



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cyllid](#)

[The Finance Committee](#)

05/07/2017

[Agenda'r Cyfarfod](#)
[Meeting Agenda](#)

[Trawsgrifiadau'r Pwyllgor](#)
[Committee Transcripts](#)

Cynnwys Contents

- 4 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest
- 5 Papurau i'w Nodi
Papers to Note
- 5 Cyllideb Atodol Gyntaf Llywodraeth Cymru 2017–18: Sesiwn
Dystiolaeth
Welsh Government First Supplementary Budget 2017–18: Evidence
Session
- 30 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
- 31 Ymchwiliad i'r Amcangyfrifon Ariannol sy'n Cyd-fynd â Deddfwriaeth:
Sesiwn Dystiolaeth 7 (Comisiynydd Cenedlaethau'r Dyfodol ar gyfer
Cymru)
Inquiry into the Financial Estimates Accompanying Legislation:
Evidence Session 7 (Future Generations Commissioner for Wales)

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Neil Hamilton Bywgraffiad Biography	UKIP Cymru UKIP Wales
Mike Hedges Bywgraffiad Biography	Llafur Labour
Steffan Lewis Bywgraffiad Biography	Plaid Cymru The Party of Wales
Eluned Morgan Bywgraffiad Biography	Llafur Labour
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
David Rees Bywgraffiad Biography	Llafur Labour
Simon Thomas Bywgraffiad Biography	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)

Eraill yn bresennol
Others in attendance

Matthew Denham-Jones	Dirprwy Gyfarwyddwr—Rheolaeth Ariannol, Llywodraeth Cymru Deputy Director—Financial Controls, Welsh Government
Mark Drakeford Bywgraffiad Biography	Aelod Cynulliad, Llafur (Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol) Assembly Member, Labour (The Cabinet Secretary for Finance and Local Government)
Sophie Howe	Comisiynydd Cenedlaethau'r Dyfodol Cymru Future Generations Commissioner for Wales

Michael Palmer	Cyfarwyddwr ar gyfer Gweithredu a Pherfformiad, Swyddfa Comisiynydd Cenedlaethau'r Dyfodol Cymru Director for Implementation and Performance, Office of the Future Generations Commissioner for Wales
----------------	---

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

Bethan Davies	Clerc Clerk
Catherine Hunt	Ail Glerc Second Clerk
Martin Jennings	Y Gwasanaeth Ymchwil The Research Service
Georgina Owen	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 09:00.
The meeting began at 09:00.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest

<p>[1] Simon Thomas: Bore da. Galwaf y Pwyllgor Cyllid i drefn. Rwy'n croesawu pawb i'r cyfarfod ac yn atgoffa pawb fod y clustffonau i gael, gyda chyfieithu ar sianel 1 a lefel y sain ar sianel 0. A wnewch chi dawelu unrhyw ddyfeisiadau electronig, os gwelwch yn dda? A oes gan unrhyw Aelod ddatganiad o fuddiant o unrhyw fath cyn trafodaethau'r bore yma? Nac oes. Popeth yn iawn, felly.</p>	<p>Simon Thomas: Good morning. I call the Finance Committee to order. I welcome everyone to this meeting. I remind everyone that headsets are available, with translation on channel 1 and amplification on channel 0. If you could ensure that any electronic devices are on silent, please? Does any Member have an interest to declare for these discussions this morning? I see there are none. Thank you very much.</p>
---	---

Papurau i'w Nodi
Papers to Note

- [2] **Simon Thomas:** A gaf i ofyn gyntaf eich bod chi'n nodi'r papurau sydd ar yr agenda? So, cofnodion tri chyfarfod—7 Mehefin, 15 Mehefin a 21 Mehefin. Pawb yn hapus i'w nodi? Diolch yn fawr iawn.
- Simon Thomas:** May I ask, first of all, that you note the papers on the agenda? So, the minutes of three meetings—7 June, 15 June and 21 June. Is everyone happy to note those? Thank you very much.

