ar Bwyllgor y Rhanbarthau rŵan, neu a ydych yn meddwl bod Pwyllgor y Rhanbarthau yn dal i gael ei weld fel corff pwysig o ran ei farn?

[53] **Rhodri Glyn Thomas:** Byddwn yn dadlau bod Pwyllgor y Rhanbarthau wedi cynyddu o ran ei ddylanwad yn y blynyddoedd diwethaf. Mae llawer iawn mwy o gysylltiad wedi bod rhwng Pwyllgor y Rhanbarthau, y Comisiwn a Senedd Ewrop. Roedd Pwyllgor y Rhanbarthau yn bodoli fel uned ar wahân, ond mae ymdrech gwirioneddol wedi cael ei wneud i sicrhau bod y gwaith sy'n cael ei wneud ym Mhwyllgor y Rhanbarthau yn cael ei fwydo mewn ar lefel y Senedd a'r Comisiwn. Mae'r pwynt rydych yn ei wneud ynglŷn â'r perygl o ganoli yn un gwirioneddol. Mae'r Comisiwn yn edrych yn fanwl iawn ar sut mae'r broses o drawsffurfio cymunedau yn digwydd trwy Ewrop. Os nad ydym yn sicrhau bod synergedd rhwng y gwahanol lefelau a'n bod yn gallu dangos yn glir beth sy'n digwydd ar lawr daear yn y rhaglenni a'r prosiectau, y perygl yw y bydd y Comisiwn yn tynnu mwy a mwy o bŵer yn ôl i Ewrop yn ganolog. Mae'r un perygl yn bodoli gyda'r aelod-wladwriaeth. Os mai'r unig drafodaeth

occurring throughout Europe; not only in the eurozone, but throughout Europe as a whole. It exists, but I think that it could be even more flexible than that. Within that system, if one were to add the European Investment Bank, that would create real possibilities. I would also be pleased if someone could create a better Welsh term for synergies than 'synergeddau', which is a very ugly word, in my opinion.

Ieuan Wyn Jones: Finally, you also make the point in the report—it is perhaps a wider political point than just talking about the budget—about the danger of greater centralisation in the European Union; not only centralisation in terms of the union, but centralisation around the member states, rather than the sub-national regions. What danger is there in that? It is said more often these days that that is happening. The Committee of the Regions was established as part of the response to that in the Maastricht treaty. Have you seen that less value and less emphasis is being placed on the Committee of the Regions now, or do you think that that committee is still seen as an important body in terms of its opinions?

Rhodri Glyn Thomas: I would argue that the Committee of the Regions has increased in its influence in recent years. There has been far more contact between the Committee of the Regions, the Commission and the European Parliament. The Committee of the Regions did exist as a separate unit, but a real effort has been made to ensure that the work undertaken by the Committee of the Regions is fed into the Parliament level and that of the Commission. The point that you make about the danger of centralisation is real. The Commission is looking very closely at how the process of transforming communities is happening throughout Europe. If we do not ensure that there is synergy between the different levels and that we are able to show clearly what is happening on the ground in the programmes and projects, there is a danger that the Commission will draw more and more power to the central European level. The same danger exists with the member states. If the only discussion that exists is that between

sy'n bodoli yw'r drafodaeth rhwng Ewrop a'r aelod-wladwriaeth, ac os mai'r unig gymariaethau sy'n cael eu gwneud yw'r cymariaethau hynny, mae perygl gwirioneddol. Felly, rwy'n credu bod pwysleisio'r synergeddau hyn a chreu eglurder yn y broses yn hanfodol er mwyn sicrhau rheolaeth ar lefel yr is-wladwriaeth o ran y prosiectau a'r rhaglenni.

[54] **Paul Davies:** Gwnaethoch sôn yn gynharach bod y rhwystredigaethau mwyaf o ran creu gwell synergeddau ar lefel aelod-wladwriaeth. Yn y gwaith rydych wedi'i wneud, pa fath o enghreifftiau a ydych wedi eu gweld o ran hynny?

[55] **Rhodri Glyn Thomas:** Yr hyn a oedd yn cael ei ddweud wrthym gan bobl o ranbarthau a gwledydd eraill—hwyrach y dylwn gyfyngu'r drafodaeth i'r berthynas rhwng y gwledydd a'r rhanbarthau o fewn y Deyrnas Unedig—oedd bod yr arian yn dod lawr o Ewrop i'r Deyrnas Unedig, ond wedyn bod amodau ychwanegol yn cael eu gosod ar yr arian hwnnw. Petai'r arian yn dod i lawr yn syth i'r gwledydd a'r rhanbarthau, byddai llawer iawn mwy o hyblygrwydd yn perthyn i'r broses honno. Ond, mae'r broses o *gold-plating* yn digwydd. Roedd hi'n ddiddorol bod Albert Bore a Flo Clucas yn dweud mai'r un oedd eu profiad yn Birmingham ac yn Lerpwl â'r math o rwystredigaethau sydd gennym yng Nghymru. Nid wyf yn credu bod hynny'n fwriadol ond rwy'n credu mai'r hyn sy'n digwydd yw bod yr arian yn dod i lawr o Ewrop i'r aelod-wladwriaeth ac mae'r aelod-wladwriaeth yn meddwl bod yn rhaid iddi wario'r arian yn gywir. Wedyn, mae'r broses gyfrifo'n digwydd ond mae'r holl gyfrifo yn seiliedig ar sut y mae'r arian yn cael ei wario yn hytrach na sut y mae'n cael ei ddefnyddio. Dyna'r broblem: nid ydym yn edrych ar y defnydd o'r arian, rydym dim ond yn edrych ar a yw'r arian yn cael ei wario'n gywir ac a ydym yn gallu cyfrifo'n gywir am yr arian hwn i Ewrop. Dyna sy'n creu problemau.

[56] Yr elfen arall o hyblygrwydd y gellid ei chreu yw'r hyn yr oeddwn yn ei drafod gydag Ieuan yn gynharach—pe gellid dod â chronfeydd at ei gilydd, byddai modd edrych ar brosiectau mawr a chynhwysfawr. Mae'n deg dweud, o edrych ar y saith mlynedd gyntaf o arian strwythurol a'r ail gyfnod, mae

Europe and the member states, and if the only comparisons that are made are those comparisons, there is a true danger there. So, I think that an emphasis on these synergies and on creating clarity in the process is vital in order to ensure control at the sub-national level in terms of projects and programmes.

Paul Davies: You mentioned earlier that the greatest barriers to creating better synergies were at member state level. In the work that you have done, what kind of examples have you seen in that regard?

Rhodri Glyn Thomas: What we were told by people from other regions and countries—perhaps I should restrict the discussion to the relationship between the countries and regions within the United Kingdom—was that the funding is brought down from Europe to the United Kingdom, but then additional conditions are imposed on that funding. If the money were to come directly to the nations and regions, there would be far more flexibility associated with that process. However, the process of gold-plating happens. It was interesting that Albert Bore and Flo Clucas were saying that they experience the same type of obstacles in Birmingham and Liverpool as we do in Wales. I do not think that that is intentional but I think that what happens is that the funding is drawn down from Europe to the member state and the member state thinks that it must spend the money appropriately. Then, this process of calculation takes place but the calculation is based on how the money is spent rather than how it is used. That is the problem: we are not looking at how that money is used, we just look at whether the money is being spent correctly and whether we can account for that money to Europe appropriately. That is what creates problems.

The other element of flexibility that could be created is what I was discussing with Ieuan earlier—if the funds could be brought together, it would be possible to look at major comprehensive projects. It is fair to say that, having looked at the first seven years of structural funds and the second stage, there

llawer mwy o brosiectau mawr a chynhwysfawr wedi bod yn yr ail gyfnod nag yr oedd yn y cyfnod cyntaf. Roedd Amcan 1 yn golygu cannoedd neu filoedd—roeddwn i'n ceisio penderfynu ai cannoedd ynteu miloedd oedd yn gywir, ond miloedd sy'n gywir—o brosiectau bach. Rydym yn edrych yn ôl yn awr ac yn gofyn y cwestiwn a ofynnwyd gennych yn eich adroddiad: beth yn union a gyflawnwyd gan y prosiectau hynny? Rydym wedi dysgu o'r wers honno a datblygu prosiectau mwy cynhwysfawr sydd wedi gwneud rhywfaint o wahaniaeth. Fodd bynnag, pe tasem yn gallu sicrhau bod y berthynas â'r aelod-wladwriaeth yn fwy hyblyg, byddai modd i wneud hyd yn oed yn fwy er mwyn gwneud gwahaniaeth sylfaenol.

have been far more major comprehensive projects in the second stage than there were in the first. Objective 1 meant hundreds or thousands—I was trying to decide whether hundreds or thousands would be right, but it is thousands—of small projects. We are looking back now and asking the question you ask in your report: what exactly was achieved by those projects? We have learned from that lesson and developed more comprehensive projects that have made a certain degree of difference. However, if we were able to establish a more flexible relationship with the member state, even more could be achieved, in order to make a fundamental difference.

