



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

Y Pwyllgor Cyllid **The Finance Committee**

Dydd Iau, 18 Ebrill 2013
Thursday, 18 April 2013

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

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

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

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

Peter Black

Democratiaid Rhyddfrydol Cymru
Welsh Liberal Democrats

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

**Eraill yn bresennol
Others in attendance**

Piers Bisson	Dirprwy Gyfarwyddwr, Is-Adran Diwygio Gwasanaethau Cyhoeddus Deputy Director, Public Service Reform Division
Sioned Evans	Dirprwy Gyfarwyddwr, Is-Adran Eiddo Deputy Director, Property Division
Lesley Griffiths	Aelod Cynulliad, Llafur (Y Gweinidog Llywodraeth Leol a Busnes y Llywodraeth) Assembly Member, Labour (Minister for Local Government and Government Business)
Jane Hutt	Aelod Cynulliad, Llafur (Y Gweinidog Cyllid) Assembly Member, Labour (Minister for Finance)
Deborah Paramore	Rheolwr Rhaglen, Diwygio Gwasanaethau Cyhoeddus Programme Manager, Public Service Reform

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Gareth Price	Clerc Clerk
Eleanor Roy	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 1.00 p.m.
The meeting began at 1.00 p.m.*

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

[1] **Jocelyn Davies:** Welcome to a meeting of the Finance Committee. I remind you all to check that you have turned off your electronic devices, because they do interfere with the translation and amplification equipment. We are not expecting a fire drill, so if you hear an alarm, please follow the directions from the ushers. We have received no apologies today, so we are expecting Mike Hedges at any moment.

Rheoli Asedau—Tystiolaeth gan Lywodraeth Cymru
Asset Management—Evidence from the Welsh Government

[2] **Jocelyn Davies:** We will be taking evidence today from the Welsh Government on our inquiry into asset management. Thank you for attending today. Congratulations, Lesley Griffiths, on your appointment. The committee is aware that you have only held this portfolio for a short number of weeks, and we would be a bit surprised if asset management had been at the top of your agenda in terms of getting to grips with the portfolio. So, if there is any aspect of this that you are not quite sure of, we perfectly understand that, and we would be happy to take a note from you later on. You can write to the committee.

[3] If it is okay, Ministers, I will go straight to the first question. In relation to the location strategy and the management of the administrative estate, you have stated that, over five years, savings could amount to £80 million and the number of properties could reduce from 75 to 21. Are you able to clarify whether that represents a target?

[4] **The Minister for Finance (Jane Hutt):** Thank you very much, Chair. May I just say how much I welcome—I know that Lesley Griffiths does as well—this inquiry that you are undertaking? It is already, clearly, extremely valuable in terms of the scrutiny. Also, in terms of the written evidence, that came from me, before you started taking representations on the inquiry.

[5] On where the location strategy fits, as you are aware—of course, this was in my written evidence—this was a 2010-15 strategy. In fact, the Cabinet again endorsed this in July 2011. It is a strategic plan for the Welsh Government in terms of our estate over the medium term. It aligns fully with best asset management principles but, of course, needs change and circumstances change. So, on your question about targets and projections, clearly, we set out what we sought to deliver in terms of our estate and savings that could be made, but Welsh Government businesses can change, so we have to ensure that we take that into account and there has to be some flexibility in delivery.

[6] We review it regularly. There is an implementation plan, which sits alongside the administrative property strategy group—you have heard from Sioned Evans, who chairs that. It is based on projections, but it has to be flexible in terms of changing needs. In fact, even from my written evidence, there is probably a bit of an update on savings—slightly more than the £18 million. It looks as though the latest projection is that we will move to 20 properties instead of 22. I am very happy to update you with those figures, if that would be helpful, Chair.

[7] **Jocelyn Davies:** Is it the intention to reduce the number of properties to about 20 over the longer term?

[8] **Ms Evans:** Yes, 20, 13 offices, seven—

[9] **Jane Hutt:** Yes; 13 offices and, I think, seven specialist properties. It is very important that we look at—there are sensitive issues around smaller offices, as Members will know—opportunities around smaller offices that other public sector providers may be interested in. Certainly, however, that is our current projection.

[10] **Jocelyn Davies:** You will probably know, Minister, that we have received evidence suggesting that some of the measures and indicators used in the ‘State of the Estate’ report are crude and provide only a snapshot rather than a trend over time and, of course, there has been some criticism about the lack of reporting performance against specific targets. So, it is unclear whether performance is on target or not; we cannot really tell. Can you explain the

rationale behind this choice of presentation and why there is no clear reporting of performance against targets?

[11] **Jane Hutt:** We have brought hard copies of the latest ‘State of the Estate’ report. I know that it is available to you electronically, but I have hard copies for Members. The indicators within the ‘State of the Estate’ are well-established property performance indicators. They are consistent with UK Government reports and, in fact, the Scottish Government and the UK Government have looked at our report as well, in terms of building on the work that we are doing. You are right that it is very much a snapshot, at this point in time, in terms of performance of the administrative estate. You took evidence from our officials. Estate dashboards are produced monthly. There is the administrative property strategy group, to which I have already referred. An annual report is produced on that, which is very operational. However, it is about how we are delivering on our location strategy, so what I would say is that cross-referencing ‘State of the Estate’ to the delivery of the location strategy is important and, certainly, that is what I seek to deliver.