Cyllideb Atodol Gyntaf Llywodraeth Cymru 2017–18: Sesiwn
Dystiolaeth
Welsh Government First Supplementary Budget 2017–18: Evidence
Session

- [3] **Simon Thomas:** Fe wnawn ni droi at ein sesiwn gyntaf y bore yma, felly, ar gyllideb atodol gyntaf Llywodraeth Cymru eleni, ac wrth groesawu'r Ysgrifennydd Cabinet, a gaf i jest gofyn i chi ddatgan eich enwau ar gyfer y cofnod, os gwelwch yn dda?
- Simon Thomas:** We move to our first evidence session this morning, and that is the Welsh Government's first supplementary budget, 2017–18, and in welcoming the Cabinet Secretary, may I just ask if you could declare your names for the record, please?

- [4] **Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol (Mark Drakeford):** Bore da, Gadeirydd. Diolch yn fawr. So, Mark Drakeford ydw i a gyda fi y bore yma mae Matt Denham-Jones, un o'r swyddogion yn yr adran gyllid.
- The Cabinet Secretary for Finance and Local Government (Mark Drakeford):** Good morning, Chair. Thank you very much. I'm Mark Drakeford and with me this morning is Matt Denham-Jones, one of the officials in the finance department.

- [5] **Simon Thomas:** Diolch yn fawr. A gaf i ddechrau drwy ddiolch i chi am y papurau rydych wedi gosod ar y gyllideb atodol, gan dderbyn bod hwn yn atodol ac nad oes llawer o symudiadau wedi digwydd yn y gyllideb atodol gyntaf yma. Rydym ni'n dueddol o weld hynny, efallai, yn
- Simon Thomas:** Thank you very much. If I may begin by thanking you for the papers that you have laid on the first supplementary budget, accepting that this is supplementary and there hasn't been many transfers that have taken place in this first supplementary budget. We tend to

yr ail un. Ond, serch hynny, a ydych chi'n gallu olrhain i ni a ydych chi wedi defnyddio Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015, a hefyd eich bwriadau chi, wrth symud ymlaen, i lywio'r ffordd rydych chi wedi paratoi'r blaenoriaethau? see that more, perhaps, in the second one. But, nevertheless, can you set out for us whether you have used the Well-being of Future Generations (Wales) Act 2015, and also your intentions, moving forward, to guide the way that you have prioritised things in the budget?

[6] **Mark Drakeford:** Diolch yn fawr, Gadeirydd. You are absolutely right to say that this first supplementary budget is at the most modest end of supplementary budgets, with a relatively small number of matters to report within it. I did have a discussion with officials as to whether or not a supplementary budget at this point in the cycle was the most sensible way of proceeding, given the modest nature of the changes that it reports. But in the end I thought it was better to use the machinery we have and to report it in a way that would allow it to be scrutinised and taken through the Assembly, rather than simply, for example, reporting it in a letter to you. Having said that, you will see that even some of the things that it does report are, to a certain extent, pass-through arrangements.

[7] So, the £7.1 million that goes to the health main expenditure group, as a result of the immigration surcharge, essentially that is a Home Office piece of activity. They collect the surcharge and there's then a formula that distributes it to the devolved administrations. I took the view that, while the basic principle is that any money that comes to the Welsh Government is for the Welsh Government to decide how to use, this was such a very specific piece of funding that it ought just to go straight to the health department here, as it does everywhere else.

[8] And the £20 million for the city deal is also just the result of the process that we have agreed with the UK Government and with the 10 local authorities. They had to pass a trigger point in the process. By the end of March, they had to agree the governance arrangements for the city deal and the process through which they would make decisions in the projects that they will wish to fund.

[9] Once they had accomplished that piece of work, the £20 million—£10 million from last year and £10 million from this year—of revenue, which comes from the UK Government as part of their side of this deal, gets released to the city region. Our job, in a way, is just to make sure that that

happens, and that's what's reported here.