[57] **Paul Davies:** Yn y gwaith yr ydych wedi ei wneud, a ydych yn hyderus bod yr amodau sy'n cael eu gosod gan yr aelod-wladwriaeth yn mynd i newid yn y tymor hir?

Paul Davies: In the work that you have undertaken, are you confident that the conditions that have been set by the member state are going to change in the long term?

[58] **Rhodri Glyn Thomas:** Ni allaf warantu hynny ond rwy'n credu y buasai creu'r synergedd yn helpu i wneud hynny. Nid wyf yn credu ei fod yn fwriadol. Rwy'n credu ei fod yn deillio o'r broses, felly pe baem yn gallu dangos yn glir beth yw bwriad y rhaglenni a'r prosiectau ar lawr daear, y buasai hynny'n helpu i lacio'r math o lyffetheiriau sy'n cael eu gosod ar yr arian ar hyn o bryd.

Rhodri Glyn Thomas: I cannot guarantee that but I think that creating synergies will help to achieve that. I do not think it is intentional. I think that it emanates from the process, so if we could demonstrate clearly what the aim of the programmes and projects is at a grass-roots level, then that would help to ease the types of restrictions that are placed on the funding at present.

[59] **Jocelyn Davies:** Did you find during your work of putting the opinion together that the lack of engagement with the private sector is sometimes due to the barriers that you have mentioned, as is often cited as a factor in Wales, and the rigidity of the rules? Was that something that you found elsewhere? Was it a common theme that the private sector was reluctant to engage because of the rules?

[60] **Rhodri Glyn Thomas:** It is fair to say that all the evidence that we had pointed to difficulties in engaging the private sector. Though on the second opinion, we had a meeting with the European Association of Public Banks in Brussels, which was saying that there is greater engagement, or at least banks are showing far more interest in trying to match their investments with European funding. The European Commission is looking to be more flexible on state aid. For example, let us take the situation in Wales and look at something fairly controversial: the Welsh Government has a policy of developing renewable energy. That is a Government policy, therefore the argument would be that a commercial or public bank could invest in that without it being state aid because it is a Government policy priority. That is the change that is happening. Hopefully that will mean that it will be easier to get private investment. Perhaps I will be able to come back to you when I present the next opinion on these private-public partnerships. There is real potential.

[61] You could also look at things like flood defence schemes. The problems that we are having now with flash flooding mean that we are going to have to create defence schemes

throughout Wales in places where we never thought we would have to do it. Again, there is a possibility for private investment there. I will certainly let you have sight of the next opinion once it has gone in.

9.45 a.m.

[62] **Jocelyn Davies:** I would like to thank you on behalf of the whole committee; it has been very interesting. You mentioned that this might be subject to amendment, should it be successful, and we all wish you well in that. Do you think that you could send us the final version for information for the committee? We look forward to seeing your next opinion.

[63] **Rhodri Glyn Thomas:** They are minor amendments and we have managed to incorporate them all through rapporteur amendments or just by accepting the amendments. I am fairly confident that it will be accepted, although you never know with these things. Hopefully, it will go through and we will send you a copy.

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

9.46 a.m.

Papurau i'w Nodi Papers to Note

[65] **Jocelyn Davies:** We move on to the next item, namely the papers to note. The only one that we have is the minutes of the last meeting. Is everybody content with those? I see that you are. I suggest therefore that we move into private session.

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

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

the committee resolves to exclude the public from items 4 and 7 in accordance with Standing Order No. 17.42(vi).

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

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 9.46 a.m.
The public part of the meeting ended at 9.46 a.m.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 10.30 a.m.
The committee reconvened in public at 10.30 a.m.*

Rheoli Asedau—Tystiolaeth gan Grŵp Arwain y Gwasanaeth Cyhoeddus Asset Management—Evidence from the Public Service Leadership Group

[68] **Jocelyn Davies:** Welcome back, everyone. We move on to our review of asset management, and we are taking evidence from the public service leadership group. I know

that we have a lot of questions to ask in the time that has been allotted, so we will go straight to questions, if that is okay. First, if you could introduce yourselves for the record, we would be grateful.

[69] **Dr Paterson:** Thank you, Chair. My name is Dr Helen Paterson. I am the chief executive of Wrexham County Borough Council and the newly-appointed chair of the assets working group.

[70] **Ms Evans:** My name is Sioned Evans. I am head of property division in the Welsh Government and I am the work stream lead for the national assets working group.

[71] **Jocelyn Davies:** Thank you. From your experience in the asset management working group, could you tell us your views on the overall quality of asset management across the Welsh public sector? Perhaps you could tell us what you see as the main barriers.

[72] **Ms Evans:** We have been working with the national assets working group programme for some time now; probably the best part of two years, if not longer. From the experience that we have had to date, it is quite patchy. Some authorities and organisations are very engaged, not only with their own systems, but in terms of collaboration. Others are less so. There is some evidence, in terms of how we have attempted to engage through the national assets working group, of how keen some are to be engaged. There is an opinion that collaboration is quite difficult. In reality, it is. It is less to do with talking to one another and trying to reach consensus and more to do with some of the logistics around organisational governance, and boundaries around some of these regional collaborative agendas.

[73] **Jocelyn Davies:** Is that because collaboration is seen as one of the barriers?

[74] **Ms Evans:** Collaboration is always tricky. Doing something by yourself is always the easiest option: you have control and you have all the powers within one organisation. I have seen in some of the evidence on the website that Ceredigion County Council mentions that it has an agreement with Powys County Council and, as I understand it, that is quite a straightforward collaboration around asset management and how to procure asset management. Obviously, those local authorities are closely connected, but I understand that a third local authority, which was originally part of that, might have withdrawn because it was a bit complex.

[75] One of the other evidence papers suggests that Blaenau Gwent County Borough Council finds it quite difficult to collaborate. I would say that Blaenau Gwent council is keen to be engaged in this, and it is forging ahead with a lot of this work. As I understand it—I do not wish to second-guess where it sees problems—it is finding the boundaries issue difficult. If you are collaborating wholeheartedly, it has to be about involving all the partners and all the service providers, bearing in mind that there are different characters involved with that. It is something completely new, and historically—it is not necessarily that we have not been encouraging that—it has not been the way in which organisations have operated. So, in order to bring that forward, it is quite a challenge. However, Blaenau Gwent is doing a great job of it, as far as it can.

[76] **Jocelyn Davies:** I think that we have some questions on collaboration later. In terms of the public service leadership group, it has representation from all services and geographic areas across Wales, so you are drawing from a wide range of people. In relation to the asset management work stream, what is the membership? Are all areas of the public sector in Wales represented on that?

[77] **Ms Evans:** They are. We have had some difficulty with recruiting representatives from the higher and further education sectors, and that is still ongoing. I have raised that with

the PSLG, and the Minister is taking that up with the Minister for Education and Skills. On the whole, we have had good representation—the police have been excellent—local authorities have had good representation and that is reflected in how many of them have engaged with e-PIMS and put their data on it to provide that central database.

[78] **Jocelyn Davies:** Julie, do you want to come in on this?

[79] **Julie Morgan:** Do you have any idea why it was difficult to engage HE?

[80] **Ms Evans:** No, we have made the same effort with HE as we have with all the other sectors. We have invited them along and we have invited representation, but there does not seem to be any appetite to engage.

[81] **Jocelyn Davies:** According to the Welsh Government's website, the last meeting of the leadership group was in September 2012, and the only asset management communiqué available on the website is dated March 2012. So, how often does the asset management work stream meet and how are your activities, progress and so on assessed and reported? Perhaps some of this information is just not in the public domain.

[82] **Ms Evans:** The asset management work stream has had three different chairs. As Helen correctly pointed out, she has only recently been appointed as a chair and, indeed, the first meeting that Helen will chair will be tomorrow. So, it is a bit difficult for Helen to answer some of these questions, so forgive me if I hog the microphone. We have had three chairs. When Mark James, the Carmarthenshire County Council chief executive officer was responsible, we met monthly. When the ministerial responsibility changed, we had a different chair again in Tracey Lee, the chief executive of Newport, and, at the same time, the group, which was purely asset management to start off with, merged with procurement, and Tracey Lee became the joint chair of both those areas. Therefore, in order to balance it, the meetings were every other month. So, she would have an asset management meeting one month and procurement the next month. Helen has now taken over and we have reinstated the monthly meetings.