[12] **Jocelyn Davies:** Are you content with how it is presented, even though this is meant to be a public document, accessed by the public rather than by professionals, who might have a different way of talking to each other?

[13] **Jane Hutt:** What I would like to do is to ensure that the ‘State of the Estate’ is not just for officials, certainly in terms of the measurement of key performance indicators and so on, but we are very clear that this is a way that we can be accountable for the administration of our estate. I want to make it more transparent, and I think that your inquiry is helping us with that.

[14] **Jocelyn Davies:** I do not think that the criticism is that anything is being hidden. It is just that you need a certain expertise to really understand it, so perhaps just presenting it in a slightly different way might improve things. Ieuan, shall we go on to your questions?

[15] **Ieuan Wyn Jones:** Clywsom dystiolaeth gan Weinidog arall, Edwina Hart, nad oedd yn credu ei bod yn briodol i gael strategaeth gynhwysfawr ar gyfer rheoli ystadau. Y rheswm a roddodd am hynny oedd bod natur yr eiddo sy'n ei hadran hi—adran yr economi—yn wahanol iawn i natur weinyddol gweddill yr ystâd. Fel cyn-Weinidog yr economi, gallwch dybio fy mod yn rhannu ei hamheuon ynglŷn â hynny. Ond, hoffwn gael gwybod beth yw eich safbwynt chi—y Gweinidog Cyllid—ar hyn. A ydych yn credu bod lle i gael strategaeth gynhwysfawr?

Ieuan Wyn Jones: We heard evidence from another Minister, Edwina Hart, who did not believe that it was appropriate to have a comprehensive strategy for managing estates. The reason that she gave was that the nature of the property in her department—the department for the economy—is very different to the administrative nature of the rest of the estate. As a former Minister for the economy, you can surmise that I share her doubts about that. However, I would like to hear your view—Minister for Finance—on this. Do you believe that we could have a comprehensive strategy?

[16] **Jane Hutt:** Yes, I do. You will recall, from when we were in Government together and you were the Minister for the economy, that we published an asset management plan, back in 2008. We produced that plan in order to start developing an understanding and knowledge of our full asset base and also to start, not just in terms of the Welsh Government, to see this as a wider public sector asset base. What I would seek to do, obviously taking on board the views of the current Minister for the economy, taking on board the need for her flexibility—you will recognise that, from having been in that role—in terms of business need, is to have an overarching corporate asset management plan for the Welsh Government as a whole. I think that it can be achieved and that we can build on what we produced in 2008.

1.10 p.m.

[17] **Ieuan Wyn Jones:** Pwy wedyn fyddai'n rheoli'r ystâd? Rwy'n meddwl mai'r pwynt roedd Edwina Hart yn ei wneud oedd—ac rwy'n meddwl ei fod yn bwysig fy mod yn rhoi'r pwynt hwn i chi—os oes achos brys yn codi, er enghraifft, bod cwmni am ddod mewn sydd eisiau mewnfuddsoddi ac sydd eisiau eiddo yn sydyn iawn, byddai'n haws o lawer pe bai ei hadran hi yn rheoli'r ystâd honno yn hytrach na'r system ganolog. Beth fyddai eich ymateb chi i hynny?

Ieuan Wyn Jones: Who, therefore, would be managing the estate? I think that the point that Edwina Hart was making—and I think that it is important for me to say this—was that if there is an urgent case that arises, for example, a company comes in and wants to invest and wants property very quickly, then it would be much easier if her department was managing that estate rather than the central system. What would your response be to that?

[18] **Jane Hutt:** I think that what we need to look towards is a more integrated approach of Welsh Government, but bearing in mind, as I said, the need to be flexible in terms of that kind of business need. We have defined protocols, but we need to ensure that there is a set of principles underpinning those protocols. Clearly, a corporate document that provides a more integrated approach, but recognising the need for that flexibility, is what we would seek.

[19] **Mike Hedges:** I will turn to the Wales Audit Office report on building management in 2010. It found that there were areas of concern relating to the quality of asset management in the Welsh public sector and came up with some recommendations. One of the things that concerns me is that, within health, if a health board sells something for less than £500,000, it keeps the money, but if it is over that figure, it does not. They seem to have a perverse incentive to parcel up bits of land in order to sell them off. Should there not be a common policy that they keep 50%, 25% or 75%? I am not trying to tell you what the policy should be, but should there not be a common policy to incentivise people to get rid of parcels of land? I know that, within Peter Black's region, there is a lot of land within health areas that I am sure that they would get rid of if they thought that they would get money for it—if they had the ability to get benefit from it. They just leave that land at the moment because it is of no benefit to them to get it sold.

[20] **The Minister for Local Government and Government Business (Lesley Griffiths):** I gave evidence to this committee for my previous portfolio and that was an issue that was raised. I know that the official who was with me explained why health boards had been allowed to do that. It was deemed to be an incentive, because they could only keep the money under £0.5 million, so that they would then put the land into smaller pieces. I think that Jane is of the opinion that each portfolio does not need to have the same protocols, if you like, but I can see that it is obviously an issue of concern.