[10] So, in answer to your question as to how much thinking lies behind that of the well-being of future generations Act, probably not a lot, in the sense that it was just an automatic process thing. But the £20 million for social care—I think that was influenced by the well-being of future generations Act. You can see that in the way that Rebecca Evans has decided to use the £20 million—I hope I'm remembering these figures correctly—£9 million of it is going to support the domiciliary care and residential care sector for older people, and to be part of the £10 million that we'd provided as part of the main budget to support wages and other costs in that sector; and £8 million is going to looked-after children, and if you think of the well-being of future generations Act's advice about a more equal Wales, well, quite a bit of that money is to try and make sure that outcomes for people who are in the looked-after system already are better in terms of education outcomes, health outcomes and so on. But a significant part of that money is also to prevent the arrival into the care system of children who could go on being looked after by their own families if sufficient preventative services were available to allow that to happen. And then £3 million is for the carers strategy, and, again, that is essentially preventative in nature. We all know Wales has a higher proportion of informal care than other parts of the United Kingdom. People who are carers tend to be older than in other parts of the United Kingdom and our ability to support those people in doing the work that they do is an investment in avoiding the cost that would otherwise fall to formal services. So, that £3 million is preventative in that sense, too, and the well-being of future generations Act's thinking was certainly influential in that area.

[11] **Simon Thomas:** Okay, thank you for that. That's given a bit more flesh on the bones. I know Mike Hedges wants to come in on one thing.

[12] **Mike Hedges:** Yes, on the £20 million for Cardiff city region: no complaints about that; it's money that's been promised. Can I assume, or will you assure me, that exactly the same will happen when money comes in regarding Swansea city region?

[13] **Mark Drakeford:** Chair, I can give an assurance on the principle, certainly. The method is different. You'll be aware, I know, that the Swansea city deal is structured around 11 particular projects. There is a process set out that triggers the money going to Swansea in the same way, but it's not identical. But the principle is exactly the same, yes.

[14] **Mike Hedges:** The principle is the same. Fine, that's all I wanted.

[15] **Simon Thomas:** Océ. A gawn ni **Simon Thomas:** Okay. We'll turn to David Rees?
David Rees.

[16] **David Rees:** The budget obviously reflects—. The supplementary reflects that you have very little movement in the health area, and in the NHS in particular. Your former role as health Minister will remind yourself of the challenges facing the NHS, particularly after winter pressures. Are you confident that the discussions you've had with the Cabinet Secretary for Health, Well-being and Sport have reassured you that he won't be coming back to you for extra cash for 2017–18 to ensure that the health boards are able to sustain their services, because we're already seeing anticipated deficits for at least four of those boards for 2017–18?

[17] **Mark Drakeford:** Well, Chair, what I do as the finance Minister is to make sure that the priorities of the Government are reflected in the way that the budget is constructed. This Government is committed to filling the Nuffield gap, as it's called, in every year of this Assembly term. That's why there's a £240 million uplift in the health budget for 2017–18. The management of that is for the Cabinet Secretary with that responsibility. I know that he has held a significant sum of that £240 million back for him to manage the demands that are there in the health service. I know, because he gave evidence to the Health, Social Care and Sport Committee last week—I think he told them the actions that he was taking to address the pressures of the sort that David Rees just identified. So, I think he said to that committee that where Betsi Cadwaladr University Local Health Board is concerned, the special measures are having the effect of stabilising the overspends that board was previously reporting and getting them under control with the new team there. But in Hywel Dda Local Health Board, he has set in motion a zero-based budgeting exercise, which is due to report later in the summer. And, Chair, this is part of the conversation we had when I was last in front of this committee on that matter, where I said to you that I thought that the health Secretary was interested in trying to identify whether there are costs that are beyond the control of the health board itself—

[18] **Simon Thomas:** Structural—

[19] **Mark Drakeford:** Structural things. And that's what that zero-based budgeting review is intended to try and cast light on.

