



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

Y Pwyllgor Cyfrifon Cyhoeddus **The Public Accounts Committee**

Dydd Mawrth, 21 Ebrill 2015
Tuesday, 21 April 2015

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

The proceedings are recorded 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

Jocelyn Davies	Plaid Cymru The Party of Wales
William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Sandy Mewies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Barrie Davies	Cyfarwyddwr y Gwasanaethau Ariannol, Cyngor Bwrdeistref Sirol Rhondda Cynon Taf Director of Financial Services, Rhondda Cynon Taf County Borough Council
Andy Falley	Dirprwy Gyfarwyddwr, Cyflenwi Seilwaith, Llywodraeth Cymru Deputy Director, Infrastructure Delivery, Welsh Government
Sheena Hague	Dirprwy Gyfarwyddwr, Rheoli'r Rhwydwaith, Llywodraeth Cymru Deputy Director, Network Management, Welsh Government
Jeremy Morgan	Swyddfa Archwilio Cymru Wales Audit Office
Matthew Mortlock	Swyddfa Archwilio Cymru Wales Audit Office
Jeremy Patterson	Prif Weithredwr, Cyngor Sir Powys Chief Executive, Powys County Council
Sophie Potter	Swyddfa Archwilio Cymru Wales Audit Office
David Powell	Cyfarwyddwr Strategol, Cyngor Sir Powys Strategic Director, Powys County Council
James Price	Llywodraeth Cymru Cyfarwyddwr Cyffredinol, Busnes, Menter, Technoleg a Gwyddoniaeth, Llywodraeth Cymru Director General, Business, Enterprise, Technology and Science, Welsh Government
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales
Tony Wilkins	Cyfarwyddwr Adnoddau Dynol, Cyngor Bwrdeistref Sirol Rhondda Cynon Taf Director of Human Resources, Rhondda Cynon Taf County Borough Council

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

Leanne Hatcher	Clerc Clerc
Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Tanwen Summers	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 09:01.
The meeting began at 09:01.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good morning, everybody. Welcome to today's meeting of the Public Accounts Committee. Just the usual housekeeping notices: the National Assembly for Wales is, of course, a bilingual institution and Members and witnesses should feel free to contribute to today's proceedings in either Welsh or English as they see fit, and, of course, there are headsets available for translation and they can be used also for amplification. I remind people to switch off their mobile phones, or put them on 'silent' mode, because they can interfere with the broadcasting equipment. Just to let people know that, in the event of a fire alarm, we should all follow the instructions of the ushers. We haven't received any apologies for today's meeting, so we'll go straight into the rest of our agenda.

09:02

Papurau i'w Nodi
Papers to Note

[2] **Darren Millar:** Item 2 is papers to note. We've got the minutes of our meeting held on 24 March. We have a letter from the chief executive of the Betsi Cadwaladr University Local Health Board on staffing levels connected with the retrospective continuing healthcare claims. We've already considered that letter as part of our inquiry into continuing healthcare claims. We've got a letter from the Highways Agency, with some additional information as part of the inquiry into the value-for-money study of motorway and trunk road investment, and it just touches on the new arrangements with the Highways Agency and the certainty around funding. Again, we can consider that as we pick up some of those issues in today's evidence session. We've got a letter from the Auditor General for Wales on land acquisition in relation to the M4 relief road—

[3] **Sandy Mewies:** Is it okay to ask a question on that?

[4] **Darren Millar:** We will, Sandy. We will be able to ask questions on that this morning, if anybody's got any that they want to ask of the Welsh Government.

[5] We've also got a letter from the Permanent Secretary clarifying some of the issues in relation to the grants management session that we held on 10 March. I think there was just one issue in there that I think we ought to seek some further clarity on, and that is in relation to health spending. If you remember, we were querying, during the evidence session, why there was such a small total pot that was grant-funded to the NHS when compared to other parts of the budget, especially given the Welsh Government's commitment to ring fencing mental health spending. That didn't appear to feature, and it doesn't appear to feature, either,

within the response from the Welsh Government, so can I suggest that we just clarify how they actually monitor that and how they ensure that it is spent in accordance with ministerial policy? So, thank you for that.

[6] We've got a letter, also, from the Royal Society for the Protection of Birds welcoming the committee's recent report on Glastir. I'll take it that that's noted. We've had a letter from the Welsh Language Commissioner on scrutiny of accounts. We can look at that in more detail and take on board any points that she's making when we look at the accounts later on this year. We have a letter from the director of education and skills on covering teachers' absence, with some further information on the timing of the Welsh Government's implementation of commitments as we requested. I know, Mike, you've raised some issues in relation to this, haven't you?

[7] **Mike Hedges:** Yes, specifically on recommendation 3, when they talk about not having governors being responsible for things. I mean, you have governors for looked-after children, you have governors for special educational needs, you have governors specified for ICT. I just think that we need to have further discussion regarding exactly what exists and why HR is different.

[8] **Darren Millar:** Can I suggest, given the time pressures this morning, that we make some time available at one of our future meetings to give some further detailed consideration to that letter, because it is a substantial response? Okay? Thank you for that. Are you happy with that, auditor general?

[9] **Mr Thomas:** Yes. I'd like to submit some comments.

[10] **Darren Millar:** Okay. That would really help our discussions. Thank you.

[11] We've had a letter from the North and Mid Wales Trunk Roads Agent with some additional information as part of our inquiry. Again, we can take that response on board this morning. We've another one also from the South Wales Trunk Roads Agent, which we can take on board this morning. We've had a very substantial and detailed response from Betsi Cadwaladr University Local Health Board. We're hoping to be able to have some opportunities to discuss that later this morning in private session. If we don't get that time, we'll carve out some time, again in one of our future agendas. And we have a letter from the Welsh Ambulance Services NHS Trust as part of our inquiry into motorway and trunk road investment. Can I take it that all those are noted?

09:06

**Ymchwiliad i Werth am Arian Buddsoddi mewn Traffyrdd a Chefnffyrdd:
Sesiwn Dystiolaeth 5
Inquiry into Value for Money of Motorway and Trunk Road Investment:
Evidence Session 5**

[12] **Darren Millar:** We'll move on to item 3 on our agenda, continuing with our inquiry into the value for money of motorway and trunk road investment. I'm very pleased to be able to welcome James Price, who is the director general of business, enterprise, technology and science at the Welsh Government, Sheena Hague, the deputy director, network management, at the Welsh Government, and Andy Falley, deputy director, infrastructure delivery, Welsh Government. Welcome to you all today.

[13] You're obviously aware, Mr Price, that we've been undertaking this inquiry now for some weeks. This is the fifth evidence session that we will have had on this particular subject,

and there have been a number of issues that have been brought to our attention during the course of the inquiry. One of the things that it's clear appears to have been welcomed over the border in England is the creation of Highways England and the way that it functions with a five-year budget or funding period. They say that that has helped significantly address some of the pressures on budgets to be able to spend it before the end of the financial year, et cetera. Do you want to just comment very briefly on your perception of Highways England and whether some of the experience there might be adopted here in Wales and what your thoughts are particularly on that five-year programme? Then we'll go into questions from Members.

[14] **Mr Price:** Thanks, Chair. In fact, we were just talking about that before we came in, and I think our genuine view is that it's too early to tell, really. None of this has happened yet. It's been announced, the company's been set up, it is trading, but we're right at the back end of an electoral term, obviously, in the UK sense. When you try and drill down into the detail to see exactly how those budgets will be delivered over a five-year period, it is unclear. So, I think our position would be that we would want to watch and see what happens, watch and see how it performs. There are potential positives in having a longer investment cycle—absolutely. You would tend to even out spend. It's been something that's been talked about for a long period of time. Equally, some evidence from the longer private sector contracts in England suggests that what you actually do is exacerbate the tendency to spend at the back end or not spend at the back end over a five-year period rather than over a one-year period, particularly if it's let to a private sector contractor. We've yet to see how they're going to share risk and reward on that basis. So, what you could have is a private sector contractor frontloading expenditure and running out of money at the back end. You could see experienced staff beginning to drift away at the back end of the five-year cycle because they're chasing another contract somewhere else. In principle, I think some of the suggestions in it look like a good idea, but it remains to be seen how it performs.

[15] **Darren Millar:** Okay. One of the other things that is significantly different between England and Wales is the use of WebTAG over there, the appraisal tool for investment. Obviously, we've got a Welsh version of that with WelTAG. WebTAG appears to be getting a lot of international praise in terms of the veracity of that tool and its ability to look at schemes before spending is actually made. Do you think WelTAG is sufficiently robust in terms of how it assesses schemes for investment?

[16] **Mr Price:** I'll let Andy come in on the detail here but, to my knowledge, WelTAG was always as good as WebTAG. In fact, that was its original genesis. We have tried to build on expertise elsewhere and not try and create something completely different for Wales. The bits that are coming into the Welsh model have been around sustainability, around making sure that we were consistent across different modes of transport, et cetera, et cetera. So, far from saying ours was inferior, I would probably say, if anything, ours was a bit better; of course, we are of a smaller geographical size and probably have less international interest focused on us. But Andy is more of an expert on this.

[17] **Darren Millar:** Before I bring him in, can I just bring to your attention a quote from Professor John Preston, University of Southampton? They undertook a study, obviously. They say this:

[18] 'There have been a number of international reviews of transport appraisal...with the WebTAG system widely acknowledged as being world leading. By contrast, WelTAG seems light on quantification and does not provide value for money assessments. It seems to lack both a sound scientific basis and an underlying evidence base.'

[19] Do you want to comment on that then?

[20] **Mr Falley:** Yes. We also picked up on that comment from Professor Preston and have sought clarification from him. WelTAG in fact does reference WebTAG throughout the whole document. So, when a specific technical specification is required in terms of traffic modelling or assessment of impacts, then there are many references throughout the WelTAG document to WebTAG. So, WelTAG and WebTAG work closely together. So, when WelTAG was produced, we were conscious of the existence of WebTAG and that is referenced throughout the WelTAG document. So, WelTAG may appear, shall we say, light on scientific content or robustness, but in fact it relates to WebTAG. When you're carrying out certain assessments as part of the WelTAG process, you will refer to WebTAG for certain details of it.

[21] **Darren Millar:** So, you're challenging his assertion that it does not provide value-for-money assessments.

[22] **Mr Falley:** I would say that, yes.

[23] **Mr Price:** I think the other thing, Chair, if I could say, is that that was a report commissioned by the Welsh Government to try and make our transport planning best in class, and we continue to engage with him and others who've done work on that. I think he might have changed some of his views on some of the detail in this, or—. We're working together to evolve our views on it. But we're not in the place we'd like to be. We'd like things to be better, as I've said before.

[24] **Mr Falley:** That's right. Sorry to interrupt. We're due to carry out a review of WelTAG as part of continuous improvement and recognising that we need to get to a position where we've got the best transport appraisal guidance.

[25] **Darren Millar:** What's the timescale for the review of WelTAG?

[26] **Mr Falley:** I believe we're carrying it out in the second part of this year.

[27] **Darren Millar:** Okay. Excellent. Thank you very much for that. I'm going to come to Mike Hedges next and then on to William Graham.

[28] **Mike Hedges:** Co-ordination: you close a motorway or a dual carriageway, and then the utility companies decide to dig up part of the alternative route or there's local authority planned work on the alternative route. What steps can be taken to improve that co-ordination so that, when a trunk road has to undergo maintenance, the alternative route is itself clear? Also, just one thing on changing traffic lights: traffic lights, for example, are set up for a certain flow. If, all of a sudden, down the A48, you move all the motorway traffic, unless you change the traffic light sequencing, you're going to end up with long queues back.