[21] **Jocelyn Davies:** The intention of that policy is that the land would be parcelled up into smaller bits and sold off. I think that that figure of £0.5 million had not changed for a long time. It had not changed to reflect the change in land values perhaps.

[22] **Lesley Griffiths:** It has not changed, no. I think that health officials were going to look at that.

[23] **Jocelyn Davies:** When you mentioned an integrated but more flexible approach, is that what you meant, that it could change from department to department?

[24] **Lesley Griffiths:** Yes.

[25] **Jane Hutt:** I think that it provides an opportunity for us to see how appropriate the practice and protocols have been, particularly in relation to incentivising. That is a key point:

we have to look to how we can incentivise the appropriate use of the estate, because this is where land is so important to us in terms of public service as well as economic development.

[26] **Mike Hedges:** On a similar note, in a previous report on borrowing and capital funding, there was a recommendation that an independent assessment of the quality of asset management across the public sector be undertaken. The Minister was not in favour of that at that time. Would you be in favour of it now?

[27] **Jane Hutt:** I think that it is useful to look at the WAO report and the briefing paper that it provided for the Public Accounts Committee only last month. I understand that the WAO said that it is going to do a review of public sector buildings in terms of management and rationalisation. I think that that will be very valuable to us and certainly I would want to draw on that in considering the way forward.

[28] **Mike Hedges:** Thank you for that answer. The other thing is that local government is very good at asset management, maybe because it has a duty to do it. Dare I say that a number of Government departments, if they were local authorities, would have Lesley Griffiths, the Minister for local government, writing to them to say that they were not managing or taking control of their assets in the way that they should be doing? Is there any benefit in telling everybody else to do exactly the same thing?

[29] **Lesley Griffiths:** Certainly, as the Minister responsible for public sector reform, I would expect all public bodies to do it. I do not think it should be local government specific. I think that if you are going to have good management of your budget, for instance, then you should have good asset management plans. You are right that local authorities do have their own strategies to ensure best value, but I really do not think that it should be local government specific.

[30] **Mike Hedges:** As a person who has spent some time in local government, I can say that one of the things that people in local government feel is that there are a lot of rules here. This is one area and sending out agendas for meetings is another—they have to give three days' notice, for example. I would not go to the public health sector with three days' notice of next Tuesday's meeting. [*Laughter.*] There seem to be rules that are imposed by the Welsh Government on local authorities that do not seem to run through the way that the National Assembly for Wales and the Welsh Government run. I think that it is unfair. If these rules are good, and I think that most of them are, and they really ought to be done by local authorities, then would it not be a good idea if the Welsh Government followed exactly the same rules?

[31] **Lesley Griffiths:** Yes, I can see that a standardisation approach would be beneficial, but certainly in relation—

[32] **Jocelyn Davies:** I think that it was a rhetorical question from Mike.

[33] **Mike Hedges:** A rhetorical question—

[34] **Lesley Griffiths:** Yes, I was giving a rhetorical answer.

[35] **Jane Hutt:** It provides an opportunity.

[36] **Lesley Griffiths:** It provides an opportunity. That is probably a better way of doing it.

[37] **Paul Davies:** I want to ask you some questions with regard to the data and the information available for benchmarking and performance management. In relation to benchmarking and performance management, the evidence suggests that there is an issue in

relation to reliable and consistent reporting of information, particularly in local government but also in other areas of the public sector. I understand that, in Scotland and England, a range of property performance indicators have actually been developed by and for local government. However, this approach has not actually been developed in Welsh local government. Have you, as a Government, considered promoting this approach here in Wales?

[38] **Jane Hutt:** I do not know, Lesley, if you want to answer on this.

[39] **Lesley Griffiths:** You will be aware of e-PIMS. I think that you are going to have a demonstration on e-PIMS. You have not had it yet, have you? There has been a huge collection of data collected via e-PIMS. I am someone who thinks, and I know that Jane is the same, that we should be as open and transparent as possible, so I am sure that, through e-PIMS, we would be able to produce that.

[40] **Jane Hutt:** I think also there are some clear initiatives that we can use. For local government, for example, the indicators of the Consortium of Local Authorities in Wales have been very helpful. That is something that maybe we could forward to the committee in terms of those criteria, because the benchmarking is looking at things like property condition, surplus and vacant properties, and usable office accommodation per employee. Would it be helpful if we forwarded that information to you?

[41] **Jocelyn Davies:** Yes, it would be; thank you.

[42] **Jane Hutt:** Also, we have the Chartered Institute of Public Finance and Accountancy. It is undertaking a review of asset management at present. You may be aware of that asset management planning. It is also looking at general trends and current approaches. You might have had CIPFA evidence already, but that might be useful. We are certainly looking at that. One area where good work has been undertaken is in terms of schools, and I am sure that you have touched on that. We now have the authorities providing consistent data on the condition of school buildings, and that is updated on an annual basis. There is a similar situation with the post-16 education estate. Having those indicators is helping us to monitor the impact of capital investment, so it is very valuable and it is much more transparent in being able to understand how we are delivering on this issue.

[43] **Paul Davies:** One of the implications of a lack of reliable information is that some authorities may not have a full picture of the maintenance and condition requirements, which could lead to funding problems in the future. What action are you taking as a Government to address that specific issue, given of course the constraints on funding at the moment?