[20] And then, in the case of Cardiff and Vale and Abertawe Bro Morgannwg—the fact that they moved up the rung of escalation—well, with that comes a financial governance review of both boards, which he’s also undertaking. So, I think all I’m able to do today is to report the actions that the Cabinet Secretary is taking to try and make sure that he makes the maximum possible effort to live within the means that he has available to him.

[21] **David Rees:** Can I ask a question, then? Obviously, as you introduced the three-year forecasts as a possibility—we understand that’s not your remit and the way in which those are delivering—but there’s also been discussion that some funding is given to health boards to cover perhaps deficits and ensure cash flow, but on the basis of repayment. Does that repayment go back to the MEG for health and well-being, or does it come back to the Welsh Government under your control?

[22] **Mark Drakeford:** Well, Chair, there’s no automatic assumption that money provided will be repaid. It’s a case-by-case decision that the Cabinet Secretary has to make. Then that does become part of the dialogue that I have with him as to whether or not there is money that he’s then able to retain and reuse, or whether it’s money that comes back to the centre. I meet monthly with the Cabinet Secretary for health, as I used to meet, as the Minister for health, with the previous finance Minister. Given the proportion of the overall budget that that MEG has at its disposal, his ability to manage that has a material impact on my ability to manage the Welsh Government’s budget in the round.

[23] **David Rees:** And in that sense, with you having monthly meetings with him, you are reassured that there is going to be no sudden increase in demand as a consequence of the balances not being met.

[24] **Mark Drakeford:** I think, on that specific question, no; I would be confident that we are not likely to face any sudden unforeseen pressures. That shouldn’t be taken as meaning that there are not pressures that are there and that are tracked very carefully. I have to talk to him about how we manage those pressures across the budget as a whole.

[25] **David Rees:** And there are no changes in the capital expenditure requirements for the health budget.

[26] **Mark Drakeford:** There are no changes to the capital budget for health reported in this supplementary budget. Over the years, the health MEG has a pretty good record of using the capital resources available to it and not requiring additional resources. Sometimes there are reprofiling matters, Chair, because capital expenditure flows across years and so on, but there's nothing in this budget that makes a difference.

[27] **David Rees:** And just one final question. Transfers in and transfers out: I noticed that there's funding out from public health, in a sense—£4.1 million from the public health programmes action. Are you confident that that meets the programme for government's deliveries on preventative care and ensures that preventative actions can be delivered? Because if we can get the preventative agenda right, clearly then we can reduce the pressures on the service.

[28] **Mark Drakeford:** There are a series of transfers within the health budget. My role in that, Chair, is simply to be confident, through the advice I get, that in making those transfers the health budget is being properly managed and that they're not doing anything that causes difficulties in the management of the budget as a whole. Provided those conditions are satisfied, I have always taken the view that it is then for the portfolio Ministers to make those policy choices. Of course, I think you can see examples, probably, in there where money is being moved towards preventative actions, because there are quite a lot of those internal transfers within the health MEG. I think there are 19 of them altogether. Sometimes they are very, very routine. I think there's £3.8 million going to the Welsh Health Specialised Services Committee for organ donation commissioning, which is simply collecting the money that was previously in the health board budgets for that purpose and deciding that it is better to do that centrally. So, the money hasn't changed at all; it's just the method by which the commissioning takes place. But there are other examples of the sort that David Rees referred to. The Cabinet Secretary is making decisions to invest £5.3 million more in education and training of the future workforce, partly in line with the agreement that we reached with Plaid Cymru about more investment in that area. That is preventing future costs by training more people to do the jobs we need to see done.