[29] **Mr Price:** If I can start answering that question, I'll bring Sheena in as well, because Sheena is responsible for operation of the trunk road, including maintenance and capital upgrades. I think both of those are very fair questions, and Sheena will know that I often phone her up, ranting and raving, saying, 'Why is this happening? This shouldn't be the case', et cetera, et cetera. In terms of planning what we do on the trunk road, I wouldn't say that we plan it exceptionally well, but we try to plan it exceptionally well and we try to avoid all closures, pretty much at all costs in fact. So, the downtime of the trunk road network is always kept to a minimum anyway.

09:15

[30] Where we do have to book road space off, if you like, and re-route, we do that through a process involving local government as well, so that's meant to be properly planned.

And, if you look at places where we interact with local authority roads, we will do that in a dynamic way and work closely with them. I think a positive example of where that works well is in a recovery situation. People might remember that, about four months ago, Cardiff council did some work to the junction at Gabalfa. That caused traffic to back up in the morning all the way up to Pontypridd on the trunk road network. That was an error on the part of Cardiff council, but we worked very closely together to ensure that by lunchtime all of that was dissipated and their planned works had been altered such that that didn't recur. Now, if there hadn't been close working between the two organisations, that would have continued; their original plan was to do that for three or four months. My question was: why did it happen in the first place? The answer to that actually wasn't a failure of the planning system; that was a failure of one of their contractors, who overran in the morning. So, it's not always apparent what causes things. We do engage with local government in terms of planning our roadworks. Normally, it works quite well; it could work better. There's not universal attendance by all local government all the time in those meetings, but I think it's probably best if Sheena picks up.

[31] **Ms Hague:** Okay. Good morning, everybody. Just to reiterate everything James has said, we do actually co-ordinate the roadworks. Our aim is to have the absolute minimum of delays on the network. Sometimes, we don't get that right and that's regrettable and we try to put things in place as quickly as possible. But we're delivering something like about 4,000—if you look at last year—interventions on the network. Now, we try to do those mainly at night or in off-peak hours, and, when we talk about off-peak, that's outside the commuting time, so it'll have marginal effect on the traffic at that time. So, we are liaising. There are actually two Acts involved as well: there's the New Roads and Street Works Act 1991 and there's the Traffic Management Act 2004 and there are duties for local authorities and highway authorities to actually come together and co-ordinate.

[32] **Darren Millar:** Do you want to come back on that, Mike?

[33] **Mike Hedges:** On the traffic lights, the traffic lights still let the same number of vehicles through when, really, they need to be reset if you're moving the whole of the motorway on to the A48, for example.

[34] **Ms Hague:** When we have a scheme where it involves a junction with traffic signals, we will look then to see if we can re-phase those lights, especially if we've got more input of traffic through that actual particular junction.

[35] **Mike Hedges:** Sorry, I'm talking about the whole route. When you close the M4 around junction 45, you then have to use the A48 through Morriston and Llansamlet. There are lots of traffic lights along that route. They give a lot of time for the traffic going the other way because the route is roughly 50/50 most of the time. When you move the whole of the motorway traffic onto that, you end up with something like a 70/30 or 80/20 split. Now, the lights need to be reset, otherwise you get a very long back-up on one side. Is any work done in order to get that co-ordinated?

[36] **Ms Hague:** If we're working with a local authority and it's their traffic signals, then, obviously, as part of the co-ordination meetings, we would work with them to suggest that, obviously, there's going to be an influx of traffic from the motorway onto their particular road, and then we would look to see whether or not there can be some re-phasing of the signals depending on the traffic going onto that route. So, we try to co-ordinate as best we can to get that, but I think the reality is that we're trying to move very heavy volumes of traffic off one particular road onto another, and, when we do that, we try to do it in the time when there's the least amount of local traffic on the network as well.

[37] **Darren Millar:** We've got details of a couple of case studies in the files here and, in

spite of the engagement that you say is taking place, there's an example, in my own constituency, in the file, where you weren't informed; there was no information relating to a significant piece of utilities work that was going on in a town that was itself facing diversions as a result of work that was going on on the A55 trunk road. So, it isn't working, is it?

[38] **Ms Hague:** I think it is working, but I think the other thing to remember is that, if there is an emergency, and, if the utility works have to go on the network, then obviously—

[39] **Darren Millar:** But it wasn't an emergency; it was planned, apparently. I've seen copies of the letters from the utilities company. This was planned well in advance with the local authority. What on earth went wrong?

[40] **Mr Price:** What I'd like to say in response to this is that if I was sat where you're sat I'd be saying exactly the same thing. I personally don't think it is good enough. I don't think it's Sheena's fault, because we can only be held responsible under current legislation for the trunk roads that we're responsible for, but there is sometimes a co-ordination issue.

[41] Furthermore, there are two other things I think it's worth just getting into the conversation. When we use a diversionary route, we're using the asset of another organisation, so we don't take responsibility for that route. We can't instruct rephasing of lights, et cetera. We can encourage, but we can't instruct, and sometimes that causes an issue. Linked to that, if it's unplanned, it's very difficult sometimes to get things moving.

[42] Just as a point of information, really—you probably know this anyway—in terms of utilities on the trunk road, the reason why it's sometimes a lot easier for us in that is that, typically speaking, we don't have utilities in the trunk road, simply because we don't want the trunk road being dug up for utilities monitoring. That's not always the case, but certainly on the motorway et cetera, there are no utilities in the motorway.

[43] **Darren Millar:** Okay. Now, I've got a couple of people we wanted to come in with follow-up questions to Mike, and then I'm going to come to William Graham. So, Jocelyn first, then Aled.

[44] **Jocelyn Davies:** Yes. Sheena, I doubt that it is your fault, actually, but Mr Price did say that he often rings up to rant and rave at you, so how often is that? How often is it going wrong?

[45] **Ms Hague:** I would say, as a percentage, probably 5 per cent or so of the interventions. Most of you sat around here probably managed to get here this morning actually using either the strategic road network or the local road network, so, for the most part for people on their daily journeys, they get where they need to go. If it's planned works, it's very regrettable if we've not managed to co-ordinate it, and, as we've said, we try to step in and get the lessons learned very quickly and adjust it. Then, obviously, on top of that, we also get incidents as well, but I think the point of the committee today is about the co-ordination of planned works, and I think there are always steps we can try to improve. We do have very formal meetings. We have lots of people attend those meetings, and maybe we need to set a measure across the board for Wales, rather than just our own particular highway authorities, to test to see how this is working. Maybe that's something that we could do in the group, to try and give you that information.

[46] **Jocelyn Davies:** Okay, so you didn't tell me how often he's ringing up to rant and rave. How often are you ringing her, Mr Price?

[47] **Mr Price:** Me, personally?

[48] **Jocelyn Davies:** Well, you said you often do.

[49] **Mr Price:** A couple of times a month, yes.

[50] **Jocelyn Davies:** So, it's a couple of times a month that it's brought to your attention that you have to take it up.

[51] **Mr Price:** Yes, but out of 4,000 a year, that's—

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

[53] **Darren Millar:** I'll bring you in in a second, Julie. Aled.

[54] **Aled Roberts:** Rwyf eisiau jest codi un pwynt ynglŷn â'r ffaith eich bod chi'n dweud eich bod chi'n osgoi problemau. Nid wyf yn siŵr iawn y buasai pobl yn y gogledd yn derbyn eich bod chi wedi osgoi problemau ar yr A55 eleni. Rydych chi'n dweud eich bod chi yn trefnu gwaith fel bod gwaith yn cymryd lle dros nos, ac ar hyd yr A55, hwyrach bod hynny'n wir, ond mae'r lonydd yn dal wedi'u cau yn ystod y dydd. Felly, beth sydd i osgoi cael gwaith 24 awr, dywed, er mwyn i'r rhaglen waith fod yn llawer iawn byrrach, wrth ystyried faint o broblemau sydd wedi bod ar yr A55 yn ystod y flwyddyn?

Aled Roberts: I would like to just raise a point about the fact that you say that you are avoiding problems. I'm not sure that people in north Wales would accept that you have avoided problems on the A55 this year. You said that you schedule work so that it happens overnight, and on the A55 maybe that's true, but the lanes are still closed during the day. So, what's preventing us from having work carried out 24 hours a day, let us say, to ensure that the programme of work is much shorter, particularly in light of the number of problems experienced on the A55 during this year?

[55] A gaf i hefyd ofyn a ydych chi'n fodlon efo'r wybodaeth sy'n cael ei rhannu efo'r cyhoedd? Mi roedd yna arwyddion—rwy'n meddwl mai dwywaith y gwnaeth y peth godi yn ystod y flwyddyn yma, lle oedd arwyddion o'ch contractwyr chi yn dweud bod gwaith i'w gwblhau, ond pythefnos ar ôl hynny, mi roedd gwaith yn dal i gymryd lle, felly nid oedd yna wybodaeth o flaen llaw ynglŷn â'r ffaith bod yna dal oedi ar y ffordd. Hefyd, rwy'n meddwl ei fod e'n gyffredin iawn bod y wybodaeth sy'n cael ei rhoi allan ar y radio ynglŷn â'r problemau ar yr A55—ac rwy'n cymryd mai Caerdydd sy'n gyfrifol am rannu'r wybodaeth yma—yn gwbl anghywir. Wrth ystyried bod gennyh chi staff sy'n mynd i fyny ac i lawr yn eu Toyotas ar yr A55, pam nad ydyn nhw'n gallu rhoi'r wybodaeth gywir fel o leiaf fod pobl yn gwybod ei bod hi'n mynd i gymryd dwy awr iddyn nhw fynd i'r gwaith yn y bore ac i ddychwelyd gyda'r nos?

Could I also ask are you content with the information that's shared with the public? There were signs—I think that this arose twice this year, where the signs put up by your contractors said that the work would be completed, but a fortnight after that, the work was still ongoing, so there was no prior warning given that there would still be delays on the road. Also, I think it's very common for the information that's given on the radio about any problems on the A55—and I take it that Cardiff is responsible for sharing this information—to be completely incorrect. Considering that you have staff who go up and down the A55 in their Toyotas, why can't they supply accurate information so that people at least know that it's going to take two hours for them to reach work in the morning and to get home at night?

[56] **Mr Price:** Thank you. Is it okay if I respond? Thanks for that question. I'll bring Sheena in in a minute. Just in general terms, again, I think all of these are really fair questions, and questions I ask and challenge the team on myself. Whilst I'm happy I got honest answers, and I think I'm happy we've got value for money with what we did, I'm not

sure we've got the optimal solution in terms of the way that we're doing things. So, in simple terms, the issue with doing work overnight and doing work in shorter bursts is that it tends to cost a lot more money, and the issue specifically on the A55 involved another issue, which was the length of time concrete was taking to set in the ground when we were doing works, particularly the crossover works on the central reservation. The reason the lane closures were kept in longer than it probably appeared they needed to be kept in—and that was certainly my view—was that the concrete had to have sufficient time to set. Even though the work was being done at night, or lots of the work was being done at night, the closures then remained in the day. Now, is that acceptable? The honest answer is I don't know, and the reason I don't know is I don't know whether the entire supply chain had done everything it possibly could to minimise the disruption using rapid-cure cement, if that was possible, et cetera, et cetera.

[57] The other thing we were cognisant of, and worried about, and trying to weigh up in our minds was that we could've slowed down some of the works so that they interfered less in the day, simply by maybe only working two or three nights in the week, rather than every night, which we were at one point. Our fear in doing that was that we would push the work more into the summer season, because you extend the tail of the work. We concluded in the end that it was better to try to get it all done because the work would, in the end, have a benefit for the people using the A55—now it's been done and now it's finished—rather than have that tail of work extending certainly into the Easter break and potentially further.