[44] **Jane Hutt:** I think that I touched on that in response to the earlier question. Certainly in terms of the twenty-first century schools programme, when I was the Minister for education before moving into this portfolio role, it was critically important to have that survey work undertaken for us so that we could consider, jointly with local government, the very pressurised capital budgets that we have for the school estate.

1.20 p.m.

[45] So, having a consistency in that condition survey has been vital but I think that will come through that more collaborative approach with the national assets work.

[46] **Lesley Griffiths:** Yes, through the national assets work, the public service leadership group and probably the political leadership of the partnership council as well.

[47] **Paul Davies:** You touched upon having reliable and consistent information. I understand that, in England, the Department for Communities and Local Government is

consulting on a requirement for local authorities to make public key data on property assets and performance by April next year. Has the Welsh Government considered a similar approach, and, if not, why not?

[48] **Jane Hutt:** This is an area where, at this stage, we are encouraging rather than forcing local authorities to publish relevant information. We are certainly looking very carefully at what is going to emerge from the English experience. I think that, again, it goes back to leadership and the national assets working group, but we do have that; we already publish key data on property assets. We need to make this more understandable and transparent, but we are reviewing the key performance indicators in terms of our administrative estate and, again, the 'State of the Estate', and we can enhance the understanding of that. However, it is actually following a very similar approach to the approach that has been taken by the DCLG in England.

[49] **Paul Davies:** You have just mentioned that you are not following the exact route, but you would not rule it out, would you, if you are not happy in the future that consistent information is being made available?

[50] **Lesley Griffiths:** No. If encouragement does not work, then, obviously, you have to find a method that does work.

[51] **Jocelyn Davies:** Of course, as Paul pointed out, it is very important to have information on which to base decisions, so there is a reason for having the information. No doubt it is something that we will come to when we write our report.

[52] **Christine Chapman:** I just want to understand better how the collaboration arrangements are working. First of all, I know that in the programme for government there is a commitment to explore innovative and collaborative ways of managing assets and I know that the programme for government has looked to experience in both Scotland and Northern Ireland. However, the progress report for that last year provided no information on this aspect of the commitment. What work is being done on this and what progress is being made?

[53] **Lesley Griffiths:** The national assets working group is a very new way of looking at this. It has only been in existence since November of last year and we recognise that its work in collating the information, and making it transparent, is very innovative and very new. Helen Paterson, who chairs the group, is the chief executive of Wrexham council, so I know of her and I have actually had discussions with her about this, although not with this portfolio hat on. She is very enthusiastic and I think that there is certainly a willingness among public sector leadership to have this method of working. I think it is far in advance of anything that the UK Government or any of the other devolved administrations are doing. I think that it is recognised as being very cutting edge and leading the way.

[54] **Jane Hutt:** I am sure this will be reflected in the next progress report on the programme for government.

[55] **Mr Bisson:** Could I just add one extra element to this now, which is that November last year was the time that Helen Paterson took up the role of the chair of the assets working group. There was preceding work done under a previous leader that was considering some of these sorts of issues, but, certainly, under Helen we would expect these things to be energised and perhaps pushed a little bit further.

[56] **Jocelyn Davies:** We are aware of that, because we have taken evidence.

[57] **Lesley Griffiths:** Of course you have, yes. She has refreshed the terms of reference and looked at the forward work programme and so on.

[58] **Christine Chapman:** You mentioned the working group, but, as the Chair said, we have taken evidence from other organisations and this evidence suggests that, although there has been some progress, some of the bigger issues around the cultural and political barriers still need to be addressed. Obviously, next year there will be more progress, but do you recognise that concern?

[59] **Lesley Griffiths:** I had a telephone conversation with Helen about this on Monday—I have not had the opportunity to meet her yet—and I think that she would share some concerns and that is why, as I said, the terms of reference have been refreshed. You will be aware that I said a couple of times in the Chamber this week that I am starting to visit all 22 local authorities—I did No. 10 this morning—and I have raised it with them all. There is that accepted position from the leadership, from the chief executives and from the leaders, that this is an important piece of work if we are going to get other things right and if we are going to look at collaboration. If we are looking at innovative ways of saving money, this has to be right. So I think that you are right that, in the next progress report, we will see much more of an impact.

[60] **Christine Chapman:** You will be aware that we have heard this as well with regard to the Wales infrastructure investment plan, but we have heard evidence that, although there is really good practice happening, these are isolated pockets of good practice and there is lots of other areas where it is not happening. So, we will see whether you could take that into account as well in the next progress report.

[61] **Lesley Griffiths:** That is very important. In my previous portfolios, certainly in health and social care, we saw some brilliant examples. The Keir Hardie Health Park in Merthyr, which I opened recently, is a brilliant example, and probably one of the best things I saw—if only we could afford to have one of those everywhere. However, again, if we can collaborate and get much more integration between our public sector organisations, it is definitely the way forward.

[62] **Christine Chapman:** Yes, that is a good example. I visited that as part of another inquiry and it is excellent. In your earlier paper to the committee you said that it is not possible to force collaboration, but the change agenda can be driven by providing a standard framework against which organisations can measure their position. I am not sure which Minister this is for, but could you tell us a little bit more about this standard framework?