09:15

[29] **Simon Thomas:** Thank you for those replies. That does explain why some of these transfers in and out are a bit sketchy in the supplementary

budget, and it would be disproportionate for us to go after each and every one of these hares at the moment. It's something for, perhaps, the Plenary debate, and also for the health committee to look at and examine, looking forward to the next budget. They can examine the Minister on that. I just wanted to ask you a general question at this stage on the health budgeting, because this is three years now since you took forward the National Health Service Finance (Wales) Act 2014. I just wondered—you've had the full three years of financial planning within that—whether you are still of the view that that Act is going to be a useful tool to manage these budgetary pressures, in the light of what you just said about Hywel Dda and ABMU in particular.

[30] **Mark Drakeford:** Well, Chair, I do think the Act has been a useful tool. I think it has exposed some of the places where financial planning, workforce planning and service planning—because those are the three legs of the stool that the Act revolves around—where more work has been needed to make sure the planning has been of a reliability that we would wish to see. But it has allowed the majority of health bodies in Wales to be able to plan their budgets on a better basis. Previously, we had the annual rush to try and find ways of spending money as the end of the year came. In places like Cwm Taf and Aneurin Bevan, and in the Welsh ambulance trust, for example, I think you can very clearly see that the ability to plan over a three-year horizon has allowed them to make better decisions and to live within their means. And it has had the effect, as you have seen, of probably exposing those parts of the health service where either that planning capacity has not been sufficient or where, as may be in the case of Hywel Dda, it exposes the fact that there are factors at play that would defeat even the best planning to be able to accommodate.

[31] **Simon Thomas:** That's something to pursue with the draft budget, I'm sure, at a later stage. Nick Ramsay.

[32] **Nick Ramsay:** Thanks, Chair. Good morning, Minister—or Cabinet Secretary, I should say. Focusing on the social care aspect of the budget, the additional £20 million funding is part of an overall package, I believe, of £55 million for social care in 2017–18, including increases in the draft and the final. How will the Welsh Government measure successful outcomes and value for money from this expenditure?

[33] **Mark Drakeford:** Thank you, Nick. Well, as I said earlier, Chair, the £20 million in the supplementary budget—you're absolutely right, Nick, to say it's part of a larger package of investment in social care this year. The bulk of it

is in the field of adult social care. I think, looking around the table, I can see at least one Member here who is a veteran of the regulation and inspection—

[34] **Nick Ramsay:** [*Inaudible.*] [*Laughter.*]

[35] **Mark Drakeford:** Well, David Rees chaired the health committee when the Regulation and Inspection of Social Care (Wales) Bill was going through the Assembly, and it sets up the regime, in a way, through which that part of the social care expenditure will be monitored, because it requires local authorities to provide local market stability reports, and it requires the Care and Social Services Inspectorate Wales to prepare a national market stability report. Given that the bulk of the investment in the adult social care field is to try and stabilise the market and to allow local authorities to deal with the costs that are involved in paying for domiciliary and residential care—the wages pressures, the payment of the so-called living wage and so on—then, one of the ways in which we will know whether that money has succeeded is when those local market stability reports are produced, and we will know whether we've succeeded in providing that degree of certainty in a market that we know, otherwise, from all the reports that we've had, was under considerable pressure. We will be able to test it in terms of turnover figures as well. You will have seen that Rebecca Evans has required all providers of these services to provide a new level of detail in terms of their staffing, and the extent to which their staff turns over in the year. Thirteen per cent of all people who work in this field are not there at the end of 12 months. That brings with it very real service impacts, but it produces real costs in the sector as well, because firms who are unable to retain their workforce end up having to advertise, interview, retrain, cover the cost through expensive agency staff while they've got gaps in their own workforce, and so on. Another way in which we will know whether this money has succeeded is if there is any impact on the stability of the social care workforce.

[36] **Nick Ramsay:** It must be a very difficult thing to track, though, given what you've just said about the change in staffing and the nature of that budget. To follow the success of that £20 million must be a bit of a minefield.