[58] The cost issue in and of itself is not a reason for not doing more night-time working at all, but we do have an asset to maintain and, with limited budgets, we have to try and make sure that the money goes as far as it can go.

[59] In terms of communication, again, I think we've got some fairly good processes in place, but they don't always work. They don't work all the time in south Wales either. You see that particularly with the matrix signs on the M4, if anyone drives along there. Quite often, it will be signing something that isn't there by the time you get there. It's something we're looking at all the time to try and make things better. I wasn't actually aware, sorry, of the Traffic Wales potential inaccuracies on the A55 and, unless Sheena's got any detail on that, I think we should take that away and explore what we can do to make that better. Traffic Wales and the BBC will take information from a variety of sources, including the traffic officers, who are driving up and down. I think it is broadcast out of Cardiff, isn't it?

[60] **Ms Hague:** It is broadcast, yes.

[61] **Mr Price:** All of Wales is broadcast out of Cardiff.

[62] **Ms Hague:** It is, yes.

[63] **Mr Price:** But the systems mirror each other. So, the control room in north Wales is mirrored in south Wales; everyone sees the same information at the same time. So, if—well, it obviously is happening sometimes, because you've said it. I think we just ought to take that away and have a look at that, really. Sheena, if you want to—

[64] **Ms Hague:** Yes. I think, on the information side, that's something that we can improve. We have lots of services in Traffic Wales, and that involves smartphone apps, the website, e-mails, a Twitter account, and we also have the communications team, called INRIX, who are actually co-located with us in the Cardiff centre, but they take their information from the Conwy control centre and also from traffic officers and route stewards. That information is fed to the INRIX team, co-located in Cardiff, and then that's sent out to things like Radio Cymru and BBC Wales, and it's on the radio. So, we take all that information. We also take information from the police as well, if anything else is happening on the network.

[65] I think the uptake of that information could be better. I think maybe we need to try to relaunch the Traffic Wales services. I have got lots of facts and figures about the number of hits we get on the website, which is about 40,000 a month. We get about 95 e-mails a month, as well, and we've sent out lots of tweets over the past year or two. But I think we do need to improve that information for the driver, because everybody wants it on their smartphone now. I think the days of people going on their laptop before they get in the car to plan their journey are gone—it's just not the case.

09:30

[66] So, if you want to, the smartphone application's there. You can just download it—it takes about a minute—from Traffic Wales website, and then you'll be able to get all the traffic alerts and the latest information direct to your phone, before you step in the vehicle.

[67] I don't know if it's helpful, but I can you give the numbers of roadworks as well that have been happening in NWTRA, the north and mid Wales trunk road agency, or we can send you a detailed note about the overnight works and the off-peak works.

[68] **Darren Millar:** I'm very conscious of our time this morning, so if I can just ask Members and witnesses to be brief in their questions and answers. You wanted to come back very briefly.

[69] **Aled Roberts:** Jest un. O ran yr **Aled Roberts:** Just one point. In terms of the arwyddion melyn— yellow signs—

[70] **Darren Millar:** Then I'll come to you, Julie, and then back to William.

[71] **Aled Roberts:** O ran yr arwyddion melyn, pw y sy'n gyfrifol am y rheini— Llywodraeth Cymru neu y contractwyr— achos Llywodraeth Cymru ydy'r arwydd? Nid wy'n deall sut nad yw'r rheini'n cael eu diweddarau. Roedden nhw allan ac roedd y wybodaeth yn anghywir am ryw bythefnos, dair wythnos, ac nid yw'n edrych yn dda amoch chi fel Llywodraeth os cyfrifoldeb y contractwr ydy o. **Aled Roberts:** In terms of the yellow signs, who is responsible for those—is it the Welsh Government or the contractors—because the Welsh Government is on the sign? I don't understand how those don't get updated. The signs were out and the information on them was incorrect for two or three weeks, and it doesn't look good on you as a Government if it's the contractor's responsibility.

[72] **Mr Price:** Okay. What I'd say to that is it doesn't really matter who's technically responsible for it; ultimately, we're responsible for it. It's something that we struggle with quite a bit. I suspect what had happened, and what normally happens—well, it would be one of two things: someone made a mistake or, more likely, actually, the contract was split up into a number of different pieces, and that sign may well have been referencing a sub part of the contract that was finished within the time, but, to the travelling public, that's irrelevant. Again, you see that quite often—

[73] **Aled Roberts:** The road is still closed, though.

[74] **Mr Price:** And that's the point. So, I think we just take that away and look at it.

[75] **Darren Millar:** Okay. Julie?

[76] **Julie Morgan:** It's mainly been covered now, actually, but just one point. In your response, Sheena, to Jocelyn Davies, you referred to a 5%. I'm not clear exactly what that 5%

referred to.

[77] **Ms Hague:** I think I was being asked about a feel for the number of complaints we'll get, and I've just given an order of feel for that—the number of complaints we get about roadworks, of people actually ringing in and complaining about the roadworks.

[78] **Julie Morgan:** So, that's 5% of—. Say, 100%—

[79] **Ms Hague:** Of all the interventions—of the thousands of the interventions, which would be 100%. I'd have to go back and get some detail on that. I'm just trying to give an order of feel of the number of people who complain. As it is, most days people get to their work, they manage to commute and they get to their place of work, so it's just a kind of order of feel, the 5%. Which is what it feels like when James rings me on a monthly basis, when I get a call when something's gone wrong.

[80] **Julie Morgan:** I wonder if we could have some more details.

[81] **Darren Millar:** Yes, that would be very useful, and you've said that the possibility of looking at some more formal and regular reporting of that is something you'd be prepared to consider as well.

[82] **Ms Hague:** I think it would be good, yes.

[83] **Darren Millar:** Okay. William Graham.

[84] **William Graham:** Thank you, Chair. Can you tell us about the street works strategy? I presume this is going to solve all these problems.

[85] **Ms Hague:** Yes, I can. The street works strategy is in draft—it's not been submitted to the Minister yet. I'm just going through my paper here, because I do think I have got a copy with me actually today. So, the street works strategy is to set out, with all the Acts that I've already mentioned earlier, how we can actually improve the co-ordination with the utilities, the local authorities and ourselves, the highway authority, with Welsh Government. So, it's got a series of measures in there of how we can improve, whether it be training, the information, how we co-ordinate the works, and making sure that we're looking to the Acts and what they stipulate that we should do, and making sure that we're measuring that we're actually in line with those Acts.

[86] That's been a joint piece of work with the industry, and we've been working with the national utilities joint working group as well. So, once that's ready to go to the Minister, then that will be published for consultation, and everybody will be able to bring their comments on that.

[87] **William Graham:** Within that, communication clearly is extremely important. Does your strategy make reference what we were talking to previous witnesses about: the problems for electrification? The Windsor road works here are well advertised, but others are extremely badly advertised—principally, I imagine, by local authorities. A 4 ft square yellow sign at the side of the road two or three days before a major traffic closure is wholly inadequate. I'm sure you're aware of that. How can you improve that?

[88] **Mr Price:** Can I come in on that one, specifically on the electrification thing? Again, I agree with the comment you've made. Sheena, you come back in on the street works work, but we've been putting together local authorities to try and make sure that (a) they've got all the information they need on this. The electrification project you're referring to is not a Welsh Government-sponsored one—the main line—but it does have a significant impact, and we've

been bringing local authorities together with Network Rail to both challenge the need for some closures, and (b) to ensure that local authorities are fully informed and thinking about the impact on communities and business. So, we're aware of the issue and are encouraging everyone to deal with it, and encouraging Network Rail to open assets as quickly as possible. But, sorry, Sheena, I cut across you.

[89] **William Graham:** Which means you'll have to twin-track the two, won't you?

[90] **Ms Hague:** Definitely, yes.

[91] **William Graham:** Otherwise, we could be in absolute chaos.

[92] **Ms Hague:** We've started to have meetings with the traffic managers in Newport and Monmouth, and Andrew was actually in attendance at one of those meetings last week, as were some members from my team. So, we're acutely aware that we need to get that co-ordination in the south-east Wales box—there's quite a lot of works. Obviously, there's Brynglas tunnels coming up, there's electrification, and also there's the A465 works. So, we really do need to co-ordinate that—not just for those planned works, and for the commuter wanting to use that route, but also, if there is a major incident in that network, we want to have some means or mechanism. Now, we've had some practice with that, if you remember, in September 2014, with NATO, and we really did have to co-ordinate with all those people in that area, to make sure that we could get all of that right, and that was successful, and we did get that right. So, we're going to work on the basis of those results, and then put that forward now for the south-east Wales corner, as well.

[93] **William Graham:** Thank you, Chair.

[94] **Darren Millar:** Jocelyn Davies, and then I'm going to come to Aled.

[95] **Jocelyn Davies:** I'd like to ask you about cost overrun, delays, and early contractor involvement, because you'll know the auditor general's 2011 report identified a number of factors that led to cost overruns, and so on. Have they all been addressed—those factors?

[96] **Mr Price:** I'll have a go at this one, and then I'll bring in Andy, because Andy's responsible for the construction of new roads.

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

[98] **Mr Price:** Have they all been addressed? No, I don't think so. Are we a good way towards addressing them? Yes, I think we are. So, if you look at the performance of our intervention since that report, we are, on average, about, I think, 1.6 per cent over budget, compared to, at that point, about 15 or 16 per cent over budget.

[99] **Jocelyn Davies:** So, there's been very significant progress on addressing those.

[100] **Mr Price:** I think so, yes.

[101] **Jocelyn Davies:** So, what are the main factors remaining that lead to cost overrun?

[102] **Mr Price:** This is a difficult question. Two things, I think, probably. I was going to say, one of which is easier; it probably isn't easier. One of which is for us to keep doing what we've been doing, and not relax. And that means keeping a very close eye on budgets, making sure that what we agree to do is affordable, not letting schemes get a life of their own and really pushing down. We talked before—and I know people sort of laugh about it—about value engineering, making sure that people don't over-engineer projects, and that we don't

take an easy-out on the project by just giving in to everything that's suggested, because that's the way projects tend to escalate. If we give in, or relent, on any of that, I think we'll be back to where we started fairly quickly. The area that we've, I think, failed to get as much traction as I would have liked to have done is on the statutory undertakers work, where it's not really in the statutory undertakers' interest to align their interests with ours, and prices still tend to drift, and—

[103] **Jocelyn Davies:** That's because they've got a different interest to you—

[104] **Mr Price:** I think so. They're commercial organisations, not beholden in any way to the public sector, and, on top of that, their processes sometimes don't align particularly with ours. What we have done, where it makes sense to do so, is make the responsibility of working with the statutory undertaker the responsibility of our contractor, rather than us, so that you don't, basically, have a contractor making no effort whatsoever to make sure that BT—or whoever it is—moves the line. But, ideally, we'd like to go further than that, I think.

[105] **Mr Falley:** Thank you, James. Yes, I think, as James has said, we feel that we have made considerable improvements in terms of the way we deliver major projects, using the early contractor involvement process. As James quite rightly says, we're not 100 per cent there, and, in order to maintain the improvements we've had, it is important that we carry on challenging, and that is something that's very key to the delivery of a major project, is to challenge every element of the process to ensure we get best value.