[63] **Jane Hutt:** Yes. Could I just also very quickly pick up on the points that Lesley was making in response to your question? This is where, as Minister for Finance, I work very closely with Lesley as the Minister for public service reform. We have a real responsibility and duty to maximise this collaboration in terms of reducing resources, but also to get innovation into the way that we use our resources. I also want to draw attention to the Welsh Government's affordable housing protocol, because that is another very good example in terms of land being sold to enable us to develop affordable housing. The land transfer protocol is critical to this.

[64] In terms of your particular question about how we force this collaboration through or how the change agenda is moving us forward, we do have the 2006 LGC paper, which is about high-performing property and it is quite a useful route-map to asset management excellence. That is something that we are abiding by in terms of management of the estate and that is the standard framework in which our expectations would be in terms of benchmarking on collaboration. We are, again, encouraging authorities to use it, but it is a standard framework that they should adopt and, like procurement, which we debated yesterday, it goes back to the fact that there should be no question that adoption should be what we are seeking through public service leadership, because all of the public sector is facing the financial

challenge.

[65] **Christine Chapman:** May I just add to that? It is really good that you have a standard framework, because it is down to personalities and how willing they are to want to make this agenda work. Will that overcome any issues around different personalities not being as helpful as they might be in the collaboration agenda?

[66] **Lesley Griffiths:** Yes, I think that if you have willing partners it is always much easier to collaborate. However, certainly, in terms of the visits I did a couple of years ago, you would not have got the level of willingness to collaborate that we have now within local authority, and, one month into my portfolio, I certainly think that. You are right—if people are not willing to do it, it is not going to work, but that is not the feeling I am getting.

1.30 p.m.

[67] **Jocelyn Davies:** Is that because of the current financial climate, in that having to address your properties and your assets and not being able to put things off for another day is becoming urgent for local authorities?

[68] **Lesley Griffiths:** Yes, I think that it has certainly focused the mind.

[69] **Jocelyn Davies:** Or is it your personality that has changed it?

[70] **Lesley Griffiths:** I would like to think it is that, Chair, but, no. I met with Bridgend council this morning to discuss issues. It is forward thinking four years in advance. We have all had dealings with local government over many years. I do not think that that was there before, so I am sure it is the financial climate that is making them much sharper about these things.

[71] **Peter Black:** You have already referred to the rules around the disposal of land from the health service, in relation to the sum of £500,000, and how that impacts on the decisions made. Would you accept the proposition that this is a rather perverse arrangement, in that it does not offer an incentive to either the Government or to the health boards to properly manage their assets or to dispose of surplus assets in an efficient and effective manner?

[72] **Jane Hutt:** Lesley has been here in her previous role and, of course, the new Minister for health will want to consider this very carefully, and I think that he certainly will be open to this. We need to look again at good examples. There is no question that the expectations will be there and I am sure that they will be there from you as well.

[73] **Peter Black:** Are you going to carry out a review of this arrangement?

[74] **Jane Hutt:** Yes. I think that this is an issue that we need to look at it in terms of ministerial agreement. This takes us back to the very early questions that Ieuan put about the need to understand the demands of portfolio expectations in terms of the service business and the economy, but we need to move towards this because we need to, as you say, incentivise health bodies, and we need to see the opportunities that that can provide for affordable housing as well as the economy and other public services.

[75] **Peter Black:** On those two themes of incentivising and affordable housing, when the Minister for Economy, Science and Transport came before us, she said that there was a lack of a single protocol for transfers between portfolios and such transfers have an adverse impact on a departmental budget. Specifically with regard to the release of land for affordable housing, she said that she would be minded to release more land provided that appropriate recompense was made to the department's budget. Do you accept that the protocol that you

have in place to release land for affordable housing is not quite working out because of the reluctance of Ministers to release land, because that mechanism is not in place, and are you considering reviewing that?

[76] **Jane Hutt:** Yes, we are. Going back to how we developed the land transfer protocol, it was developed by the national assets working group to be a best practice guide in terms of transfer or disposal of land. Clearly, that is not just between public bodies, but within government as well. So, as a result of experience of freeing up land and bilateral arrangements at Government level, we are undertaking a lessons-learned exercise across the public sector—I am sure that that was mentioned when Sioned gave evidence before—just to see how the land transfer protocol has delivered. At the moment, it is done on a case-by-case basis. I have been working closely not only with the Minister for the economy, but with the former Minister for housing and, of course, with the new Minister for housing on this matter.

[77] **Peter Black:** What is the timescale for that study to reach some conclusions?

[78] **Jane Hutt:** In relation to the lessons learned, we have all the feedback now, so that will help inform Ministers in terms of the way forward.

[79] **Peter Black:** Will you be publishing the conclusions for that?

[80] **Jane Hutt:** As we move forward—and I am sure this will be very timely in terms of this committee's report to Government—it will enable us to report back to the Assembly on progress as a result of that lessons-learned exercise and what that will mean in terms of moving towards that more corporate approach to asset management.

[81] **Mike Hedges:** The Minister for Economy, Science and Transport and her predecessor will disagree with what I am about to say, but do you see any merit in all land being held centrally as Welsh Government land rather than being held portfolio by portfolio, so that it could be used where it is best and where it is most needed, rather than being held within departmental land?