[37] **Mark Drakeford:** Well, it will, but that is why the regulation and inspection Act does set up this new oversight regime, and it is why Rebecca has required all providers to provide an annual statement of turnover, recruitment and training: to give people who are making choices about where to look for a place in a residential care home, for example—to provide that

person with more information about the nature of the staffing regime at that particular establishment. So, it is complex, but I think that some of the things that we need will be there.

[38] **Nick Ramsay:** Does this go back to your earlier point, then—that although you are responsible as finance Secretary for overall allocations, you pretty much expect the individual Ministers to be responsible for that level of minutiae?

[39] **Mark Drakeford:** Absolutely, Chair. That is how the system is intended to work.

[40] **Simon Thomas:** And we have built in—not in this budget, but for the next budget—more time for the subject committees to scrutinise that process.

[41] **Mark Drakeford:** Yes.

[42] **Simon Thomas:** Eluned Morgan on this.

[43] **Eluned Morgan:** I just wondered: is that why £1 million has been transferred out of social care and support actions? As far as I understand, £1 million has come out of social care and support actions, but it has been transferred somewhere else, presumably.

[44] **Mark Drakeford:** I would need to make absolutely sure that that is right, Chair. I think it has gone to Social Care Wales. So, some of the things that you do see in the detail here: Social Care Wales, a new body—the successor body to the Care Council for Wales—coming into being in April this year; moneys being held in other parts of the budget, pending the arrival of Social Care Wales with a full set of legal and financial arrangements with it; and then money being moved to align with that new service.

[45] **Eluned Morgan:** Okay.

[46] **Simon Thomas:** If you want to clarify that with a note afterwards—

[47] **Mark Drakeford:** Of course. I will be very happy to do so, and if I have misunderstood that, we will certainly—

[48] **Simon Thomas:** Okay, then. Mike Hedges.

[49] **Mike Hedges:** I'm not sure if I should be asking this to the finance Cabinet Member or the local government finance Cabinet Member. You talk about the £20 million additional social care money. Will that go out to local authorities via formula?

[50] **Mark Drakeford:** It does.

[51] **Mike Hedges:** So, it just goes out—. They get whatever their percentage of the Welsh block is for social services.

[52] **Mark Drakeford:** Again, from memory, Chair, as you know, the formula that we use for distributing money to local government has a number of strands in it. I think the decision that was taken was that this money would not just go into the general formula, but would go through the social services formula specifically.

[53] **Mike Hedges:** That makes a lot more sense. The other question I've got is a perennial one. We've got three-year budgets for health boards. Local authorities wait with bated breath for the Government's autumn statement in December, followed by the decision by the Welsh Government on the local government settlement. There is very little indication of what's happening in that general direction. Is there any way that greater certainty could be given to local government regarding its future financial position? I noted earlier that you talked about difficulties that are beyond their control that affect health—absolutely true. But those same difficulties beyond their control in things like social care and education affect local government as well.

[54] **Mark Drakeford:** Yes. Well, I certainly accept that latter point, Chair. Chair, you will know that, when we were laying the main budget back in the autumn of last year, I had hoped to be in a position to give local government partners and others some indicative figures beyond that first year. In the end, that has proven much more difficult than I had hoped. In November, we learnt that the Chancellor was going to change the way in which the UK Government went about its budgeting arrangements and that it was going to have a full budget in March. I did talk to local authorities at the time, and I think they were broadly understanding of the fact that providing indicative figures in advance of a March budget that could change those figures wasn't going to give them the certainty that they were looking for. By the time the March budget was out of the way, we were into the local government election period. By the time the local government election period was over, we were

into a general election period, and here we are, in July, not knowing whether there's going to be a spending review conducted by the new Government.