[106] James picked up on the challenges we have with statutory undertakers, and they continue to be a challenge; you're quite right in that, yes, they have different drivers, different motivations, to the Welsh Government in delivery of major projects. But, still, that doesn't mean to say we can't work to improve things, as far as that's concerned. James picked up on the fact we've looked at risk transfer, and risk management. That's been very key in the way we've improved the delivery of our projects to identify the risk and manage that much better. It's a key element to the delivery of our projects. As far as statutory undertakers are concerned, again, James is quite right. We identified that the contractors control the programme when they deliver a major project and they're best placed to see when the statutory undertaker is required. So, we've transferred the risk to those. We've seen that has given us improvements, but we still have challenges. Sheena mentioned the street works strategy. We're looking to input into that from a major projects' viewpoint, not simply running our network, but also to see how we can incentivise the statutory undertakers to do what they say they're going to do, in the time they're going to do it, for the cost they're going to do it, and that's one of the challenges we have taking projects forward.

[107] **Jocelyn Davies:** With the early contractor involvement, to what extent is that being used?

[108] **Mr Falley:** For major projects now there was an arbitrary figure of something around £18 million. Above that, we considered using early contractor involvement. Below that, it tended to be less so. Most of the major projects we're delivering now tend to be greater than that figure, so it's probably fair to say that the vast majority of projects taken forward now are on the ECI contract basis.

[109] **Jocelyn Davies:** Can you account for the fact that most of the cost overruns have been on smaller schemes? Is that because there isn't the early contractor involvement?

[110] **Mr Price:** We were talking about this—obviously, we do prepare for these things—

[111] **Jocelyn Davies:** Of course. We would be disappointed if you didn't.

[112] **Mr Price:** I don't just know all this off the top of my head. When we were going through that, this was one of the things we were trying to understand, and 'it might be' is the answer. So, there were a few projects since the last report, mainly in north Wales, I have to say, that have overrun by a higher percentage than the other ones. They're all small and none of them went through the ECI process.

[113] **Jocelyn Davies:** I see.

[114] **Mr Price:** Now, can we deduct from that that one caused the other? No, but we feel it might have something to do with it.

[115] **Jocelyn Davies:** So, what will you do now, because you think that this is potentially a problem? Will you go back and look at why they overran?

[116] **Mr Price:** Yes, but we're already, pretty much, universally, using the ECI on all contracts. We don't just use it blindly, though. The key thing we've got to watch on that is that the incentives are actually working all the time. One of the things we were looking at is who takes the pain and who takes the gain, and we've changed that. At one point, if a contractor went way over price, Welsh Government began taking more of the percentage share. I was actually quite worried about that, and quite pleased to see we'd actually changed that, because we thought that might have been a perverse incentive. I think all of the time you have to keep on top of this and keep watching it, because, to a certain extent, it is a game and people are trying to make as much money as they can whilst delivering a good job so that they can have future work.

[117] **Jocelyn Davies:** Okay. Thank you.

[118] **Darren Millar:** It's taken four years to develop your street works strategy and it's still not done. It's been four years since the auditor general's previous report. Why has it taken so long, just as a matter of interest, before I bring in Aled? Why has it taken four years? It doesn't strike me as though this is something that you're urgently trying to address.

[119] **Ms Hague:** I can properly account for the past two years, once they'd joined Welsh Government, and I can say that we've pulled it together. So, it's here. It's ready. It's ready to go to the Minister. We have been talking a lot with the industry as well, so as this goes out for consultation, hopefully we're not going to get anything back, really, that is hugely amiss. So, that has taken quite a bit of time with the utilities and other people involved with it.

[120] **Darren Millar:** So that's the last two years. What was going on in the previous two years, James?

[121] **Mr Price:** The honest answer is, 'I don't know'. You've caught me on this—.

[122] **Darren Millar:** Can you find out?

[123] **Mr Price:** Yes. We'll find out.

[124] **Darren Millar:** We want to know when action began on this and the timeline. Aled, and then I'm going to bring in Sandy and Jenny.

[125] **Aled Roberts:** Rwyf jest eisiau gwybod, yn ystod y gwaith paratoi yma, os ydych wedi cael cyfle i ystyried rhai o ddatganiadau'r sefydliad siartredig. Roedden nhw'n sôn am eich rhaglen flaenoriaethau **Aled Roberts:** I just want to know, during this preparatory work, whether you had time to consider some of the statements of the chartered institution. They talked about your prioritisation programme, saying that some

chi, gan ddweud bod rhai cynlluniau yn diflannu o'r rhaglen ac yn cael eu hailgyflwyno ychydig o flynyddoedd yn ddiweddarach. Roedden nhw'n dweud bod yna ddiffyg tryloywder yn y modd y mae rhaglenni'n diflannu neu'n cael eu hailflaenoriaethu. A ydych chi'n derbyn hynny? A ydych chi'n gallu rhoi rhesymau pam fod rhaglenni'n cael eu cymryd allan o'r rhaglen?

schemes disappear from the programme and are then reintroduced a few years later. They said that there was a lack of transparency in the way in which schemes disappear or get reprioritised. Do you accept that? Can you give some reasons as to why some schemes are removed from that programme?

09:45

[126] **Mr Price:** We did look at the evidence that's been submitted. I thought lots of it was really interesting as well. We also had a look at some of the English evidence and what Highways Agency have been saying.

[127] In terms of the specific answer to your question—why do things fall in and fall out—I don't think it's a mystical process that can't be explained; I think, for the vast majority of the ones they would have been talking about, it would have been a difference in the top planning objective of the department, which then impacts on what you're going to do. So, we went from, probably, a fairly spatially balanced planning approach in terms of trunk roads, not really focusing north-south or east-west, about 12 years ago, through to a period where we were focusing a lot on improving north-south links, which brought a lot of schemes back into the mix. The latest reprioritisation and, indeed, the draft national transport plan don't say north-south isn't important, but say that, in terms of economic development and in terms of the economy in the here and now, the focus for now ought to be on east-west links—east-west links in north Wales, east-west links in mid Wales and east-west links in south Wales. As a result of those changed planning objectives, you do see a different prioritisation list coming out at the bottom.

[128] The other thing that has influenced that, obviously, is the fact that we've tried to have an affordable list of schemes, rather than that list of schemes that just rolled on forever into the future, and we didn't deliver all of them. Again, can we get better? I'm sure we can. The national transport plan that is out in draft for consultation is full of evidence that we didn't have before, so we've got evidence in terms of journey times, average speed, modal shift—all the stuff we've been talking about for a long time; we've now got it. What we now need to do is ensure that that comes through a coherent framework with proper metrics and with proper cost-benefit analysis underpinning everything we do. Now, we always did as much of that as we could do; we've now got more information than we've ever had before.

[129] **Aled Roberts:** I ryw raddau, felly, blaenoriaethau gwleidyddol sydd yn newid dros amser. Mae hynny'n ddigon teg, rwy'n meddwl. Ond a oes yna wendid yn y gyfundrefn? Mi oedd yna awgrym bod rhywbeth yn cael ei gymryd allan o'r cynllun a bod yna swm penodol yn cael ei roi o ran y gwariant tebygol. Os ydy o'n cael ei ailgyflwyno ar ôl, dyweder, wyth neu naw mlynedd achos bod blaenoriaethau gwleidyddol wedi newid, hwyrach bod yr asesiad o'r gost yn un hanesyddol, felly, a bod yna ddim diweddarau wedi cymryd lle yn ystod yr wyth mlynedd hynny. A ydy

Aled Roberts: To a certain extent, therefore, it is political priorities that are changing over time, and I think that's fair enough. But is there a weakness in the system? There was a suggestion that something was removed from the plan and that there was a specific amount given in terms of the likely expenditure. If it was reintroduced in eight or nine years' time because political priorities had changed, maybe the assessment of the cost would be a historic one and no updating had taken place during those eight years. Does that cause problems?

hynny'n creu problemau?

[130] Hefyd, gan i chi sôn am y cynllun drafft ym mis Rhagfyr, mi roedd yr asiantaeth yn y de yn cwstyynu'r ffaith eich bod chi'n cyfeirio at y tymor byr, y tymor canolig a'r hirdymor. A ydy hynny'n creu problemau? Roedden nhw'n dweud y byddai'n llawer iawn gwell i sôn am flynyddoedd yn hytrach na rhyw fath o gynllun o bum mlynedd achos ei bod hi'n anodd dweud lle'n union o fewn y pum mlynedd yna mae'r cynllun penodol yn eistedd.

Also, you talked about the draft plan in December, and the south Wales agency questioned the fact that you referred to the short term, the mid term and the long term. Does that cause problems? They said that it would be much better to talk about years rather than some kind of five-year scheme, because it's difficult to say where exactly within that five-year period that a specific plan sits.

[131] **Darren Millar:** Can I just remind everybody about the time? If we can just make sure that questions are brief and answers are brief, we can get to other Members who want to come in.

[132] **Mr Price:** I'll do my best. I can't agree with what SEWTRA said or disagree with what SEWTRA said; there are pros and cons to doing what they have suggested. I think what we've tried to do is come up with a halfway house, where we've said, 'These are the priority schemes and these are schemes we're going to do in the longer term, with some in the middle'. But, of course, we then do have a delivery programme as well, which does have times against it and budgets against it. The difficulty, I think, in working with a public and with a development community that are expecting a scheme to be delivered by a certain time and date, because you've said it will be, is that that almost exacerbates when things change. So, if you've said you're going to deliver something by 2020—. In fact, we never actually said that. This always used to make me laugh. It always used to say, 'Deliver it beyond', didn't it?

[133] **Mr Falley:** Yes.

[134] **Mr Price:** The dates that we gave didn't mean anything, if you actually read them, but people read them as meaning something. When things change—when political priorities change—and that's the point of elections and votes—. We can only have a system that then takes what the electorate has said they want to see and make that happen objectively. So, I get what SWTRA are saying. What we're trying to have is a bit of both worlds, really, which is a planning process that can last the longer term but with a shorter term delivery programme. I didn't answer your other question though, and that's because I can't remember what it was.

[135] **Jocelyn Davies:** It was the cost; updating the cost.

[136] **Aled Roberts:** It was asking about the cost—the updates; that if they disappear—

[137] **Mr Price:** So, that's an easier one—we always update the costs now. We've got a gateway process, and they would be updated before they went back in.

[138] **Darren Millar:** And then if it was found to be not value for money, it would just drop out.

[139] **Mr Price:** Yes.

[140] **Darren Millar:** Okay, thank you. Jenny, it was on this, and then I'll come back to you, Sandy.

[141] **Jenny Rathbone:** Yes. You mentioned the words ‘modal shift’. I see there’s some indication of you starting to think about your obligations under the active travel Act in the draft budget that you’ve submitted for this year, but it’s a piffling sum of money at the moment—£1.2 million for walking and cycling schemes. Meanwhile the modal shift required is of an order much greater than that, looking at cities the size of Swansea and Cardiff and comparing us with European cities of a similar size. Where is the public transport that we need for our growing cities if we’re not going to drown in air pollution? So, how are you planning for the metro on the trunk roads in some of the cities?

[142] **Mr Price:** That was going to be my headline answer to the question that you just asked, which is that the metro project, I think, will see the biggest impact on modal shift, certainly in south-east Wales. Potentially, that will be a huge project with a huge budget attached to it, and I suspect that I will be defending why we’re spending more money on that rather than on roads because we almost certainly will be spending more money on that than we will be on roads against the plans.

[143] **Jenny Rathbone:** Well, I’ll be right behind you, holding your back.

[144] **Mr Price:** What I would say in terms of the wider programme is that there’s lots of money in other budgets of the transport programme, which is trying to address modal shift and which isn’t in the budget that you quoted.