[82] **Jane Hutt:** I know the Member is very good at his rhetorical questions and I think that that clearly is one. What we need—and I think all Ministers in the Cabinet would agree—is to ensure that the land that is in public ownership is used to best effect for the needs of the people of Wales and for the economy of Wales. It is on that basis that we are trying to seek the best way forward in terms of protocols, synergy and a corporate approach.

[83] **Ann Jones:** We have taken some evidence that seems to suggest that the availability of resource may be a barrier to progress and improvement in asset management. Local government tells us that it thinks that putting what it calls back-office functions—I cannot find a different title for it; I do not like that myself—is contentious at the present time. So, other than what the national assets working group is doing, is there anything else that we can do to foster the view of assets as neighbours of policy development and service provision?

[84] **Lesley Griffiths:** It certainly does need behavioural change. It goes back to my earlier answer to the Chair when she asked whether it is finances that are focusing this. I think that it is one aspect, and this is where strong leadership is very important. The assets working group needs to make sure that people realise it is an enabler, it can influence the way they think, and it can make sure that organisations maximise the opportunities that are before them. However, we have to make sure that we encourage local authorities to collaborate in the way that we want them to.

[85] **Ann Jones:** Is the regional collaboration fund that is being set up available for asset management projects?

[86] **Lesley Griffiths:** It is, as part of a wider service transformation of programmes. I am just looking at the bids that are in now, and, so long as there is regional endorsement, we can have a look within the assets programme.

[87] **Ann Jones:** Okay, thanks. The Wales Audit Office expressed concern regarding the level of resource available to the national assets working group, and it suggested that this may constrain its future progress. Is that a view that you hold?

[88] **Lesley Griffiths:** No. I think that the agenda is not predicated on a large separate funding programme. It is focused on making sure that we share best practice and that we use the best of our resources from right across the public sector community. We have a small budget—just under £2 million—to take forward the public service reform agenda. I am going to consider how I could allocate funding. It is, as I say, early days in the portfolio, but I need to look at what is coming from the national assets working group and decide on the most appropriate way forward.

[89] **Jane Hutt:** You mentioned the regional collaboration fund as a vehicle for collaboration, as is the invest-to-save fund, and I think that you have probably seen projects during your invest-to-save inquiry. I have always seen invest-to-save as very much underpinning the work of the public service leadership group in enabling you to have some resource base for public bodies.

[90] **Lesley Griffiths:** One thing I have been very encouraged by is the fact that I do not think that local authorities see the regional collaboration fund as better or worse than invest-to-save. They are two very different things but they both have the same aim.

[91] **Ann Jones:** Officials from the group suggested that not all of the resource funding should be provided by the Welsh Government—I think that perhaps you would be glad to hear that in a way—and that the wider public sector has responsibility in this regard as well. So, what do you envisage in terms of resources that could be contributed from the wider public sector?

[92] **Lesley Griffiths:** This is something that I have to look at.

[93] **Ann Jones:** Yes, we will have a note.

[94] **Lesley Griffiths:** What I want to do is make sure that every public service partner takes on what is coming from the group.

1.40 p.m.

[95] I do not think it is just about the local authority; it is also about the wider public sector. So, I can certainly send a note on that in due course.

[96] **Jocelyn Davies:** Thank you. You said that you have the bids and that you will be considering them shortly.

[97] **Lesley Griffiths:** Yes, over the weekend.

[98] **Jocelyn Davies:** So, you are about to make a decision.

[99] **Lesley Griffiths:** Yes.

[100] **Jocelyn Davies:** Would you let the committee know if any of the successful bids are

about asset management and collaboration?

[101] **Lesley Griffiths:** Yes, certainly.

[102] **Jocelyn Davies:** Mike wants to come in on this point.

[103] **Mike Hedges:** We all heard a very good report on Bridgend County Borough Council's use of invest-to-save funding to rationalise its office structure. Has anything been done to try to promote that with other local authorities?

[104] **Jane Hutt:** That goes back to your invest-to-save inquiry and spreading good practice. I will be meeting with officials about invest-to-save after this committee session. It is clear that good practice has to be applied across Wales, and it will be shared. Again, with invest-to-save, it is your working group that will actually look at the bids, so that kind of cross-referencing is very clear.

[105] **Jocelyn Davies:** That was a cheeky one, Mike. *[Laughter.]*

[106] **Mike Hedges:** I thought I was being helpful. *[Laughter.]*

[107] **Ann Jones:** This is the last question from me. The Wales Audit Office reported that most of the public sector organisations it considered are not obtaining the best value for money from their assets. Is this an area on which the national assets working group could undertake improvement work?

[108] **Lesley Griffiths:** Absolutely, yes. It is up to every public sector organisation to make sure that it gets the best value for money. Certainly, that is absolutely fundamental to the workings of the group.

[109] **Ann Jones:** Are there any views on how it could drag local government to do that?

[110] **Lesley Griffiths:** I think that the sharing of best practice is one element of it. I have said to them all as I have been going around—and I said it when I was in health as well—that best practice is actually the one thing you can steal. I do not care how you do it, but just do it. I have been very encouraged by the leadership, both political and executive, of local government in terms of sharing. So, I think that that is one way of doing it.