[55] So, I met the Society of Welsh Treasures on Friday of last week. I went and spoke at their annual conference in Llandrindod. I think it would be fair to say that what they were focused on is the extent to which we will be able to give more than a one-year horizon in next year's budget, and they've sort of, I think, accepted that they've got to manage the budget they've got now. The points that Mike Hedges has made were made very directly to me there. They were made very directly to me by the Welsh Local Government Association the Friday before that, and I've said to them, 'You don't need to convince me of the case. I agree with the case. If I were in a position to lay a three-year revenue budget, that's what I would like to do, and I've gone into this year's budget-making round again with that ambition.' But I probably just need to say here, as I've said to them, that the level of uncertainty as you get further out is very real. The spending review possibility, the fact that there are still £3.5 billion-worth of unallocated cuts in 2019–20—all of that does make giving people certainty further down the line a challenge.

[56] **Simon Thomas:** I think this is an appropriate point just to ask you, although we're looking at a supplementary budget, but we have got one eye—. We'll be starting next week, looking at the draft budget and engaging with stakeholders, so we have one eye on that. When you did come before this committee with your current budget, you said very clearly that you foresaw—and you've just mentioned one of the pressures—a pressure on forthcoming budgets, and you expected those to be tighter than the budget you are now working with. Although we've had a bit of a debate since the general election around whether austerity continues, or however you might want to put it, you've had no indication at all, I take it, from what you've said, of any relaxing of that tightness for the next budget process.

[57] **Mark Drakeford:** Absolutely none directly to me, Chair. I read in the way that you do that the Chancellor of the Exchequer says that he has heard the message on austerity, but when I spoke to the Chief Secretary to the Treasury the week before last—and I've got to be fair, it was my first conversation with her—she said at the very beginning of the conversation that she was very new to that job, and the purpose of the phone call was just for me to alert her to matters that were important to Wales, so that she would be aware of them. She wasn't in a position to respond very much to what I said, but did she give any indication that the figures within which we are having to plan will be mitigated? None at all.

[58] **Simon Thomas:** Okay. Neil Hamilton.

[59] **Neil Hamilton:** I want to ask some questions about the economy and infrastructure allocations. There's an extra £0.75 million revenue grant and £1.6 million capital grant for Wi-Fi on trains and at stations. Obviously, the public interest in this is to know which stations and which services are going to be the beneficiaries of this extra money, and how the spending is going to be prioritised. I wonder if you could flesh out some detail on that for us.

[60] **Mark Drakeford:** Thank you. I can give a little detail as I remember it, Chair. As I remember it, the plan is that the money will be invested in the 50 busiest stations in Wales. I probably couldn't recite a list of them, but I also recall that the 50 busiest stations in Wales account for 80 per cent of all the passengers who use the railways in Wales and that, by the end of September of this year, those stations will all be equipped now with free Wi-Fi. So, 80 per cent of passengers in Wales using railway stations will be able to use their mobile devices, and so on while they are waiting for the train—

09:30

[61] **Simon Thomas:** The delayed train. [*Laughter.*]

[62] **Mark Drakeford:** While they wait in hope. [*Laughter.*] And the investment in trains themselves is concentrated in the Wales and borders franchise and, again, it was trying to make sure that the maximum number of rolling stock possible is equipped with this sort of facility.

[63] **Neil Hamilton:** Obviously you don't want to have calls interrupted every five minutes as you're going along the track, which is the most irritating thing.

[64] **Mark Drakeford:** Very familiar with that.

[65] **Neil Hamilton:** Exactly. The next question I've—. I'm new to this committee, of course, and have been grappling with the detail that we have to cope with and I haven't quite understood a lot of it, I have to say, as yet. But there are two switches within this portfolio of £12.5 million from financial transactions capital to general capital, and then just over £0.5 million from fiscal revenue to capital, and I wonder if you could explain what's behind that.

[66] **Mark Drakeford:** I'll try to do that, Chair. So, the £0.5 million—the £0.6 million—is part of a £2 million package of investment that was agreed with Plaid Cymru as part of our budget deal, and this was for investment in Welsh ports. At the time that the budget itself was being constructed, we believed that that money was best provided as revenue for investment. But when the detail of the scheme came to be discussed with the port authorities and the people who are closest to the ground, what they came back to say was that about £0.5 million—worth of that investment would be more sensibly used as capital investment to allow them to do some work in low carbon energy installation; in some of the things that they do in freight; and some of the things that they want to do to try and make Welsh ports more attractive as tourist destinations. So, I had a conversation with Adam Price it would have been, as the person I deal with in that, and we agreed that that was a sensible switch and we were able to accommodate that, so we did so.