[83] **Jocelyn Davies:** I see, but these are not necessarily on the website.

[84] **Ms Evans:** We are developing our own website. We share the communiqués widely; we have a mailing list of circa 50 people who have expressed an interest and of members. We send it to the Wales Audit Office and it goes to all the chief executives. It goes fairly widely. We do not have our own website at the moment, but there is something that we could do in terms of the Welsh Government website, if that was deemed appropriate, and it probably is.

[85] **Dr Paterson:** May I add to that? When you come into something new, there is an opportunity to look at things with fresh eyes. Sioned, her officials and I have already had conversations leading into how we will formulate our first meeting tomorrow. I do not think that the terms of reference are specific enough, so we will work with the group tomorrow to make them much more specific. I need convincing that, although the sectors are represented, those representatives are taking the representations and views back into their sectors and effecting change—it is about that individual and collective working. Or are they merely—forgive me for saying this—coming to a meeting? I need to challenge that level of collectivity, and that is part of the challenge tomorrow. We have also had discussions about the communiqué and about making sure that it is written in plain enough language rather than in a kind of speak that people do not necessarily find easy to access. So, there will be some changes in how we formulate things. I think that we are both comfortable with those changes, but we can manage those through the group tomorrow to make sure that we have the right kind of support.

[86] **Jocelyn Davies:** Okay, thank you. Mike is next.

[87] **Mike Hedges:** Your paper states that over 15,000 public sector entries have been captured on e-PIMS, which is slightly more than the number of council houses in Swansea. Can you give me an idea of what proportion of the Welsh public sector estate this represents? Are council houses counted in this? Are councils a part of it? Is health part of it? Do councils put in estates or do they put in individual buildings? I can see the advantages and disadvantages of both. I am trying to find out what you are capturing and what proportion of the total Welsh estate you think that you have captured.

[88] **Ms Evans:** I will take that. On the purpose of e-PIMS, which we developed with the Cabinet Office, we vested a reasonable amount of money and certainly a lot of time into developing an e-PIMS Lite solution that would enable us to engage with the whole of the public sector. Originally, e-PIMS was set up just to deal with the central Government estate. We in Wales saw an opportunity, and the Minister for Finance at the time was hugely supportive of this, to capture the whole of the Welsh public sector. So, we worked very closely with the Cabinet Office to develop e-PIMS Lite, which is an entry-level version.

[89] We went out to public services, and the short answer is that they do not include council houses. They are not on there, because the purpose of e-PIMS is to identify where there are assets that can be shared and used for economic activity in Wales.

[90] We have a commitment to put information on it from 22 of the local authorities, although only 20 have put information on it. We have data from all of the police authorities in Wales. We have data from two of the three national park authorities, and we have all the health data. That is in respect of land and buildings. So, while I cannot give you an actual percentage, I hope that that gives you a feel for it, and we can do some figures on percentages if you would like.

[91] **Mike Hedges:** To take this a bit further, you say that you have the police estate; does that include police houses?

[92] **Ms Evans:** Yes. It includes their estate.

[93] **Mike Hedges:** They own a number of houses and ex-police stations where policemen used to live. So—

[94] **Ms Evans:** It would include their commercial assets. That is, houses converted into police stations. I do not believe that it includes any accommodation properties.

[95] **Mike Hedges:** I know that the Welsh Government owns at least one hotel—or ex-hotel—which has been a matter of much discussion.

[96] **Jocelyn Davies:** It also owns a pub.

[97] **Mike Hedges:** I am very reliably informed that it owns a pub as well. I also know that the highways departments of councils and the Welsh Government buy up land and buildings for future development. Would that be captured?

[98] **Ms Evans:** Roads would not be, but the land they purchase as packages or under compulsory purchase orders is captured. In terms of the business, enterprise, technology and science portfolio, to which you alluded, that would be captured by that department. It is the responsibility of the departments to put their information on there. There is a very clear requirement for them to record all of their data on e-PIMS for the Welsh Government. It is the responsibility of the department to put the data on there and to maintain that information.

[99] **Mike Hedges:** So, the health sector will not count its houses either, will it? I know Morryston Hospital very well, as I live near it, and Morryston Hospital has an estate, effectively, of nurses' quarters and doctors' quarters, and another part of the health estate used to own—it no longer does—three houses in the middle of Parc Gwernfadog. Would that sort of thing be captured?

[100] **Ms Evans:** I can check and get back to you, but, as far as I understand it, anything that is held in the name of the trust is recorded on e-PIMS. I can certainly check that point for you.

[101] **Jocelyn Davies:** So, accommodation may be included if it is connected to a job?

[102] **Ms Evans:** Yes, if it is part of the estate. In terms of health, we are working closely with what was Welsh Health Estates, but is now the NHS Wales Shared Services Partnership. So, whatever it manages on behalf of the trust, or is asked to manage or asked to provide landlord and tenant relationships advice on, would be included on there.

[103] **Ieuan Wyn Jones:** I just have a simple question. On the e-PIMS information, who can access it?

[104] **Ms Evans:** It is readily accessible. It is a web-based system.

[105] **Ieuan Wyn Jones:** So, any member of the public could access it, could they?

[106] **Ms Evans:** Not quite; you do have to register for it at the moment.

[107] **Ieuan Wyn Jones:** Can a member of the public register?

[108] **Ms Evans:** No, not at present. I will just check—no, they cannot. I thought was I right.

[109] **Jocelyn Davies:** You can send us a note on that.

[110] **Ieuan Wyn Jones:** So, if an Assembly Member wanted the information, they could not access it.

[111] **Ms Evans:** No. You could become a registered member, however. It is a very simple process to become a registered member—you would ask to become a member. What we do have with e-PIMS, because it is really important to make sure that the information on e-PIMS is accurate, otherwise it becomes nonsense, is that there is very tight control over who has the right to amend it.

[112] **Ieuan Wyn Jones:** I quite understand that.

[113] **Peter Black:** Do housing associations have the right to register?

[114] **Ms Evans:** They can register on it, yes.

[115] **Peter Black:** How many housing associations are registered?

[116] **Ms Evans:** We are engaged with two or three of them at the moment, actually, in terms of training and taking forward. I would have to check the names of them, but we are engaged with two or three housing associations at the moment, and my team is out, training and speaking to them and working on how we can—

[117] **Peter Black:** So, in terms of the Government's policy objective to release more land for affordable housing, do you think you could market it to many more housing associations?

10.45 a.m.

[118] **Ms Evans:** Oh, yes. Absolutely. Housing associations are part of the third sector approach that we are taking. The group met for the second time recently, and registered social landlords are very much part of that. What it would allow is for us to see what we have, and also on e-PIMS there is an opportunity for us, if we identify land that is either available for disposal, or might be available for disposal, to tick a certain box—those with the amendment rights can do that—and that can be marketed to the public sector before it goes on the open market.

[119] **Dr Paterson:** I just want to add, though, that it is a tool, and it is only as good as the people who use it. It is only as good as the people who put the information in and use the tool. From a chair's perspective, I am particularly interested in those two local authorities that have not provided information; in fact, I rang both chief executives before Christmas to say, 'You have signed up to something, your people have been trained to deliver it, yet you have not put your information on the system. What's that about?', because unless we are all committed to it, and then we interrogate it, and actually use it in terms of policy development and service delivery, then it is just a tool. That is part of the role of the working group—to persuade, influence and encourage people to use it.

[120] **Jocelyn Davies:** There are a number of Members who want to ask questions. Julie is next, and then we will come back to you, Mike.

[121] **Julie Morgan:** I was just slightly unclear: can an individual member of the public access this?

[122] **Ms Evans:** No.

[123] **Julie Morgan:** And the private sector cannot access it either?

[124] **Ms Evans:** No. It is a public sector tool.

[125] **Julie Morgan:** But not public—not made public.

[126] **Ms Evans:** No.

[127] **Jocelyn Davies:** So, a private property developer could not register in order to look for—

[128] **Ms Evans:** No, because they would have to come through us in order to register.

[129] **Mike Hedges:** I have two questions. One is for the chief executive of Wrexham. If you looked at the Wrexham property database, and went on to the e-PIMS database, would they be identical?

[130] **Dr Paterson:** I would hope so, yes.