[145] **Jenny Rathbone:** Which isn’t in the trunk road budget.

[146] **Mr Price:** So, for example, most major road schemes that we do will have a key element of walking and cycling within them, which didn’t used to be the case. Andy could just reel off a couple of examples there.

[147] **Mr Falleyn:** Yes. There are particularly good examples up on the Heads of the Valleys project at the moment. We work very closely with the local authority. We work very closely with Sustrans to make sure that we provide circular routes and walks so that people can use the modal shift practically to gain access to work. That’s included within my budget, but not shown as, shall we say, active travel. I think that it may be useful, perhaps going forward, that we do identify the expenditure that we include in, shall we say, trunk road projects that are geared towards modal shift.

[148] **Jenny Rathbone:** Okay. So, when do you think you might have some detailed plans for how you intend to take forward the metro in Cardiff? Obviously, I’m being a bit parochial.

[149] **Mr Price:** What we as officials have been asked to do is come up with a high-level plan by this summer, before the summer recess.

[150] **Jenny Rathbone:** Because there is a danger that we’re doing improvements to roadworks at the moment that are then going to have to be dug up again.

[151] **Mr Price:** Yes. We are absolutely trying to avoid that. I think, for me, the bigger danger would be that wider development is occurring on a route that we then might want to use for part of the metro.

[152] **Darren Millar:** And, on the improvements in WelTAG as well, you’re hoping to bring modal shift somewhere within that mix, are you, or is it already in there?

[153] **Mr Price:** That’s already in there.

[154] **Darren Millar:** It’s already in there, okay

[155] **Mr Price:** But we always look at how we can improve it.

[156] **Darren Millar:** Okay. Sandy Mewies.

[157] **Sandy Mewies:** Thank you. If I can go back to the question of costs over-running and the long time that contracts sometimes take to complete, which was raised. A lot of what I wanted to ask has been answered, but some of the evidence we were given—. You were talking about reprioritising the department's targets. The evidence that we had from some people suggested it was more like political whim changing now. That's a matter of opinion, isn't it, very often? But what people were saying was that, for them, it makes it very difficult to make a commitment, because, if you're going to take on a major road contract, you're going to do a lot of money spending, simply because it does cost money to plan, and I've not really heard anything on how you can smooth that, so that people can say, 'Okay'. Because, if you do work 10 years before a scheme starts, and you put a lot of money into it, you may have wasted that totally by the time it is dropped, eventually, or the cost will be much higher by that time, or the needs will be different. So, you know, that was one of them.

[158] The other thing is that nobody's mentioned the question of land blight, because, for some people—businesses and private individuals—if a scheme is on the books for a long time and land is blighted, that's often a considerable pain and a considerable cost to business and to private individuals, and they go together, don't they, in a way? It's about clearly identifying that that scheme's going to go on and this is the timescale, and I'm not clear how you are going to do that. I understand it's difficult, looking at the reasons for the overruns, such as the weather, finding things that, you know—. But that's when you started work; I'm talking about the time that it sometimes takes from saying, 'This is one of the things that we want to do' to when, actually, work starts.

[159] **Mr Price:** So, again, really fair questions. Just on making contractors spend money to bid for something and then not doing it, we don't currently tend to do that, because the contract only lasts for so long anyway.

[160] **Mr Falleyn:** No. Forgive me if I'm incorrect, but I read through some of the evidence, and one of the issues being raised was the ability of contracting organisations to plan to bid for the work without the knowledge of what work is going to go ahead, if I'm right. Obviously, that is a valid question and a valid point. In a way, I think you partially answered the question earlier on in that the programmes of work to now have tended to be more focused and don't have such a large number of schemes that sit there for a long period of time. But that has changed over a long period of time, and we still need to work on that.

[161] **Mr Price:** But we don't run a tender and then not deliver a scheme.

[162] **Mr Falleyn:** No, I was just going to explain a bit further. In what we do, clearly, Ministers have made written statements to identify their priorities, and, clearly, we move to deliver those to give confirmation to the industry, and it is in Welsh Government's interest to do that as well in order to attract the best companies to put in realistic prices, rather than think that the scheme isn't going to go ahead. So, on a more local level, what we do every six months is that we update the industry as to the pipeline of work coming forward so they can plan for that.

[163] **Sandy Mewies:** How do you do that?

[164] **Mr Falleyn:** We hold what we call supplier events, and we invite the industry in, we explain to them what our programme is for the next six to 12 months, so they can start to plan to their resources if we have tenders coming out, so they can gear up for that. Also, what we

have been doing as part of that is to encourage the industry to work with their suppliers, so that, again, they're not suddenly going to suppliers at the last minute to put prices together to bid for our works.

[165] If I've got time, just to pick up on the point that James was making, when we start the process of procuring for a scheme, we have gone through various stages of approvals up to that stage, and when we start the procurement process, then we start and then we're going to deliver a project. So, we prequalify suppliers, then we tender suppliers, and we sort approvals at that stage to proceed with the project.

[166] **Sandy Mewies:** Fine. I would still say that there was an element of feeling that, even before the tender process has started, if you're a big company, you're going to start doing some investigation. If you know a scheme's coming—I would imagine so anyway, and that's what we were told—you do start working, you must start working, because, as soon as the starting gun goes off, it becomes exactly that, doesn't it? It becomes a tender process, but you've got to be ready to go in for it to complete—some of these tenders take a long time to complete. But you're now saying, which I didn't know, is that you have regular meetings with suppliers so they would know, and procurement meetings if they want to subcontract. Land blight—.

[167] **James Price:** That's more of an issue, I think.

[168] **Sandy Mewies:** What happens?

10:00

[169] **Mr Falleyn:** It's a valid point. The issue is that the action that triggers blight applications is the announcement of a preferred route and, clearly, there are some preferred routes that have been around for far too long. They've been around for decades, and that should—

[170] **Sandy Mewies:** In north Wales.

[171] **Mr Falleyn:** And that is an issue. Again, with the national transport plan and delivery schedules, we need to be moving to a situation where we don't announce preferred routes or do work on a project unless we are going to continue through with that project, but it is a fair point.

[172] **Sandy Mewies:** But that's in your minds to do that. Okay, thank you.

[173] **Darren Millar:** Just a few very punchy questions now. Can I ask you how you engage with the highways agency in England regarding cross-border schemes? We've had major problems in north Wales on the A55 at the same time that other works were going on along that part of the network. There were big problems around the Chester area in terms of the A483/A55 link. Just very briefly.

[174] **Ms Hague:** Yes, just very briefly, we do engage quite heavily with the highways agency, in particular with planned works. Obviously, we'll have the impact on our network if there's traffic management on their side. One of the other things that we're really heavily involved in with the highways agency is when there's an incident—high winds on the Severn bridges and that kind of thing. We have joint protocols, and obviously we work with them closely to make sure that the signage is consistent for the driver, because the driver doesn't really care whether they're coming from the highways agency into Wales or vice versa. So, yes, we do work with them very closely.

[175] **Darren Millar:** But, if you work with them very closely, why was it so poor and disruptive in north Wales recently?

[176] **Ms Hague:** Yes, I think that's just a consequence of the roadworks—

[177] **Darren Millar:** Why did it take people two hours to get from Wrexham to Rhyl, for example? Aled, I think that was how long your journey took one day.

[178] **Ms Hague:** Right, okay. Well, I'll look into that, but they will have been planned. But it's roadworks; I'm afraid there is some inconvenience sometimes to the road user, but we try to avoid it at every cost and so does the highways agency as well.

[179] **Darren Millar:** Okay. It clearly needs to improve. On budgets, have you agreed the budgets for the trunk roads agents?

[180] **Ms Hague:** Yes, we have, yes. Those have been e-mailed out to them.

[181] **Darren Millar:** When?

[182] **Ms Hague:** End of March.

[183] **Darren Millar:** Just a few days before the start of the financial—

[184] **Ms Hague:** That's correct, but what we do—. We're actually in dialogue. They submit their bid in October/November time, and then we're in dialogue with the trunk roads agencies from that point up until the point of March. So, they know that they've got that commitment for their workforce.

[185] **Darren Millar:** Why does it take so long?

[186] **Ms Hague:** As we go—

[187] **Darren Millar:** Most authorities get their budgets signed off much sooner, don't they? Why does it take your department so long compared with the local government department?

[188] **Ms Hague:** I think what we're working on most of the time is a very flexible indicative budget, and I think there are lots of things to be considered across the transport division. So, there are not just pressures in the trunk roads agents' funding; there are pressures across transport. One of the other things is that, if we've taken any additional work—and we've done that in the last three months of the year—we need to take those off the list and put new schemes in. So, there's a bit of flexibility that is needed. Even once we've given indicative budgets, which we did at the end of March, we will now be in constant dialogue with the agents throughout this financial year for any kind of fluctuations in the budget because schemes overrun or schemes are underspent. So, we just keep on top of it. If it's any consolation, over 12 years' experience of highways agency contracts, I've experienced the same thing there as well. So—

[189] **Darren Millar:** I'm not trying to defend that. What I'm trying to find out is why they can't have more certainty over their budgets sooner in order to assist their planning so they can get better value for money. We heard from the agents last week that as much as 20% of their budget can come in extra dollops during the year.

[190] **Mr Price:** I think what's important is to split the budget into two, so you've got routine maintenance and inspection, which is the bit that's statutory really. If we fail to do

that, that's when we end up with a problem with the police or with the courts. Pretty much, they always know what they're going to get for that because they have to deliver a certain level of standard from us. Now, do we want to challenge them every year to make sure they're trying bring the cost down? Yes. But they know what they're going to get and they know that we will not give them less than is necessary to deliver their statutory objectives. In terms of this additional 20%, that was work that they were bidding to do. I would turn it round the other way and say that we managed to find the additional money to do those schemes. They weren't originally planned, but they wanted the money to do them. They wanted the money to do them to benefit our assets, so we all gained, but it just didn't suddenly appear; we were planning it probably for two years and certainly for the whole year it occurred in, and it wouldn't have been a surprise to anyone. Could we get better? Yes. Should we try and get better? Yes.

[191] **Darren Millar:** And should you give more certainty well in advance? Yes. Okay. We haven't had sufficient time to look at the M4 relief road acquisitions and purchases. We've had a note on that from the auditor general, so we will drop you a note with a few questions on that. But, unfortunately, the clock has beaten us this morning. Can I thank you, James Price, Andy Falley and Sheena Hague for attending this morning? Thank you very much indeed.

[192] **Mr Price:** Thank you.

10:06

Rheoli Ymadawiadau Cynnar: Sesiwn Dystiolaeth 1 Managing Early Departures: Evidence Session 1

[193] **Darren Millar:** Okay. Let's move on to item 4 on our agenda this morning. I'd like to welcome to the table Jeremy Patterson, chief executive of Powys County Council, and David Powell, strategic director of resources at Powys County Council—welcome to you. We have representation also from Rhondda Cynon Taf County Borough Council in Tony Wilkins, director of human resources, and Barrie Davies, director of financial services. Welcome to you both.

[194] We're obviously taking evidence this morning on early departures from your organisations. We've received a briefing from the Wales Audit Office and from the Assembly Research Service, and, of course, this session emanates from a report that was published by the auditor general on managing early departures across Welsh public bodies in February.

[195] The committee has already looked at that report—we received a briefing on that report—and we had some questions that we wanted to just ask of you, as representatives of local authorities, if you like, about how you were managing the pressures on your budgets and how that was impacting on the human resource that you all actually have. So, if it's okay with you, we'll go straight into questions, but feel free, in your first response, to make a few remarks for the record if you want to get anything off your chests early in the session. I'm going to come to Mike Hedges first.