[111] **Peter Black:** When we conducted our previous inquiry into borrowing powers and innovative approaches to capital funding, one of the recommendations that we had was for the Welsh Government to consider lessons learned from Scotland and the use of an independent body to co-ordinate asset management across the public sector. Minister for Finance, you accepted this recommendation but in doing so you referred to the work of the national assets working group, which is neither independent nor has responsibility for oversight in this manner. Have you considered the approach being adopted in Scotland and how this can be applied in Wales?

[112] **Jane Hutt:** I think that it was fair to mention the national assets working group because it is an example of collaboration. It is chaired by a local authority chief executive and it reports to the Minister; it is driven by the public sector. It is an important group to work with, and we feel that this is the way forward. You have to remember that I accepted that recommendation in the sense that we need to look at the outcomes and the impact of the Scottish Futures Trust. You must remember that the Scottish Futures Trust costs about £6 million a year and it was set up at a time when perhaps it was easier to find that sort of money. We have to be very clear that we would rather put £6 million into a capital infrastructure investment at this stage in time in terms of economic and financial challenge.

So, we are seeking to achieve this through collaboration and through a more cost-effective way. However, I did say that we need to look at costs and benefits in terms of setting up such an independent body; I accept that in terms of the opportunities for learning. Indeed, we are learning quite a lot from the Scottish Futures Trust because we are working closely with it, and it is very happy to collaborate with us as we move forward in terms of our innovative capital financing routes as well.

[113] **Peter Black:** I accept that the cost is £6 million a year, but of course it does do work other than asset management. If you just focus on its asset management work, you will see that it estimates that it actually saved £23 million in 2011-12 as a direct result of that asset management work alone. Have you actually carried out a proper assessment of what savings could be achieved to offset the cost of setting up an independent trust like that?

[114] **Jane Hutt:** One of the things that we did previously when I chaired the efficiency and innovation board was to seek to make savings as a result of our collaborative approach, which has now resulted in the public service leadership group. If you recall, we agreed that there would be a measurement framework of the efficiencies and the savings that we were making. I think that it would be very helpful if I perhaps updated the committee on the savings that we have made as a result of this approach over the last three or four years. For example, I am sure it would be helpful for you to know how much we have saved—and invest-to-save has played a part in this saving—as a result of things like centrally procuring the IT database and fleet and passenger transport management. So, I think that we could give you a figure that I think is proportionate in terms of the savings that the Scottish Futures Trust has said that it has delivered. Would that be helpful in terms of the measurement framework?

[115] **Jocelyn Davies:** Yes, thank you.

[116] **Peter Black:** I would certainly be interested in the IT savings.

[117] **Jane Hutt:** I am sure that there might be some lessons learnt from that.

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

[119] **Mike Hedges:** I have two things to say. First, can anybody identify any case where savings predicted in relation to an IT system actually came out at the end of it?

[120] **Jane Hutt:** I must say that that is another rhetorical question.

[121] **Mike Hedges:** It is not, it is a proper question. In the private or public sector, can anybody actually identify an example of where the savings that were predicted have actually all come out?

[122] My second question is this: are there not a lot of very simple things that can be done, such as putting solar panels in, like they did in Wrexham and in the National Botanic Garden of Wales, where there have been lots of savings? Is anybody looking at trying to push some of these good practices where there are simple savings to be made by investment?

[123] **Jane Hutt:** That is a fair point. I am going to be challenged now about these IT savings, but clearly we have a projection for those savings.

[124] **Ms Evans:** We have a projection in terms of what we can deliver and the savings that that will provide to wider public services if they take it on board. That goes back to that leadership challenge. We can deliver, but it is for the wider community to take on board a lot of the work that we deliver to support these savings and collaboration.

[125] **Jocelyn Davies:** Is the reluctance to set up something like the Scottish Futures Trust something to do with the fact that it would cost money to the Welsh Government but that the savings would be made by other people and other organisations elsewhere? So, it would not actually save you anything—it would save other organisations. The cost would fall on you but the savings would be seen elsewhere. So, if the savings would be seen elsewhere, perhaps you could give consideration to other ways of funding something like this, instead of using Welsh Government funding—

[126] **Mike Hedges:** What about a collaboration fund?

[127] **Jocelyn Davies:** Yes, perhaps.

[128] **Jane Hutt:** Looking at what the Scottish Futures Trust does is perhaps a separate issue that we could explore. As you say, it is not just about asset management, it is about innovative finance. If you look at it, you will see that, to a certain extent, it is a quango that is operating in Scotland, which, as I said, was set up in a different setting. We are in a very different setting here in terms of our financial context. So, we have to justify why we have not progressed yet to have something like the Scottish Futures Trust, by showing that we are delivering. So, proportionately, in terms of the upfront costs, we do not have that money. We have at times considered the possibility of not just sharing services but buying services from such organisations that can provide expertise. So, I think that you have to look at this in the sort of financial context that we are in.

[129] **Julie Morgan:** My questions are about the spread of good practice generally, so I will be carrying on with the same theme. Obviously, there is a lot of good practice but there is not a lot of evidence to show that it is being shared, which is what we have been talking about. Could you expand on how the public service leadership group will fulfil its role in promoting good practice in asset management? Could you talk some more about that?