[131] **Ms Evans:** I think it is important to say that e-PIMS is not a property management tool. There is a work stream that we are taking forward that will develop a cloud solution, yet to be identified, that will use e-PIMS as one of the sources of information. Do not ask me to explain, please. [*Laughter.*] Please do not ask me that question. However, it will draw upon e-

PIMS as one of the main tools to provide that. It is possible to put an awful lot of information on the full version of e-PIMS. You can have photographs, lease details, and so on—because it is web-based, there is no end to the information that you can put on there. The health sector does use it in that way. However, it is limited by the nature of what it was set up to do, which is benchmarking, essentially. That is what we use as a lot of the basis for the state of the estate report, so that we can benchmark against other organisations to see how we are doing. So, there is a limit around that, but the IT work stream that we are taking forward as part of the national assets working group is how we will be building on e-PIMS and then, hopefully, developing a solution that, when local authorities come to update their IT and property management systems, becomes a bit of a no-brainer, because it should be a much cheaper option and should cover that strategic overview that e-PIMS can give you that, currently, organisations do not have.

[132] **Dr Paterson:** The e-PIMS system does not have all the answers, but it does have enough information to signpost organisations to work more collaboratively should they wish to.

[133] **Jocelyn Davies:** Peter, did you have a quick question?

[134] **Peter Black:** It is possible that we could have a demonstration of e-PIMS? That would not necessarily be in committee; we could go and see it at some stage.

[135] **Ms Evans:** Absolutely. There is absolutely no problem with that; we would be delighted.

[136] **Jocelyn Davies:** We will all be trying to register this afternoon. [*Laughter.*]

[137] **Ms Evans:** You would be very welcome. Where it has worked to our benefit—

[138] **Ieuan Wyn Jones:** We could put our offices on it.

[139] **Ms Evans:** We had a property in Aberystwyth—Y Lanfa, which some of you might be familiar with—and, when we opened the new office in Aberystwyth, the staff moved out of Y Lanfa and we essentially had a property that was very difficult to market, because of the nature of the market and the size of the building. Her Majesty's Court Service saw it on e-PIMS and we came out of the lease, it moved in, and it was a win-win for the public sector. So, there are some really good examples of how it has helped us in terms of moving forward.

[140] **Jocelyn Davies:** Mike, you are next.

[141] **Mike Hedges:** By the time you came back to me my question had been answered. [*Laughter.*]

[142] **Jocelyn Davies:** Okay. Peter is next, then.

[143] **Peter Black:** Moving on to the land transfer protocol—I love these phrases—it states that this can be used by the Welsh public sector to reduce costs and time associated with the transfer, use and disposal of the public estate in Wales between public bodies in Wales. That is a mouthful, is it not? You detail in your paper a number of instructions under the protocol, but can you tell us how widely used it is by the various sections of the Welsh public sector?

[144] **Ms Evans:** There has probably been just in excess of 30-odd transactions undertaken through the land transfer protocol since it was launched. The Welsh Government uses it.

[145] There are certainly examples of it being used in the Directorate for Business,

Enterprise, Technology and Science. We currently have a property in Dinerth Road, which Conwy County Borough Council occupies; when that needs to be disposed of, we will use it then. So, there are examples of it being used there and we have examples of it being used in local authorities. We are looking to refresh it. There are some additional bits of work that need to be done around the land transfer protocol. We were very clear, when it launched, that this was a first stab at something that would just make those transfers easier. It seemed nonsensical to the group that transferring land between public sector bodies was taking such a long time; we were having two valuations, there were six months of negotiations around the valuations, and you were paying for these. This is very much designed to make it much smoother and slicker. We are looking to review some of the figures that we have had back. In fees alone we have saved over £100,000, but we have not been able to quantify the cost of the time that has been saved in moving that forward. So, it is being used, but it needs to go further.

[146] Going back to Helen's point, it is not mandated; it is about encouraging and trying to influence those who use it. There is quite a lot around this agenda that could be eased with mandating, but that is not our decision to make.

[147] **Peter Black:** I can imagine that it would be difficult to mandate within the public sector outside the Welsh Government.

[148] **Ms Evans:** Yes. Very much so.

[149] **Peter Black:** I am thinking that one example, perhaps, might be Hill House Hospital in Swansea, which is linked to Gower College Swansea, as a good example of how this is done.

[150] **Dr Paterson:** There are some restrictions in terms of health.

[151] **Ms Evans:** Yes. The second phase of the land transfer protocol is looking at some of the financial challenges around it. It is to do, really, with the powers that some organisations have to transfer at less than market value. They are quite restricted in health. There are opportunities, but they are quite restricted. It is not just the greater good. There is a very clear agenda with health: it has to be at a certain value. Sometimes, that is a little bit out of kilter with what might be for the public good.

[152] **Peter Black:** Are you making recommendations to the Welsh Government in terms of its policies in relation to health, for example, where there are restrictions?

[153] **Ms Evans:** No. We are not planning to make any recommendations on that front, but we are planning to work with—

[154] **Peter Black:** Do you find that those policies are restricting your work?

[155] **Ms Evans:** They are not restricting our work per se, but I think that it does restrict in terms of how the Welsh Government may wish to see the greater good in terms of policy development and how some of those policies are achieved. There are slightly different rules depending on which organisation you work in, rightly or wrongly.

[156] **Peter Black:** You say that you cannot mandate the public sector per se, but within the Welsh Government itself, I think that it is easier to mandate the departments to actually adhere to this protocol. Is that the case?

[157] **Ms Evans:** I am not sure that it comes out as something as strong as a mandate, but certainly those who work with landholding powers, and particularly BETS in this instance, do

use the protocol where appropriate.

[158] **Peter Black:** However, the health department does not, for example?

[159] **Ms Evans:** The health department is restricted. I cannot comment on every transaction there, but it certainly has slight restrictions. It is advised by the NHS Wales Shared Services Partnership. The trusts are accountable for how much they realise from these disposals. I think that that is where the difficulty comes.

[160] **Peter Black:** What I am trying to get at is that the Welsh Government has certain policies in place; a good one is releasing more public land for affordable housing.

[161] **Ms Evans:** Yes.

[162] **Peter Black:** How are the Welsh Government departments responding to that? Are they making an effort to release land for that policy objective using these tools?

[163] **Ms Evans:** I think that, overall, an effort is being made, but it is a matter of balancing against their own priorities. I do not think that I am the best person to comment further on that.

[164] **Peter Black:** Are you aware of any restrictions, for example, in terms of how they close it for the transaction, et cetera? Is the Welsh Government fairly siloed in that, or is it actually working very well across the departments?

[165] **Ms Evans:** There is probably an issue—if you are pushing the point—where perhaps some of these transactions could be smoother in terms of the finances of them. The land is held in portfolios and if there is a policy objective from the Welsh Government's perspective, it needs to be a Welsh Government view on how that land is best allocated to achieve the endgame, rather than it sitting, perhaps, in a portfolio. It is a matter of balancing out the priorities.

[166] **Peter Black:** This is my last question, because I think that I have asked most of the questions. In terms of the financial hurdles—and you have mentioned health—are there other financial hurdles in terms of other departments or public sectors, which are—

[167] **Ms Evans:** I think that health is probably the most challenging one and it also has the most land that could be available, potentially; although I know that a lot of the trusts hold land for the long term for very good and sound reasons. Local authorities are pretty flexible in releasing land at less than the market value for a policy good, and the Welsh Government, overall, is quite flexible on that front.

[168] **Mike Hedges:** First, I welcome the creation of standard documentation; I have always believed in standard documentation with regard to the amount of time, effort and cost that it can save. How much progress have you made in relation to this, and do these documents exist at the moment?

[169] **Ms Evans:** The documents do not exist at the moment. They are being developed in line with the refresh of the land transfer protocol, which will be in the early part of the next financial year. So, it will be around April or May that we will have a refreshed land transfer protocol, and all the standardisation documents, so that we have them in one place, will be part of that. We will base a lot of the occupancy agreements on the existing intergovernmental-type occupancy agreements—the memoranda of terms of occupation.

[170] **Jocelyn Davies:** In terms of the valuations, who does them? You mentioned different

evaluations earlier and the negotiations; who actually carries out—

[171] **Ms Evans:** They are generally carried out by external bodies—private sector organisations.

[172] **Jocelyn Davies:** The district valuer is not used.

[173] **Ms Evans:** The district valuer can be used. The district valuer is the default position on the land transfer protocol, but again, if the two parties agree to go somewhere else, then they are at liberty to go somewhere else.

[174] **Peter Black:** On the documentation, it has just occurred to me that a number of pieces of land will have restrictions about their use, whether for local development plans or covenants and that sort of thing. Is that sort of information recorded on e-PIMS, and will the documentation take that into account?