[196] **Mike Hedges:** My first one is: do you fund early retirement or voluntary redundancies using balances to pay it, or do you take it out of departmental budgets? The second question is: if people take early retirement, do you have an actuarial reduction in their pension? If you don't have an actuarial reduction, what effect does that have on the pension scheme and on when you calculate the cost of the payback—the cost of the pension without an actuarial reduction?

[197] **Mr Davies:** Through you, Chair, in terms of funding early retirement costs, it's generally funded from departmental budgets in terms of a payback of what the costs are. We do facilitate that over a number of years, so it's not funded in year 1. In terms of any actuarial costs associated with early access to pensions, those are presented to our voluntary early retirement panel as part of the total costs of supporting the early departure.

[198] **Mike Hedges:** But, does it have an effect on a pension— Are people leaving with an actuarial reduction, or aren't they? And, if they are leaving without an actuarial reduction, what effect is that having on the pension scheme and is that taken into account of the total cost?

[199] **Mr Davies:** It is taken into account as part of the total cost, and the early access costs associated with the council supporting the employee to access their pension early is funded by the council, and that is part of the total cost.

[200] **Mike Hedges:** Without an actuarial reduction.

[201] **Mr Davies:** Yes. That is correct; yes.

[202] **Mike Hedges:** And, the effect on the pension scheme itself—

[203] **Mr Davies:** The costs associated with us funding the early access to the pension fund is funded by the council, so there shouldn't be an impact on the pension fund.

[204] **Mike Hedges:** Sorry, can I just finish with this? So, you're saying that in your early retirements—and RCT seems to have a large number of early retirements—even including the pension cost, the average cost is only £19,455 in total.

[205] **Mr Davies:** Yes, that's correct.

[206] **Darren Millar:** Okay, Mike?

[207] **Mike Hedges:** Yes.

[208] **Darren Millar:** Sandy Mewies, and then I'll come to Jocelyn.

[209] **Sandy Mewies:** Thank you. We've had quite a lot of information, as the Chair said, and we've looked at this in depth. One of the things I'm interested in is the outlook for the future, given that I don't think any of you would think that you're too generously financed at the moment and there will be challenges facing you in the future. But you've got early retirement, voluntary redundancy and so on, and when it's gone, it's gone, isn't it? There's a limit to what you can do. So, how you see the future balancing of the workforce going on is one question I would be interested in. And the other is that, given that there are local authority regulations that cover such things as early retirement and so on, what restrictions above those do either Rhondda Cynon Taf or Powys put on re-employment? Having been through a fairly painful process, with quite a number of people involved in both authorities, are you re-employing those people as consultants in any way?

[210] **Darren Millar:** Who wants to go first?

[211] **Mr Wilkins:** If I could, I'll deal with the last part first. If somebody takes a voluntary early retirement package from our council and they access their pension fund, they're not allowed to come and work for us again; they sign up to that as part of the deal. For those staff who are under 55 and not able to access their pensions, the rule is slightly different, in that they are prevented from returning to the employment of the council for two years. So, they

may take the enhanced voluntary redundancy package, but they can't work for us for a two-year period. There is a knock-on consequence of that, if you like, that perhaps the committee would be interested in, in that as we are getting a smaller and smaller workforce, and we're becoming, if you like, a younger and younger age group that are facing redundancy situations, some of them are now reaching a position where they're saying, rather than take the package, they would sooner be made compulsorily redundant in the hope that they could gain employment with us again more quickly than the two years.

[212] You're quite right that there have been very challenging financial situations over the last couple of years, and we've moved very clearly from the easy side of things to the difficult side of things. We now focus much, much more at the beginning of these exercises on the workforce planning side of things. We're very concerned to make sure that we maintain the right skills mix and the right profile of the workforce that we retain, because, clearly, whilst those people are leaving, and they may have a happy conclusion to their situation, we've got the morale of the staff left to deal with. So, I think it's fair to say that we've had to be fairly ingenious with the way we look at the costs of employing staff. Clearly, the easy way, or the most direct way, is to reduce staff in total numbers, but equally, we've had to work quite hard at reducing the terms and conditions of their employment with us.

10:15

[213] You may be aware that, in 2011, we introduced a new job evaluation scheme. We took the opportunity to change the grading structure of the council. We moved to a 15 fixed point salary structure, no increments, and I think that we're very pleased that we did that at that point in time, because we've no incremental drift to worry about now. From an equalities point of view, we're well placed. But, clearly at the time, we did away with some significant benefits of employment. We did away with weekend enhancements; we did away with a whole range of allowances; we reduced the payments for bank holiday working from triple time back to double time—overtime is now only paid at single-time rate as a consequence of that. So, whilst at that point in time we had to increase our budget to accommodate the extra costs of the new job evaluation findings, we were able to offset some of that, I think, to the tune of around £3 million as a consequence of tackling the other terms and conditions of employment.

[214] Just to maintain the thread, if you will, one of the things we did in 2011 was to do away with essential car user allowances and put everybody on to a casual-user rate that was, at the time, paid at the HMRC rate, which was 45p a mile. In the last two months, we've moved from that, largely on the basis that we argue that most people these days have a car anyway, so we don't need to think about contributing to the purchase cost or the depreciation cost; we need just to focus on the running cost. So, as a consequence of that, council's just taken a decision to drop the rate to 35p a mile, and that's going to save us just over £400,000 a year in a full year.

[215] **Darren Millar:** Did you want to add to that? They work automatically, the microphones; you don't need to touch them.

[216] **Mr Patterson:** Is it on? Yes. Good morning, bore da. I think, from a Powys perspective, over the last three years we've saved in the region of £40 million, but looking forward to 2020, current projections indicate that we have to save a further £70 million, which is nearly a third of our net budget. So, clearly we are looking at how we move to being a smaller, more agile organisation, and we've used what we call voluntary severance, or voluntary redundancy, as a tool to try and take forward change in the workforce. But we're very aware, firstly, of the human cost of this. These aren't just statistics; these are people, with houses and families et cetera, so we've tried to soften the blow as much as we can. But we're also aware of the morale of the workforce that's left behind, and we've got to try and

find a sort of fine balance between making savings and retaining a motivated workforce, and also being able to try and attract new talent as well. Our approach to redundancy has been on a business-case model, so we've had corporate funds available, but all individual cases have to satisfy a business model that is approved by finance people, and the maximum payback period is three years, but you'll see from the figures in the WAO report that, on average, it's been nine months over the period of the study. Going forward, we will still use voluntary redundancy. We're keener to use that than compulsory redundancies, but they can't be ruled out, and it will be financed as part of the savings. So, what we're doing is looking at how much we need to save, and in terms of proposals coming forward, we build into that the cost of severance and other change-related costs.

[217] **Mr Powell:** If I could just add, we've also had another voluntary severance scheme, which is outside of the time frame of this particular report, which saw a further 400 posts removed from the authority. But coming back to a point that was raised earlier by one of the committee members, we're getting to almost a tipping point around some of the issues now around workforce development and workforce planning, because we're losing people with considerable knowledge, in some cases, and that can only be delivered through, as the chief executive has said, basically a new model for delivery of local government services. So, I think it's quite a challenge that we face. But it's just useful, perhaps, for this committee to know that there was another slice—

[218] **Darren Millar:** In fact, it would be very useful if you could send us details of the total number of departures you've had since the auditor general's report, just to bring us up to speed on what the average cost of those departures were, and in which departments—which part of the local authority's human resource went as a result, and what are you doing to mitigate against that in terms of public service delivery?

[219] **Mr Patterson:** On re-employment?

[220] **Darren Millar:** Yes, re-employment. You mentioned about your re-employment issues.

[221] **Mr Patterson:** We have a rule now where I think it's 12 months before someone can be re-employed. That was introduced because there were, I think, some issues. One of the issues that we had to tackle was people leaving, but coming back to a lesser job. And, again, there are the needs of the organisation, but also the public perception of what's going on, and also the perception of staff. So, we have introduced this rule where there must be a break of 12 months.

[222] **Darren Millar:** Okay, thank you for that. Aled Roberts, you wanted to ask about this issue as well.

[223] **Aled Roberts:** Rwyf jest eisiau gofyn, yn y lle cyntaf, os oes gwahaniaeth felly rhwng Rhondda Cynon Taf yn dweud bod yna ddim ailgyflogi o fewn dwy flynedd a Phowys sydd yn dweud blwyddyn. A oes yna unrhyw fath o ganllawiau wedi cael eu rhoi allan gan Gymdeithas Llywodraeth Leol Cymru ynglŷn ag arfer da o ran llywodraeth leol? A gaf i hefyd ofyn i chi ateb o ran Powys ynglŷn â bod Rhondda yn dweud bod yr un gyfundrefn ynglŷn ag ymgynghorwyr? A ydych chi'n gwneud yr un peth, neu jest mater o wahardd ailgyflogi ydy o? A ydy o'n

Aled Roberts: I just want to ask, in the first place, if there's a difference therefore between what Rhondda Cynon Taf is saying about no re-employment within two years and Powys saying a year. Have any guidelines been issued by the WLGA in terms of best practice for local government? May I also ask you to answer in terms of Powys as to the fact that Rhondda said that the same regime existed with regard to advisers? Do you do the same thing, or is it just a matter of prohibiting re-employment? Is it possible for you to have a job with

bosib i chi gael swydd efo Powys o ran eich Powys where you are an adviser?
bod chi'n ymgynghorydd?

[224] **Mr Patterson:** I think in terms of the WLGA, I'm not aware of any guidance. I think that when we were looking at it, I think our HR people were in contact with what's known as the HR directors network. But, as you know, we are free to set up, within parameters, our own terms and conditions, and I think in discussion the cabinet was of a view that 12 months was appropriate.

[225] I think in terms of the consultancy issue, without going too much into the detail of employment law, there's only so much you can do to restrict the activities of someone when they leave your employment. However, clearly the council has a discretion as to whether they would wish to engage the services of someone who was an employee as a consultant. And, from my own direct knowledge, I'm not aware of it in Powys, but I will go away and check because there may be an instance that I'm not aware of. I think, from my perspective, if we were going to do it, it would be something I would clearly discuss with the management team and with the cabinet as well, because we're acutely aware of the public perception of this.

[226] **Darren Millar:** Jenny, was it on this issue?

[227] **Jenny Rathbone:** Yes. I'm just going to pursue how you've necessarily had to lose staff because of the budgetary constraints. How's this helped or hindered your need to reshape services to better meet people's needs? Mr Wilkins did mention that you'd spent a lot of time on strategic workforce planning, and I wondered if Powys could also speak about that.

[228] **Mr Patterson:** I think the use of voluntary severance is a useful means of getting some flexibility in the workforce. As I said earlier, if people are willing to go voluntarily, it makes it a bit more palatable. But, at the end of the day, what we have to do, and this is where the business case comes in, is that you have to sort of balance what you're trying to do with the workforce in terms of people who want to go and the people who are left, and it doesn't always balance. So, within our scheme that was looked at as part of the review, there were some applications which were refused, for example. I think when we reshape the workforce, there are new positions we will create that we can't recruit to from within.

[229] **Jenny Rathbone:** Okay, so you're saying you haven't reshaped the workforce at the same time as—

[230] **Mr Patterson:** Yes. Sorry. We are. When we seek to reshape the workforce, and we're not—. Because we use this business case approach, when we look at people going, we seek to reshape the service as part of that so that we get the saving from it. But, in reshaping the workforce, there may be new roles created within that workforce that we can't fill—we don't have the people, or the people who are left don't have those skills.