[130] **Lesley Griffiths:** Yes. As I say, I have been quite heartened to hear from the authorities that I have visited how they go about sharing good practice. It is certainly something that the national assets working group is looking at within its work programme—how it can best ensure that the communication and the sharing of best practice goes ahead. It is going to come back to me with a report, which I will consider in due course.

[131] **Julie Morgan:** Concerns have been raised regarding the experience, capability and skills available in the wider public sector as being a barrier to progress in asset management, with some people calling for a central team of experts within the Welsh Government, or support for professional development in this regard.

1.50 p.m.

[132] Has the Welsh Government considered establishing such a team?

[133] **Lesley Griffiths:** Yes. Skills are very important, obviously, and it is something I have asked the working group to consider. I think that it needs to have a look at the level of skills in relation to asset management right across the public sector, and not just in local authorities. The group has developed a website called Assets Cymru, which it is going to launch in June, and that will be where people can go for information on all aspects of asset management. They will be able to look there for case studies and best practice. That is where, again, you can share best practice and standardised documentation. I think that it is just about making sure that people know where to go for the information. So, that website will be launched in June. *[Interruption.]*

[134] **Jocelyn Davies:** Someone's phone is ringing.

[135] **Lesley Griffiths:** I think it is Julie's, actually. [*Laughter.*]

[136] **Julie Morgan:** It is not mine—I turned mine off as I came in.

[137] **Jocelyn Davies:** That is all right. Minister, did you have anything else to say?

[138] **Lesley Griffiths:** That was it, really. The website is being launched.

[139] **Jocelyn Davies:** The ring tone is a nice note to finish on. Julie, have you covered all your points?

[140] **Julie Morgan:** Yes. They were covered earlier on.

[141] **Christine Chapman:** May I ask a further question? I am interested in what you said, Minister, about this website on asset management. It obviously is quite a specialist topic really, so I just wondered how many people would want to look at it and would know. I think that the reality is that in local authorities, for example, you would have one person who may be involved in this and, if they are not there, and are on holiday or something, it is not going to happen. So, I am just curious. We are making some slow progress on this, because so few people are engaged with it really. Do you think that is something we need to look at?

[142] **Lesley Griffiths:** Yes, I think that is an issue. Previously, when I was Minister for health, that was raised with me, but I think that it is about having a dedicated place where people can not only go for information but can put information as well. It is a bit like the best practice online portal that we have. Again, it is the same thing, but it is making sure that people know where to go and that they use it both ways as well.

[143] **Jane Hutt:** Following on from what Lesley said, have you accessed Good Practice Wales? That is the online portal and Sioned was just reminding us that there are 2,000 good practice case studies referred to on that. We have not mentioned the third sector at all, such as Wales Council for Voluntary Action, the Welsh Local Government Association and health improvement. I think that there are quite a few hits per month in terms of the Google search. If you Google 'Good Practice Wales' and then—[*Inaudible.*]

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

[145] **Peter Black:** Just following up on this specialist portal, one of the issues raised during the inquiry was specialist knowledge and expertise on asset management around Wales. We learned that a lot of people managing assets were either estate agents or accountants and that sort of thing, with no actual specialist knowledge as to how to manage an asset properly. Have you considered any sort of training or ways of trying to improve that knowledge base?

[146] **Jane Hutt:** I think that Assets Cymru is a very important resource. It is a developing professional role and, Sioned, you, of course, are very aware of the skills base of people who are engaged in it, are you not?

[147] **Ms Evans:** Yes, I am, and I think that, as previously when I gave evidence, it is a bit patchy. I think that there is a need to perhaps look to reinforce that, but there is some work going on now. I think that the Minister referred to it earlier. The Wales Audit Office is looking at some of the work around asset management and I think that might well touch on some of the issues regarding the skills that are involved in this. I hope that, through the work of the national assets working group, we will be able to bring it a little bit further up the agenda. Over the years, assets have not been a priority and I think that it is only perhaps in the

last five years that the real opportunity that assets can offer to deliver improved service delivery has really started to be tapped into. There is a sort of natural learning curve and it is about how quickly we can progress with that.

[148] **Jocelyn Davies:** Mike, you had a further question.

[149] **Mike Hedges:** Briefly, do you think there would be any advantage, when listing assets, in actually having a reason as to why they are held by the people concerned?

[150] **Jane Hutt:** There is a lot of history there. [*Laughter.*]

[151] **Mike Hedges:** No, but what is the reason why they are holding them—

[152] **Jane Hutt:** Yes, exactly. Absolutely. I am sure that would form part of us doing an asset management inventory.

[153] **Jocelyn Davies:** Is everybody happy? I see that you are. Thank you very much, Ministers, and we look forward to seeing the note from you, Minister. I cannot remember what the point was, but—[*Inaudible.*] Thanks very much.

1.55 p.m.

**Papurau i'w Nodi: Dogfennau Ategol
Papers to Note: Supporting Documents**

[154] **Jocelyn Davies:** Before we go into private session, we have a paper to note. Is everybody happy with that? I see that you are.

**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**

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

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

[156] Is everybody content? I see that you are.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 1.55 p.m.
The public part of the meeting ended at 1.55 p.m.*