[175] **Ms Evans:** It depends. There is the ability to record that information on e-PIMS. E-PIMS Lite, as I mentioned earlier, has very basic information. It will tell you where a property is; it will have map references and some plans. The main point of interest with e-PIMS is that it tells you where the land is and it gives you a contact name so you do not have to trawl around. I would expect that sort of information to come out in discussions with the contact who is nominated to deal with that particular piece of land. However, the standardised documents will be relatively generic, but actually, that is what we have found is required; it is a starting point for organisations to move forward, particularly when you are talking about the third sector and some of those who do not regularly have land transactions. It is a really good starting point.

[176] **Jocelyn Davies:** What happens to land, for example, that has been donated for the health benefit of a local community from private hands? You often see this; somebody states in their will that they want to leave a certain portion for the health benefit of the local community. Does that automatically fall under the ownership of the local health body, whatever it is, and does that restrict the use of that land?

[177] **Ms Evans:** It would depend on what was in the covenant. If it was donated to the trust, it would be part of the trust's assets and therefore it would be recorded as part of the trust's assets for us on e-PIMS. There would be a covenant on that land to ensure that it was used for that purpose and, further down the line, it is for the trust to argue or justify what it plans to do with the land.

[178] **Jocelyn Davies:** Okay, that is something to ponder. Paul, shall we move on to your question?

[179] **Paul Davies:** Yes; thank you, Chair. I want to ask some questions on the pilot projects in your work programme. Your work programme outlines nine pilot projects relating to asset management. Can you tell us how these were selected from the applications received and how each project sits within the wider asset management approach of the body in which the project is being undertaken?

[180] **Ms Evans:** When the national assets working group was first established, we went out to the whole of the public sector asking it to share with us any information it had about its own projects so that we could work with it and see how they could be developed and whether we could help it at all. We had a number of expressions of interest—I cannot remember what the figure was now; it was in the late 20s or early 30s, or something like that—and of those, we had to work out how many we could work with, with the resources we had. We selected nine through an analysis of the options as they came in.

11.00 a.m.

[181] We have a matrix management tool, and that was discussed and agreed at one of the national assets working group meetings. So, we decided to move forward with nine. No financial support was offered to any of these pilot projects; the exercise was to see how we could help them and how they could help us to understand a little more about the challenges that lie ahead with some of these projects. Of the nine that we took forward, two or three of them—and again, I can provide the committee with the details of which they are—did not get in touch with us after that, even though we had been in touch with them. They were quite happy to do their own thing.

[182] Carmarthenshire, whose head of estates is part of the national assets working group, was one authority that came forward. It was quite happy to do its own thing and had a successful conclusion to its project. The Cardiff one went ahead and we provided a project manager to support that; they also came to us for some invest-to-save money. In the case of the others, we realised that not all of them needed a huge amount of money, but required a little resource to unlock some of these projects. However, the resource level that they wanted was not enough to justify making an invest-to-save bid. So, I suggested that I put in a bid for the invest-to-save moneys to cover a number of projects that would include an indicative figure from these projects of the sort of money that they wanted. As it turned out, only two or three of them came forward, as I remember at the time, and we still had some money left over. After our bid was successful, two or three of the projects that we had offered to support came forward and we then had some money that we had bid for that had not been used. Rather than let that money go back into the pot, we went back out to the market, for want of a better word, and said, ‘Come on, there must be somebody out there doing projects; could you please come back to us?’ We subsequently received two later bids that mopped up the rest of the money. So, those two bids ticked all of the boxes and had they come forward, they would have got through. So, that is how we managed the process.

[183] Of the initial nine projects that we had, two or three came back to the national assets working group to talk us through what they learnt in terms of best practice and the pros and cons: what went right and wrong. So, we have talked to two of the three. Charles Coates from Cardiff Council is coming tomorrow to talk about its particular project, which is to look at Canton and then the whole of Cardiff in terms of back-office functions savings. That report identified quite significant savings that Cardiff could take forward in terms of merging some back-office functions with other organisations in the city. We are trying to find out where it goes from here.

[184] **Paul Davies:** From the evidence that we received, I understand that you received around 32 applications to undertake the pilot projects. Were you surprised at that number, given that this was spread across the whole of the Welsh public sector?

[185] **Ms Evans:** To be honest, I was surprised it was so high, if you are implying that I might have been surprised because it was low. I was surprised it was so high because we do not get much public sector feedback on this work. So, that level of interest was surprising, but there may have been a misunderstanding and they may have thought that there was some money available; that is what I think in my heart. The first two came back and, as I say, the evidence with regard to the nine that we then took forward and the fact that only two or three of them wanted money tends to support that view, I think.

[186] **Paul Davies:** You mentioned the matrix tool in terms of the nine projects that you took forward. How did you decide to take those nine particular projects forward? What dictated that?

[187] **Ms Evans:** I would have to refresh myself with the detail, but it related to issues like collaboration and whether they were collaborative projects. That was one of the key issues that we considered. The level of investment and how much it would unlock was another area. However, the main issue that we focused on was collaboration. It is linked to asset management because we had a clear steer of not wanting to go into a different area, so it is closely linked to asset management because it is such a big subject in itself. We had to ensure that it was quite focused, but collaboration was the main issue. It was helpful that there was a geographical spread, which was important in order to ensure that, without any tokenism, these projects could stand on their own two feet, but it did mean that we could incorporate as much as possible.

[188] **Paul Davies:** I asked that question because I understand that seven of the nine pilot projects are in local government. Was the whole public sector considered when selecting the pilot projects?

[189] **Ms Evans:** Yes. Everyone was invited, but we could only work with what we received back.

[190] **Jocelyn Davies:** Perhaps I misunderstood you. You mentioned that collaboration was the priority—the major thing. However, surely, for the invest-to-save bid, savings should have been the priority.

[191] **Ms Evans:** Part of the focus of the national assets working group is to ensure the openness and transparency of information and to try to get organisations to work together. All of the pilot projects were at very early stages, so putting savings down as one of the criteria was difficult. There was an indication of what could be saved, but so much was not worked up. Some of the bids were just for doing some scoping work. So, it was very early days.

[192] **Jocelyn Davies:** Perhaps I mixed it up in my mind when you mentioned invest to save. So, when you mentioned collaboration being a priority, it was not about the invest-to-save bid.

[193] **Ms Evans:** No. That was about how we selected the pilot projects.

[194] **Jocelyn Davies:** I am sorry. I misunderstood. Paul, have you finished?

[195] **Paul Davies:** I have one other question. In the written evidence that we have received, it is mentioned that two projects are not included in the work plan. One in Cardiff and Vale University Local Health Board and a regeneration project in Powys County Council. Can you explain to us how these fit in with the work plan?

[196] **Ms Evans:** Yes. They were the two projects that arrived late, and then went back out to the market. One is in Brecon and the other is in relation to a back-office function.

[197] **Paul Davies:** That is fine.

[198] **Dr Paterson:** To put this into a wider context, when you are leading and managing a public sector organisation, I do not think that asset management seems a sexy area—which might be an inappropriate phrase to use—to manage. When people think of the corporate nature of an organisation, when they are shaping an organisation, they tend to think of human resources, the workforce and people. They do not tend to think about the physical assets. Over the past two or three years, people have begun to think about the fiscal assets of their organisation for their workforce and service delivery, and I think that that is indicative in your numbers. A lot of that is driven by policy development and absolutely by the efficiency and savings agenda. The two are not in conflict with each other; they can join together, in terms of

location and making sure that we are customer-focused.

[199] The bigger challenge has always been in making sure that these projects were not just local-organisation based and that they were much more collaborative, looking at wider geographical areas in supporting members of the public, in terms of wellbeing, lifestyle and so on. That is clearly one of the criteria and where the collaboration agenda joins the asset-management agenda, and that is where we get some of the challenges that Sioned has already alluded to, around boundaries and governance. They are not necessarily difficulties around policy direction, but they do come down to the detail of how we manage it through—‘Politically’, with a capital ‘P’, sometimes ‘politically’ with a small ‘p’, and sometimes reflecting what local communities want to do, which might not be the same as the policy direction. So, I think that a lot of that reflects the numbers. Now, it is much more attractive; people see the opportunities and they are having the conversations. Two or three years ago, I genuinely think that they were not. So, it has a much higher profile on people’s agenda.

[200] **Jocelyn Davies:** At a time of austerity, when, perhaps, people are losing services, to hear that there will be an investment for a local authority to move into a new building can be politically unpopular, regardless of savings and whether it makes good sense. So, it has been an area that people have been afraid of. Working in a local authority, I am sure that you have come across rumours, at least, of situations where that could possibly arise.