[231] **Jenny Rathbone:** I think what I'm trying to tease out is whether you're managing to reshape your structures before you decide which people you're going to have to let go. Because, if you're letting people go who you actually need to deliver your new way of delivering services, then you're paying both redundancy and recruitment charges.

[232] **Mr Patterson:** I think we do a bit of both. In some areas, the existence of voluntary severance has acted as a catalyst for change, but the people who go—. People can't go if they're needed in that new, reshaped structure.

[233] **Jenny Rathbone:** Okay.

[234] **Mr Patterson:** But, when we reshape, as I said, we can't always fill those posts

internally.

[235] **Jenny Rathbone:** Okay.

[236] **Mr Wilkins:** The ability to access a voluntary early retirement or redundancy package certainly helps speed up the process of transition from one structure to another. But, I think our experience now is that we've reached the point where, actually, we've considered and have done a general invitation to all staff to express an interest in leaving the council's employment. The most recent one that we've undertaken attracted 880 people to express an interest. When we've gone through those applications, we've established that around 160 can be supported and, over the coming months, we'll be working with those departments to restructure and reshape to take advantage of this situation.

[237] One thing that I, perhaps, should have mentioned earlier on was that, because of the financial constraints facing the council, we've gone through all these measures, but perhaps the most significant one is that we've also had to look at the benefits on offer with the VER schemes. So, back in 2013, we reviewed our schemes and we determined that, whereas we were offering compensatory weeks of pay up to 74 weeks, additionally, we reduced that to 50 weeks. That brought us a net saving of 32 per cent of the costs. Clearly, as other colleagues have indicated, we do everything on the basis of a business case, but we're now in a position where we've drafted another report that says, perhaps, we need to look yet again at the current level of benefits and move those further downwards. Clearly, it's an issue, because the whole point of the voluntary scheme is that it's attractive enough to encourage people to go down that road.

[238] **Darren Millar:** Okay. Jocelyn Davies.

[239] **Jocelyn Davies:** I wonder why you think—. Just to be clear, now, in Powys, there is no re-employment within 12 months; is that whether they take their pension, or not? Your rule applies: no re-employment ever if you take a pension, but if you leave without, if you don't access your pension, you can come back within two years. Yours is 12 months; is that regardless of whether people have accessed their pension?

[240] **Mr Powell:** Yes, it is.

[241] **Jocelyn Davies:** Right, okay. Obviously, listening to you now, what you've tried to do is make a balance of being fair to the staff, trying to cut costs and look at business cases, and so on; why do you think there's this difference between local authorities? I'm sure that if we had other councils here, they would have slightly different routes. Why do you think there's this variation in what people think is fair and viable across the country?

[242] **Mr Powell:** I think it just reflects the fact that, with 22 local authorities, each has the ability to make policy around certain areas. We are, particularly in Powys, very mindful of the fact that, given our location, it is still incredibly difficult to recruit to key posts. We've moved recently, in fact, this year, because the cabinet took a really strong view on this issue and looked at it very carefully, and the cabinet formed a view that, certainly, it wasn't perhaps the best use of public money to see somebody leave one day and then come back in on another job very soon, but there's a bit of a compromise here, because the delivery of services has to be maintained and because of the rural nature that Powys has, it means that we have to approach things, perhaps, slightly differently to a more urban authority.

10:30

[243] **Jocelyn Davies:** It's more difficult for people in Powys to secure jobs, such as with you, and, of course, generally, it's those posts that are lost, as well as the people who leave

those posts—the post is then gone. So, it's not unreasonable to employ somebody after a gap, then, again, because they're coming in under different terms and conditions anyway. If you've lost your most experienced staff, and your older staff who are the most experienced, why wouldn't you then use them as a consultant, from time to time, within Powys? Why would you employ somebody who used to work in Rhondda Cynon Taf with the same experience who left with a package? Why would you employ that person but you wouldn't employ somebody from Powys? Why is that fair?

[244] **Mr Patterson:** I think it's a matter of perception.

[245] **Jocelyn Davies:** So, it's the perception rather than—. So, you're trying to balance out what the public would feel about it as well.

[246] **Mr Patterson:** Yes and, as I said, I think if we were, then we would need a discussion, and the public and media perception is one thing, but, I think, as you say, ultimately we need to look at, you know, how we are best placed to provide efficient and effective services as well.

[247] **Jocelyn Davies:** So, what about this Welsh Government's proposal for a public service staff commission to look at the principles of establishing common terms and conditions? Would you welcome having common terms and conditions, rather than yourselves having to think about what's fair and bring in your own rules, or do you welcome the discretion that you have? Tony, can I ask you how you feel about it?

[248] **Mr Wilkins:** Yes. I think we would welcome the commission taking a view on certainly early retirement packages in the run-up to local government reorganisation, in whatever way, shape or form that may take, because that would seem to be totally practical, otherwise you're going to have a situation where you'd have merging councils with officers leaving one council under one package and, perhaps, potentially leaving another under a totally different arrangement. So, as my colleague indicated, we've got different arrangements. Yes, every once in a while we all trawl around and ask, 'What are you doing on this front, that front or the other', but it's not done in a co-ordinated, central way, and I think the staff commission would have a role to play in that regard.

[249] **Jocelyn Davies:** Thank you. Jeremy, what about you?

[250] **Mr Patterson:** I think we'd take a slightly different view. I think we would welcome some parameters, but because rural areas are different to urban areas, we have different issues, particularly around recruitment and retention. In terms of the communities we serve, for example, there's high car ownership in Powys, but if you don't have a car in Powys, you don't live, and in terms of delivering council services, it's essential that, you know, people have to travel. So, we're fearful that if a one-size-fits-all approach is taken, it might not be that suitable for some of the rural areas or other authorities that are outliers for other reasons. We would welcome some parameters or guidance, because of, I think, sometimes the adverse media attention that these issues attract.

[251] **Jocelyn Davies:** So, it would be more comfortable, and perhaps fairer on people all round, and fairer on the public purse, if somebody said, 'These are the general rules, but you may have discretion around certain things, such as car allowances'. You are suggesting things like that for it to take account of rurality. Okay; thanks.

[252] **Darren Millar:** You've referred a number of times to the difficulties of recruiting in rural areas. What's your vacancy rate at the moment, then, versus other local authorities?

[253] **Mr Patterson:** To be truthful, I can't answer that question, but I can provide—

[254] **Darren Millar:** If you could send us a note, that would be very helpful.

[255] **Mr Patterson:** What I can say is that it's not universal, but for certain professional posts, we do struggle to recruit, in terms of IT and accountancy. Those are just two examples of areas that we're currently struggling to recruit to.

[256] **Darren Millar:** But that would be potentially the same across the board, wouldn't it? With other local authorities as well, there would be certain professions, as there are in the health service, where it's difficult to recruit. You seem to be suggesting that it's much more difficult, simply because you're a rural local authority.

[257] **Mr Patterson:** No, no—

[258] **Darren Millar:** I haven't seen much evidence of that.

[259] **Mr Patterson:** What I'm suggesting is that it's not just the reality of it, but it's the, I think, remoteness of Powys to other centres of population. And what we've tended to do now is that we do tend to see if we can, if staff need a base—. We're looking very actively at agile working, but, if they need a base, if we seek to recruit to, say, for example, Brecon or Welshpool, it's far more successful than Llandrindod Wells. So, you know, we are being pragmatic about this. And, yes, other local authorities do struggle in certain areas as well, but the advice we've had, and the evidence I've seen, is that, generally, for certain areas, we do find it more difficult than others. We are actively pursuing sharing posts with others, and you'll be aware that we are actively pursuing integration work with the health board. Again, that is one of the reasons why.

[260] **Darren Millar:** So, it's more about the remote working—not bringing everybody to a very distant geographical centre—than anything else? That's what you're talking about, isn't it?

[261] **Mr Patterson:** Yes. And I think, over the years, recruitment patterns have changed, lifestyles have changed, and I think, given where, particularly, Llandrindod is—and we're taking a pragmatic approach as to whether staff have to be based there—if you're going to have to work there, you do generally have to move, and that doesn't necessarily suit the rest of the family unit, if I can put it that way, always. We've had feedback on that as well.

[262] **Darren Millar:** But you're happy to send us a note on your vacancy rate at the moment?

[263] **Mr Patterson:** Yes.

[264] **Darren Millar:** And if you could do the same as well, in terms of Rhondda Cynon Taf, I'd appreciate that. Do you want to come in? No. Okay, Jocelyn?

[265] **Jocelyn Davies:** Yes, I've finished, Chair. A lot of the points I was making have been covered by others.

[266] **Darren Millar:** William Graham.

[267] **William Graham:** A reduction in levels of Government funding is not new. Previously, many local authorities would look first at their service provision, and then their workforce design. What you've told us today is you've simply asked for volunteers.

[268] **Mr Wilkins:** If I gave you that impression, then I gave you the wrong impression.

We've been working over the last three or four years at serious reductions across the council's areas of activities. In each of those areas, we've been identifying how to reshape, restructure the workforce in order to use fewer staff on into the future. That's the proactive part of it. We've done that in conjunction with our trade union colleagues, and, as part of our discussions along the way, they indicated to us that it might be an idea to establish where there were volunteers who would be interested in leaving.

[269] Now, although we've then gone through that exercise, and established who would be interested in leaving, we still then have to establish a business case, and ensure that we retain the right skill set on into the future. So, it's not a free-for-all; it's very much a controlled environment, and staff are told it's only an expression of interest. And, from the numbers that you'll see—880, I think it was, that applied, and it's 160 that we'll be letting go, potentially, over the next months, but even that 160 you could count two ways. They've expressed an interest, and, actually, some of them are in work areas that we were currently getting to grips with anyway and we would have been reducing, so please don't think it was a free-for-all.

[270] **William Graham:** I didn't say it was, but, as I say, workforce redesign should surely come first, before you go anywhere near identifying posts for removal. So, you would agree with that?

[271] **Mr Wilkins:** Yes.

[272] **William Graham:** So, how confident are you, then, that you've done that properly—so you're not re-employing people either, one or two years later?

[273] **Mr Wilkins:** Very confident. As I indicated earlier, we spend much, much more time now thinking ahead, workforce planning at a serious level, developing the staff that we've got, so that we've got succession planning arrangements in place, so that managers directly know it's their responsibility, this is their resource, they need to know what's happening with it over time, long term and short term.

[274] **William Graham:** Okay, thank you.

[275] **Darren Millar:** Julie Morgan.

[276] **Julie Morgan:** I was wanting to ask similar sort of questions. Of the 160 out of the 880, have you got some sort of itemised reasons why you are able to let them go?

[277] **Mr Wilkins:** We will have. The business case will establish why they can be let go or why they can't be let go, as is the case. The financial equation will be done, but, equally, we'll be looking at their work area, their service area, and establish whether or not we can make it happen.

[278] **Julie Morgan:** Yes. So, that is linking a bit with what William Graham was saying about at what point you look at the service area, but I can see that it's good to know where people are willing to go in terms of human misery sometimes in terms of planning their lives. But there is a bit of a dilemma there, isn't there?

[279] **Mr Wilkins:** And it would be fair to say that the speed at which we are having to reduce our costs is faster than the speed at which you can identify the next area to look at—the next area to go round, almost. So, by taking advantage of this situation, we can move forward. For instance, the calculation will tell you that those 167 people, if they go, if we take those out of the council structure, we'll be saving £4 million or thereabouts. So, it's—. The budget gap for next year is £23 point-something million. We've got to be working towards filling that gap now. So, it's urgent.