[201] **Dr Paterson:** I think that they are more than rumours. It is usually on the front of the local paper. However, the reality is that it is in the narrative, is it not? It is about how you tell the story. It is important to tell the story about why you are joining your assets together with other organisations upfront, and to say what the benefits are. Clearly, there will be a financial benefit and benefits for the workforce, but the big narrative is about the benefit for the customer. If you cannot articulate the benefit to the customer, you need to go back and look at your project, frankly.

[202] **Christine Chapman:** We have talked quite a bit about the collaboration agenda, but I wanted to pick up on a few other aspects of this. The Welsh Government has a strategic agenda for collaboration. Your paper talks about delivery of services, asset management and policy development. In your experience, how does your work ensure that public sector bodies are making these links? Are you quite prescriptive, or would you say that you are enabling? It is obvious from some of the comments that have been made this morning that some organisations are not doing it as well as others. Where is your organisation on this: prescriptive or enabling?

[203] **Dr Paterson:** I will let Sioned answer on the detail, but as regards the direction that we are dealing with from tomorrow onwards, it is about enabling. Policy, delivery and managing services through are part of the same agenda—I was going to say all sides of the same coin, but that would be a three-sided coin—they are not necessarily dealt with in isolation. Part of our role as a working group is to support and to challenge people, to make sure that they are thinking about the different facets when they are planning their pieces of work. That is where I come back to when you think of an organisation and its centralised functions, managing the physical estate is a function in itself and therefore needs to be applied to policy and delivery of services and wider. Sioned can give you more examples of how that has happened in the past.

[204] **Ms Evans:** I will try. The national assets working group has a high calibre of members and they are from the public sector. It tends to be the same organisations that are represented. We are not hugely prescriptive. What we try to do is to influence and show people the way to go. I was talking about this earlier: there is no doubt that what a lot of organisations want to have is beyond understanding where the assets are and beyond the paperwork. They want their hands held for a period of time. It does not have to be a huge

commitment, but they need to have somebody guiding them through the initial stages. That reassurance at an early stage of a project is really important as regards how organisations understand the collaborative agenda, where something has happened before, and get over the nervousness that they have around a lot of the challenges that they are faced with. Those challenges are not going to go away—in five to 10 years' time, we could be sitting here and there will be a different set of challenges. Working together is always difficult, and that hand-holding is really important. It is a matter of how much the payback is on that, because it is an investment of resources. There has been some discussion as to whether you should have a centralised team to look at that and provide that central, independent advice resource for the wider public sector. I have my own views on that, but I know that there is a demand out there to gain a better understanding of what they can and cannot do and what is in the remit, and to feel that they are loved and are within a safe atmosphere to take some of these difficult projects forward.

[205] **Dr Paterson:** Part of that is around confidence. With the people that we have on the assets working group and the work that we have already done, we have good practice examples, so we can share those. We can put people together and say that they have already done something in one, or that they are part of the way there, and we can tell people to go to talk to them about the lessons learned and how they would not start where they started in order to get that heads-up. A lot of it is about the confidence to do it. Once you are off on the journey, it is fine and you usually have people around you. Common principles are being applied here, and they just happen to be applied to buildings. I appreciate that there are legal matters when you get into leases and so on, but the reality is that you are applying transformation principles and that you happen to be applying them to physical assets. A lot of that is around the confidence to get the narrative, to decide what you have the mandate to do and to take it forward. That is where we can help.

[206] **Christine Chapman:** I would like to pick up on the point that you made earlier, Dr Paterson, regarding those organisations talking to their own organisations. If they come along to the group, they could say certain things but they then have to go back to convince a whole range of other people. The chair mentioned that some difficult decisions have to be made. How successful do you think you are as a group in trying to influence that? We have had two examples as written evidence from Ceredigion and Blaenau Gwent; obviously, one has been quite proactive, and the other is saying it is a barrier. There could be similar aspects, but it is just the attitude towards it. I just wonder how much you can influence that. It is complicated, but how much work can you do as a group on that?

11.15 a.m.

[207] **Dr Paterson:** Sioned, I am sure, will give you examples of where there have been people on the working group in the past who have been able to facilitate the agenda, and they have gone back to their own authorities and connected with other authorities. You are coming back almost to a principle, are you not? On any working group, you will have those people representing a sector who are proactive and well-respected in their sector, they are interested in the agenda, and they go back and take it through their board and their governance and they raise the profile. You will also have other people—and this is some of the finding out that I will be doing tomorrow, when I actually meet people for the first time—who are there and who are representative, but perhaps there is not much action happening outside. Part of my challenge will be to get to know the characters and to work with them individually. Hence, when I found out that we have 22 authorities signed up and committed to e-PIMS but there was nothing on the database, I did not write a formal letter—I just made that quiet telephone call to say, 'You are on, but you are not on. Can you tell me what that is about?' I have to say that that was before Christmas, and I am a little impatient; they are still not on, so we will now formalise it and do it with a letter. So, a lot of it is about persuasion and influence, encouragement, good examples, evidence—why would you not want to do this, because the

savings are x, and the outcomes for the public are y? A lot of it is using that evidence to persuade.

[208] **Ms Evans:** It is worth noting as well that, when the then Minister for Finance was leading this and it was set up, we were essentially at a standing start, and in a short period of time we have got the vast majority of the public sector database mapped. We are starting to really encourage that best-practice-sharing agenda. Invest-to-save has undoubtedly been a real help with that. It is not a phenomenal pot of money, but it really sends home a great message in terms of being able to help with collaboration, and there is a great team working around that, outside my area, in finance. It is not a difficult process, but it is about trying to make ourselves as accessible as possible. I go out to talk to people, and so does my team. We encourage that interaction, but it is really difficult if people do not want to interact. It is a real challenge, and my belief is that it is about getting that senior leadership team to send home the message about what needs to be done, and then understanding the messages.

[209] **Peter Black:** Have you made any effort to engage with UK Government departments that have land in Wales?

[210] **Ms Evans:** We work very closely with them. In fact, we have members from the UK Government on our national assets working group.

[211] **Peter Black:** Are they using e-PIMS as well?

[212] **Ms Evans:** It was originally developed for the UK central Government. We then developed it for the wider public sector, and it is using that as a template to move forward. It has been emboldened by what we have done here, and it is starting to do it, but it is doing it on a slower, regional basis, because of course—

[213] **Peter Black:** So, it is not actually using your website.

[214] **Ms Evans:** Yes, it is using it.

[215] **Jocelyn Davies:** The UK Government departments that have land in Wales are using e-PIMS.

[216] **Ms Evans:** Yes, they are on e-PIMS. Absolutely.

[217] **Ieuan Wyn Jones:** I am interested in the ministerial responsibility of your department. Are you answerable eventually to the Minister for Finance?

[218] **Ms Evans:** I report to the Minister for Finance on the administrative property estate, for which I am responsible—the offices that we occupy, although, obviously, not the National Assembly building, but our Welsh Government buildings. I report to Carl Sargeant for this particular work, but also linking in with the Minister for Finance.

[219] **Ieuan Wyn Jones:** The reason I ask is that you say that you are struggling sometimes to get full co-operation from various bits of the organisation—where do you sit?

[220] **Ms Evans:** In finance—in central services.

[221] **Ieuan Wyn Jones:** Which is answerable to the Minister for Finance.

[222] **Ms Evans:** Yes.

[223] **Ieuan Wyn Jones:** So, that department should have a real good overview of the rest

of the Government.

[224] **Ms Evans:** Yes; in terms of our land assets, we do.

[225] **Ieuan Wyn Jones:** But you still struggle to get some people to—

[226] **Ms Evans:** No, I am not sure that I said that.

[227] **Ieuan Wyn Jones:** You said that it was a challenge.

[228] **Ms Evans:** I am sorry—I do not know in which context I would have said that. It can be a challenge. We have oversight of all the land and property that the Welsh Government has registered in its name. Maybe the challenge is that departments work in their own ways. They have their own policy objectives and their own budgets—

[229] **Ieuan Wyn Jones:** May I ask you a practical question?

[230] **Ms Evans:** Yes.

[231] **Ieuan Wyn Jones:** Let us go back to the issue that was raised earlier about the health land that was transferred to a housing association. Let us say that there was a difficulty there. Let us say that, for whatever reason, that does not happen. Do you get involved?

[232] **Ms Evans:** No, not unless we were asked to be involved.

[233] **Ieuan Wyn Jones:** If you were asked to, would you?

[234] **Ms Evans:** We would get involved, because we have a team of professional surveyors who could be involved in that.

[235] **Ieuan Wyn Jones:** I see. Could you then facilitate that transfer?

[236] **Ms Evans:** Yes, absolutely. My estates team is quite a small one. It is three or four surveyors and we have the only registered valuer in the whole of the Welsh Government. So, we do the valuation for the health team. We provide a lot of project support for the Department for Business, Enterprise, Technology and Science, for example. We have a number of gateway reviewers of that small team; quite a high percentage of gateway reviewers—

[237] **Ieuan Wyn Jones:** Does that not have its own property team?

[238] **Ms Evans:** It does have its own property team. We provide that independent advice, and challenge when invited.

[239] **Ieuan Wyn Jones:** But only when invited.

[240] **Ms Evans:** Yes.

[241] **Dr Paterson:** I think that you are picking up a wider agenda there as well. Here, you are talking about Welsh Government, but you are also talking about how a particular change agenda manages itself through an organisation. From a council perspective, when we have been trying to talk about our assets work programme, there may be full agreement to the policy, but then some departments decide that it is not for them, saying, for example, 'We are about education, not buildings'. So, I suppose that I am saying that there is a natural reticence to change. People tend to think, 'Well, that is not our agenda; that is assets over there', when

in fact, everybody is about assets. It is a bit like everybody being about the workforce and about making sure that we get value for money. So, there is something generic, as well.

[242] **Ieuan Wyn Jones:** I understand that, but if, for example, the Minister for Local Government and Communities says that we are in times of austerity and it is very difficult for local government, and asks why local government does not just sell some of its land to get some assets in, how is that translated into action?

[243] **Dr Paterson:** I imagine that it would be translated by some kind of discussion with the Minister; he would either want to lead that through and have discussions with the public service leadership group, or it might come as a letter saying that this is the kind of thing that he would like us to consider. However, you also have a potential tension around the governance of that, because the land is in the occupancy of the local authority and that might not fit. There is a narrative there, in terms of explaining how local authorities have their own parcels of land and how they deal with them. Increasingly, if you have a piece of land that really is not attractive to the market, you might want to put it with a piece of land that is attractive to the market, so you bundle it up and deal with it in that kind of way. There are also considerations about when you would go to the market, with now not necessarily being the best time. So, there is a dialogue that would need to happen before I would suggest that the Minister would want to do something like that. I do appreciate that you are talking hypothetically.

[244] **Jocelyn Davies:** Yes, definitely.

[245] **Julie Morgan:** I was going to say that you are talking hypothetically, but does that actually happen?

[246] **Dr Paterson:** Are you asking if I have received a letter from the Minister saying, 'Times are difficult; sell off your land'?

[247] **Julie Morgan:** I am not asking you specifically in terms of your authority, but in terms of all authorities. Do we have any knowledge of that?

[248] **Dr Paterson:** I certainly have no knowledge of that, either as an individual or as part of the assets working group.

[249] **Mike Hedges:** May I ask Julie's question in another way? [*Laughter.*] Have local authorities been told that if they wish to increase their amount of capital expenditure, then disposal of assets would be one method of doing so?

[250] **Dr Paterson:** I do not think that it has been explicitly said, but perhaps it does not need to be said, with the greatest respect. That was probably a politician's answer; forgive me.

[251] **Jocelyn Davies:** It was, really.

[252] **Peter Black:** I think that it was a common sense answer. Local authorities are required to do asset management plans; that came in some time ago. There is a requirement on local authorities to manage their assets better, as part of that.

[253] **Dr Paterson:** Absolutely.

[254] **Peter Black:** So, that follows on from that. Having done that asset management plan, you would then identify surplus land and work that through accordingly.

[255] **Dr Paterson:** Yes, and it links with other things, such as your local development plan; your economic development strategy; where you want to put your workforce; how you want to run your services; whether you are having front-office services; and whether you are having a one-stop shop or different channels in terms of telephony and the internet. So, it is a matter of how you balance all those things together because the assets are a tool to enable policy and service development, rather than an entity in themselves.

[256] **Jocelyn Davies:** I know that Sioned wants to come in, but earlier, you mentioned that this idea of disposing of land below market value was something that local authorities were taking on board. So, even though, at a time when a lot of them are up against it in terms of their financial situation, they are still prepared to do something that, perhaps, some might see as not being in their best interest in disposing of land below market value for a general good to be achieved to another private sector.

[257] **Dr Paterson:** Absolutely.

[258] **Jocelyn Davies:** So, in fact, that message from the Welsh Government has permeated out and is being acted on by local authorities—even though I am reversing the question—and it is a matter of not selling to the highest bidder, but selling to a housing association or someone else. As mentioned earlier, by Sioned, I think, there were examples of local authorities doing that. You wanted to come back on the—

[259] **Ms Evans:** Yes, it was just a quick point to clarify about being invited to provide advice. We do have service level agreements with some of the big landholding departments; Cadw being one of them, and transport being the other. We also provide advice to WEFO. So, in terms of being invited, we do not necessarily need to be invited by everyone. We provide structured support to those departments in terms of their everyday land and buildings management.

[260] **Jocelyn Davies:** So, you do not have to be invited in by those departments that wanted a service level agreement with you.

[261] **Ms Evans:** No, we have a service level agreement with them, so we provide regular advice.

[262] **Jocelyn Davies:** I am glad that you have listed them.

[263] Shall we get back to our questions? Julie, I think that we are on yours. I know that we do not have very long left.

[264] **Julie Morgan:** No, we are very short on time.

[265] **Jocelyn Davies:** We do not have many questions left, actually.

[266] **Julie Morgan:** Basically, my questions are about good practice and guidance, and I think that we have covered a lot of these questions in the responses so far. However, there were a number of recommendations from the Public Accounts Committee last year, one of which, in particular, was that the Public Accounts Committee recommended that the public service leadership group will identify and promote examples of good practice from the emergency services to deliver services within budget, make good use of collaboration, and deliver transformational change. Could you say what has been done in relation to that?

[267] **Ms Evans:** I am not aware of that. I am not leading on it, so I am probably not in a position to comment. Again, I could find out more if you wanted me to come back in a separate note.

[268] **Julie Morgan:** [*Inaudible.*]—one of the recommendations from the Public Accounts Committee last year, which two of us here sit on—

[269] **Mike Hedges:** Three.

[270] **Julie Morgan:** Yes, three of us sit on—

[271] **Ms Evans:** I would be happy to bring back a further note on that.

[272] **Julie Morgan:** Perhaps you could bring that information. Thank you.

[273] **Ms Evans:** I will do so.

[274] **Ann Jones:** In terms of targeting resources, I think that you talked about the sense of doing asset management and how you do it, but the WLGA has told us that it thinks that, in times of diminishing resources, targeting additional support to what may be perceived as back-office functions—which I think is a very poor phrase—can be contentious. What are you doing to help those public sector bodies to be able to withstand that sort of criticism?

[275] **Dr Paterson:** I will let Sioned answer on the specifics, but I think that there is a general point there, which is something that we have already rehearsed. The assets of an organisation are a resource to enable it to develop in the direction that it wants to develop. So, the organisation, whatever it may be, is policy driven, service driven, and then focuses on its customers. I do not think that they are accurate in what they are saying, in the sense that I do not think that it is a focus on back-office functionality because the assets of an organisation, which takes us back to Christine's comments, are enablers of that policy development. Therefore, if you need to put some resource in, such as the small amounts of invest-to-save that make a massive difference in initiating those projects and getting them running—£50,000 to £60,000 can make a massive amount of difference—or even if you need to map the assets that you have with another organisation, with the aim of bringing them together in a small locality, thereby reducing the amount of back-office and office functionality so that you can get more services to the front line, that would be why you were doing it, not because you wanted to grow your asset team or your number of surveyors. It is almost as if there is an implication that that is what is happening, which is far from the reason you would do it, I would suggest. Sioned, I do not know whether you would like to reflect on that.

[276] **Ms Evans:** I will just reinforce that the assets are a key element upon which to base an investment decision. If you do not know what your assets are, and you do not know what condition they are in, you simply cannot move forward. We have managed the administrative portfolio on that basis; we are rationalising quite heavily now, but that is so that we can target the investment at those offices that we will be retaining in the longer term.

11.30 a.m.

[277] It is quite easy to think, in Helen's terms, about making a big assets team to work around that, but that is not the aim of any of this. We have always been very clear, in terms of the central portfolio, that the buildings are there to support the business delivery. That is, to support the business of Government. For example, with the Welsh Government's estate, if you were looking at it purely from an asset management point of view, you could fit all the staff into Cathays park, but that is not the purpose of this organisation and the business. The business is to have a presence across Wales and therefore you have to tailor things and move things. However, ultimately, we can do anything that we want to do with the estates, but if that does not support the delivery of the business or the service, then there is no point in our being here.