[280] **Julie Morgan:** Yes, I understand that. Thank you. Mr Patterson, have you got any similar sort of figures of general requests for early departures?

[281] **Mr Patterson:** I think David's got the detail.

[282] **Mr Powell:** Yes. The latest round that we had, we had basically almost doubled the number of expressions of interests for the number of posts, for the number of people—

[283] **Julie Morgan:** What sort of numbers were they, do you know?

[284] **Mr Powell:** In terms of the number of posts that were affected, it was over 400. The number of individuals will be somewhat less because they were working across two posts in some cases, but we had expressions of interest in excess of 600 that we dealt with. They were all on a business-case basis, but it's also probably worth adding, if I may, Chair, that the other side of this is that we do have a fairly proactive redeployment policy. The chief executive has touched on the fact that it's difficult to recruit to certain posts, but we've taken the opportunity to retrain people if they are affected by that, and we have had some notable and real successes in posts that have been very difficult to fill. So, we've used that to develop the workforce in that way. The last round that we had—and we'll provide that in a note to the committee—saw a considerable number of expressions of interest.

[285] **Julie Morgan:** And you'll give us information on that.

[286] **Mr Powell:** Yes, we will. Absolutely.

[287] **Darren Millar:** Okay. We've got two more people who just want to come in. I just want to ask a very specific question. We've talked a lot about the voluntary early release scheme that you've been operating in Rhondda Cynon Taf and some of the other schemes, if you like—the projects that you've had to deplete the numbers of staff. But one thing that the auditor general picked up on in his report was that around one in five departures are done on a settlement agreement basis, where people effectively waive their employment rights: you know, they agree not to come back to a tribunal, to take the local authority to the tribunal. Why would that be the case? Have you had a good proportion of those in your own local authorities?

[288] **Mr Wilkins:** I think perhaps an explanation, because the numbers I would separate—. In my own authority, we had just over 300 that we would identify as mutual terminations. Specifically, there are people who are on long-term sick who are probably towards the end of being in half pay and we've referred to occupational health and the pension fund doctor, and, because the way the regulations are now very much tighter than they used to be—in terms of getting the decision to say that somebody is permanently unfit, it's very, very difficult these days. So, you have a situation where the pension doctor is saying that the person is not permanently unfit, so they can't access their pension, yet their GP or their hospital consultant is saying that they're still not fit to return to work. Now, they may run out of pay with us, but, all the while that they're on our books, they're still racking up service in the pensions fund.

[289] **Darren Millar:** You say 300 people. So, is that 300 people in the period to which this report relates?

[290] **Mr Wilkins:** Yes.

[291] **Darren Millar:** But it's a huge proportion, isn't it? It's about a third of your departures.

10:45

[292] **Mr Wilkins:** Yes. I'm just about to explain how we treat those. Because you have to, in those situations, bring the employment contract to an end, we have worked with the trade unions. Rather than taking these people down the disciplinary route, we say, 'We'll have a situation where, mutually, we'll agree to end the contract'. In exchange for that, we will pay up their notice period, and we will pay any outstanding holidays that they're entitled to, but that then ends the employment contract. There was a lot of discussion between staff of the audit commission and us about whether this group should be in or should be out of this particular exercise, but, given that they are, essentially, early departures, given that we do report them in our annual statements of accounts, I think the decision was that they should be included. So, that's that particular group.

[293] The second category, those subject to a settlement agreement, which, again, would be a mutual termination—we used to refer to those as compromise agreements. From my council, our numbers there would be about 80 across the piece; 75 per cent of those are probably relating to schools. But they are very particular and, invariably, they'll be complicated employment-relation contractual situations, and they will be moved forward on the basis of independent legal advice that says, 'This is the best way to deal with this particular situation'.

[294] **Darren Millar:** Okay. I understand that, and no-one doubts that, sometimes, these things might be appropriate to use, but that is a third of your overall departures in the period that the auditor general reported on. That's a very significant number, isn't it, in terms of the sickness-related ones. Does that tell you something about perhaps the quality of the way that you manage sickness absence as a local authority? What proportion is it, for example, in Powys—the use of settlement agreements?

[295] **Mr Patterson:** Over the study period, we used eight, and I'm just going from a figure in—

[296] **Darren Millar:** There's a massive disparity, isn't there?

[297] **Mr Patterson:** There are 303 people going, and we used eight.

[298] **Darren Millar:** Versus, of the 892, 380, roughly?

[299] **Mr Patterson:** Yes.

[300] **Darren Millar:** Right. Why would there be such a wide variation in the use of settlement agreements? Is that because you're not pursuing, you know—

[301] **Mr Patterson:** With ours, of those eight, they tended to relate to senior staff.

[302] **Darren Millar:** Right.

[303] **Mr Patterson:** And I think, in terms of the termination of the employment relationship, if I can call it that, sometimes, the council will take a view that, economically, it is more effective to do it that way.

[304] **Darren Millar:** There has been a suggestion that, where these are used, they are used to gag people on exiting an organisation. For example, the NHS has been criticised widely for using these sorts of agreements in order to prevent people from speaking out about concerns about services, for example, or concerns about management. Are these things indicative within your organisations of those sorts of problems?

[305] **Mr Patterson:** Again, you'd need to look at the terms of individual agreements, but, from recollection, on the gagging clause, as it's been termed, in ours, we just say that the actual terms of the agreement between the employer and the employee are confidential, but it doesn't say to stop any other criticism of the council.

[306] **Darren Millar:** Okay.

[307] **Mr Patterson:** The money side is confidential. I stand to be corrected on that, but, the last time I read one, it was referring to the terms of the agreement.

[308] **Darren Millar:** I'll bring you in in a second, Tony.

[309] **Mr Thomas:** I just wanted to just clarify, in terms of the use of those settlement agreements, do they involve enhanced payments?

[310] **Mr Patterson:** Well, I mean, I think—. In terms of what the council offers as a voluntary severance package, it is above the statutory minimum for redundancy, I think both in terms of the years—we currently offer the maximum based on, I think, 20 years or more local government service; we offer, I think, 55 weeks, and I think the statutory maximum is either 30 or 35—and we also offer it at the actual pay of that individual, as opposed to the statutory weekly maximum. So, in that respect, we are paying above what is the minimum, and therefore, that acts as a consideration for entering into the settlement agreement.

[311] **Darren Millar:** Okay.

[312] **Jenny Rathbone:** Are these agreements scrutinised by your councillors?

[313] **Mr Patterson:** Well, in terms of senior staff, the portfolio holder for HR and the leader, and, on occasion, the cabinet have been advised as to the suggested terms of the settlement, if I could put it that way, and a decision is made.

[314] **Jenny Rathbone:** So, they are involved in scrutinising the decision.

[315] **Mr Patterson:** Yes.

[316] **Darren Millar:** Sandy Mewies and then Aled Roberts, briefly, and then we'll wrap this up.

[317] **Sandy Mewies:** Just briefly, given the constraints that you are operating under with what you're doing, have they been tested for equality impacts—your business cases?

[318] **Mr Patterson:** Well, the short answer is 'yes', our change proposals and decisions are subject to equality impact assessments. I think, again, from recollection, the legislation came in, I think, in 2010—I may be wrong there—and since then, council decision-making processes have been subject to equality impact assessments. Although, again, I haven't seen the individual business cases, the overall corporate approach, as it were, to this, has been subject to equality impact assessments.

[319] **Mr Wilkins:** It's the same for Rhondda Cynon Taf. Chair, could I clarify that last point about settlement agreements?

[320] **Darren Millar:** Yes.

[321] **Mr Wilkins:** We've got 80 staff over the four years who would've gone out under a

settlement agreement. The 300 didn't go out under settlement agreements. There was a straightforward mutual agreement to terminate their contracts. All their other rights were preserved.

[322] **Darren Millar:** Okay. So, their rights were preserved, That's important to note. In terms of the reporting on those matters, where there is an enhanced payment, it's easy to see what the enhanced payments were, in total, in your reports—your financial statements—yes?

[323] **Mr Wilkins:** Yes.

[324] **Darren Millar:** And that's the case in Powys, as well, because it doesn't say that that's been the case in the auditor general's report. In fact, it says it's pretty murky and pretty difficult to establish what elements have been—

[325] **Mr Patterson:** Sorry, could you repeat that?

[326] **Darren Millar:** Where there's an enhanced payment given to an individual under a settlement agreement when they've departed an organisation, the auditor general's report suggests that it can be difficult to see what the value of those enhanced payments were and what the number of the people departing on settlement agreements were.

[327] **Mr Patterson:** Well, I think, in terms of the senior staff who've been subject to a settlement agreement, we've always taken independent legal advice, and the section 151 officer has also advised the cabinet on the appropriateness of the proposals.

[328] **Darren Millar:** Okay, but in terms of reporting now, and public disclosure.

[329] **Mr Patterson:** Again, sorry, I don't understand—

[330] **Darren Millar:** Well, look, you have statutory minimum disclosure requirements. I'm simply asking are there further changes you can make to your reporting in order to improve transparency? That's all I'm asking, essentially.

[331] **Mr Patterson:** I think what I would say is that we'll take it away and have a look at it and see. I think you can always try and improve and I think as an organisation, we like to think we're as open as possible.

[332] **Darren Millar:** Okay. Final question, Aled Roberts.

[333] **Aled Roberts:** Two brief questions. Can I ask if the enhanced settlement is reported, either to the portfolio holder or the cabinet, is any information given to opposition members? Secondly, can I ask whether or not, during the consideration of a business case, there's any consideration given to joint appointments with other authorities, given that you've both referred to the loss of expertise within organisations? If you conclude, as an authority, that it doesn't make sense to continue with that individual, would it make sense to share that individual with a neighbouring authority?

[334] **Mr Patterson:** I think, in terms of the settlement agreements, they're considered by the cabinet, and the leaders of opposition groups are invited to the cabinet, and they're also permitted to address the cabinet. The chairs of the scrutiny committees also attend. In one particular instance I can recall, group leaders were present when the discussions were taking place. A report is prepared—it's confidential, but the report is available to those members. In terms of some of the posts, when they go—joint appointments, yes, again, there was one departure and, as a result of that, the solution was that we are sharing a very senior post with another local authority.

[335] **Mr Powell:** If I may add as well, just very, very briefly, the audit committee's got a key role in this as well. The audit committee, certainly in Powys, is chaired by a leader of one of the opposition groups, and they play a key role. We've got another audit programmed in this year for the recent round of voluntary severance, so I think that's worth nothing as well.

[336] **Aled Roberts:** And RCT?

[337] **Mr Wilkins:** We would consider joint appointments. In fact, we currently have some joint appointments—not with another local authority, but with the health service. So, we go down that road.

[338] **Aled Roberts:** And what about opposition—

[339] **Mr Wilkins:** We would afford that courtesy to them.

[340] **Darren Millar:** Thank you very much indeed for your time this morning. I'm afraid that it's beaten us in terms of the clock. So, Jeremy Patterson, David Powell, Tony Wilkins and Barry Davies, you'll be sent a copy of the transcript from today's proceedings. If there are any factual inaccuracies that you want to correct, then please let the clerks know. We look forward to receiving the further information that you've assured us you'll send on. Thank you very much indeed.

10:56

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

Cynnig:

Motion:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42.

that the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42.

*Cynigiwyd y cynnig.
Motion moved.*

[341] **Darren Millar:** I now move swiftly on to item 5: a motion under Standing Order 17.42 to resolve to exclude the public from the remainder of our meeting. I'll move that. Does any Member object? There are no objections, so we will clear the public gallery.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:56.
The public part of the meeting ended at 10:56.*