[278] **Ann Jones:** Another potential barrier that has been raised with us is the level of resource in terms of capability within some areas of the public sector, and the suggestion that there should be a central asset management team from the Welsh Government. Is that something that you would agree with, or is it something that is already happening?

[279] **Ms Evans:** To a certain extent, I think that my estates team is doing some of that. It is my team that is developing the land transfer protocol, the standardisation document, and we are facilitating a way in which investor bids can be consolidated into one bid to start unlocking those projects. We provide that central advice through the SLAs across the whole of Government. So, we do a lot of work across the Government and then we do that larger public sector service as well. As to whether it ought to be resourced more heavily, of course, I would say that it should, because the more resources you have, the more you can deliver, and there is an awful lot to be delivered.

[280] **Ann Jones:** That probably answers my next question. The Wales Audit Office has suggested that the level of resource available to your working group may constrain your progress going forward. Is that something that you agree with?

[281] **Ms Evans:** Yes, it is. However, it would not necessarily all be resourced by the Welsh Government. This goes back to the theme that has been running throughout this: the Welsh Government should not be leading it—well, we should be leading it, but we should not be the only players in this; there is a responsibility across the whole of the public service to engage with this, and I just think that we are not quite there yet.

[282] **Dr Paterson:** I would like to come back on that point, if I may. In your second question, you talked about having a centralised team. I am not so sure that I would want there to be a centralised team, because the change within the organisation needs to be held, managed and owned by the individual organisation. It is fantastic to call upon a resource; maybe we could have more of that resource and a different kind of resource available. However, change within an organisation needs to be rooted in the organisation in order for it to be sustainable and for it to work appropriately. So, A.N. Other coming in to 'do to' an organisation does not make for a solid and robust organisation. I would not necessarily want that to happen.

[283] **Ms Evans:** A model along the lines of the NHS shared-services model, where there is a central team of advisers who advise the health boards, could be helpful.

[284] **Ieuan Wyn Jones:** Yn eich adroddiad blynyddol, rydych yn dweud, yn 2011-12, y cafwyd gostyngiad o 5.58% ym maint ystâd y Llywodraeth. Sut y gallwn ddod o hyd i wybodaeth ynglŷn â beth yn union y mae hynny'n ei gynrychioli? A oes gennych fanylion am yr eiddo, er enghraifft?

Ieuan Wyn Jones: In your annual report, you say that, in 2011-12, there was a 5.58% reduction in the size of the Government's estate. How could we find information about exactly what that represents? Do you have details of the property, for example?

[285] **Ms Evans:** A ydych wedi gweld adroddiad 'The State of the State 2012'?

Ms Evans: Have you seen 'The State of the State 2012' report?

[286] **Ieuan Wyn Jones:** A yw'r adroddiad ar gael yn gyhoeddus?

Ieuan Wyn Jones: Is that report available publicly?

[287] **Ms Evans:** Ydy, mae'n gyhoeddus. Gallaf roi copi i chi nawr os hoffech un, ond mae'r adroddiad yn gyhoeddus ac ar y wefan.

Ms Evans: Yes, it is publicly available. I can give you a copy now, if you would like one, but the report is public and is on the website.

[288] **Ieuan Wyn Jones:** A yw hynny hefyd yn cynnwys gwybodaeth ynglŷn â lleoliadau'r swyddfeydd sydd wedi cael eu gostwng?
Ieuan Wyn Jones: Does it also contain information about the location of the offices that have been reduced in size?

[289] **Ms Evans:** Ydy. Mae popeth ynddi.
Ms Evans: Yes. It contains everything.

[290] **Ieuan Wyn Jones:** Iawn. Rydych hefyd yn dweud bod gostyngiad o £973,000 yng nghost flynyddol cyffredinol meddiannaeth yn ystod y flwyddyn. Mae hynny'n golygu bod y gost yn llai nag £20 miliwn, yn gyffredinol. A ydych chi'n gosod targed ar gyfer y flwyddyn gyfredol ynglŷn â'r gostyngiad pellach yr ydych am ei weld?
Ieuan Wyn Jones: Okay. You have also stated that there has been a reduction of £973,000 in the overall annual occupancy costs during the year. That means that the cost is less than £20 million, on the whole. Do you set a target for the current year with regard to the further reduction that you wish to see?

[291] **Ms Evans:** Nac ydym.
Ms Evans: No.

[292] We have the estates strategy, which is very clearly linked into the agreement made by the Cabinet in terms of where we were heading and in order to have, by 2015, a set of principles with regard to the way in which the estate would be managed. I have seen some of the evidence that has come through that says that the state of the estate report is not an asset management plan, and I completely agree—it is not intended to be an asset management plan. What it does is to report how we are progressing against the estate strategy up to 2015. We have just started the process of talking to departments about how they wish to look at the estate beyond 2015, because there is probably more squeeze to come out of the estate.

[293] **Ieuan Wyn Jones:** Roeddwn wedi deall mai rhan o fwriad Llywodraeth Cymru, oherwydd bod gennych barc Cathays, Merthyr Tudful, Aberystwyth a Chyffordd Llandudno, yw lleihau maint yr ystâd yng ngweddill y wlad. A yw hynny yn mynd rhagddo?
Ieuan Wyn Jones: My understanding was that it was the Welsh Government's intention, since you have Cathays park, Merthyr Tydfil, Aberystwyth and Llandudno Junction, to reduce the size of the estate in the rest of the country. Is that proceeding?

[294] **Ms Evans:** Ydy. Roedd gennym 97 o swyddfeydd i ddechrau. Mae gennym ni yn awr—rwy'n cofio'r rhif; efallai y gall Richard ddweud wrthyf.
Ms Evans: Yes. We initially had 97 offices. We now have—I am trying to remember the number; perhaps Richard could tell me.

[295] We have 43 properties on the estate at the moment, of which eight or nine are non-office buildings. The state of the estate report will tell you where we are heading on all of that. We are looking at having a regional structure that will have the main offices in each of the regions. However, if you look at the current regional structure, there are Government commitments to retain some additional offices, such as Caernarfon.

[296] **Ieuan Wyn Jones:** Felly, nid oes gennych darged ynglŷn â lle rydych eisiau bod ar ddiwedd y flwyddyn hon?
Ieuan Wyn Jones: So, you do not have a target for where you want to be at the end of this year?

[297] **Ms Evans:** Oes.
Ms Evans: Yes.

[298] **Ieuan Wyn Jones:** Beth yw hwnnw?
Ieuan Wyn Jones: What is that?

[299] **Ms Evans:** A ydych chi'n golygu targed o ran nifer? **Ms Evans:** Do you mean a target in terms of a figure?

[300] **Ieuan Wyn Jones:** Ydw. **Ieuan Wyn Jones:** Yes.

[301] **Ms Evans:** I am sorry, but we do not have targets in terms of actual figures. We have an indication of where we know we will be and where we are projected to be, but it is not a target. I can furnish the committee with information on where we are going to be.

[302] **Ieuan Wyn Jones:** That would be useful.

[303] **Peter Black:** Does the Welsh Government have an asset management plan that is comparable to those of local authorities?

[304] **Ms Evans:** Individual areas and departments have their own monitoring systems for their assets. There are four big landholding departments, namely us, BETS, Cadw and transport. They all have different policy objectives and different budgets, and they manage them individually. At the moment, there is no overarching plan—we are relying on a plan that was produced in 2008-09, and we are operating in that way.

[305] **Peter Black:** The Welsh Government requires local authorities to have a cross-cutting asset management plan that cuts across all those silos, but the Welsh Government does not have one itself.

[306] **Ms Evans:** No. *[Laughter.]* We have one, but it is out of date and would need to be refreshed.

[307] **Jocelyn Davies:** Are there any other questions? I see that there are not. I think that that was an excellent session; I know that it has been a very long one for you because it has been over an hour. You have promised to send us the e-PIMS demonstration, and I know that the committee will be very excited about that. *[Laughter.]*

[308] **Ms Evans:** You may laugh, but it is very interesting.

[309] **Jocelyn Davies:** You have promised to send us a note on Julie's point about public accounts, and on Ieuan's point about the Welsh Government's estate. You could send hard copies, if you have them.

[310] **Ms Evans:** We have hard copies and it is on the website, as are the state of the estate reports for the last three years.

[311] **Jocelyn Davies:** As normal, we will send you the transcript for you to check for factual accuracy. We are very grateful that you were able to come in today.

[312] **Ms Evans:** Thank you. Diolch yn fawr.

[313] **Jocelyn Davies:** We will now go into private session, in line with the motion that we agreed earlier.

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.39 a.m.
The public part of the meeting ended at 11.39 a.m.*