[67] The £12 million was money that was to be used in the E&I budget for strategic site work. So, this is where they identify sites that will be strategic sites, so they are identifying sites in which there is a strategic interest in acquiring or improving them so that they can be made available for businesses to bring their activity to Wales or to expand their businesses and so on. When that was originally proposed, they believed that repayable financial transaction capital was a vehicle that could be used for that. When they came to look at the detail, while the repayable part of repayable financial transactions could meet that, there are some rules that the Treasury sets in repayable financial transactions that mean that there's got to be a third party investor as part of that regime. When we looked at it, we thought that probably it didn't meet that test and it was more sensible to use conventional capital and then to release financial transaction capital for investment in some other project. So, in the round, there's no difference in the sums of money involved, it's just which sort of money was the right sort to use for this purpose.

[68] **Neil Hamilton:** I see. Right. And the last question I've got relates to the steel industry, which David Rees will be very interested in. There was a carry-forward to 2017–18 of a much higher level of capital than usual, obviously prompted by the problems that we saw a year ago, and I wondered whether you could tell us when you anticipate making the allocations to do this.

[69] **Mark Drakeford:** Well, Chair, it's a very good question, and it weighs on my mind because I'm very keen to be able to resolve that issue because it

affects wider issues in managing the budget. So, Mr Hamilton is absolutely right: there is £160 million carry-forward, particularly agreed with the Treasury who were, let me say, helpful in recognising that originally this money was thought to be needed last year, and then circumstances changed, so it's been made available in this year. Of that, £60 million is conventional capital, and that has started to be drawn down, so we have released some of that conventional capital to the company for some skills training and some other investments that they've made. Ken Skates, as the Cabinet Secretary for Economy and Infrastructure, I know is in very active and current discussions with the company, particularly around the £100 million financial transaction facility and the extent to which they will want to draw on that this year. The issue is, as you know, that the financial circumstances for the company appear very different in June–July of 2017 than they were in January of 2016 when this package was originally put together. I am meeting the Cabinet Secretary for E&I later today, and this is one of the items on my agenda—to talk to him about trying to reach a resolution with Tata, so we can give them the help that we want to give them when there is a proper case for doing so, and when we are then better able to know what might be left out of the money that was originally identified so we can make other decisions about that.

[70] **Neil Hamilton:** So this is nothing to do with plugging holes in the pension fund or anything of that kind, is it?

[71] **Mark Drakeford:** Well, not directly. Discussions around the pension fund and Tata, I understand, are still going on, and going on positively. This is to do with being able to make money available to the company for investment at the Port Talbot site particularly that secures its long-term future.

[72] **Simon Thomas:** There are several who want to come in with supplementaries. I take it, David, you want to come in specifically on steel.

[73] **David Rees:** Just a very short one.

[74] **Simon Thomas:** Take it on that, then, please.

[75] **David Rees:** Clearly you've identified there's a carryover agreed with the Treasury. Now, as a result of the decision by the steelworkers in January to actually accept a change, the investment plan for Tata is a five-year plan. So, are you going to be going back to the Treasury to ensure that that capital

is available for perhaps a little bit longer than the 2017–18 period, because that investment plan by Tata itself is longer?

[76] **Mark Drakeford:** Chair, Matt will correct me if I'm getting this wrong, but I think I don't need to do that, because at the end of this year, the new Welsh reserve arrangements come into play, and I won't need to go back to the Treasury in the way that I had to last year, because I have additional flexibilities that are now available to the Welsh Government. We have a £350 million Welsh reserve that we are able to use. I can only draw £125 million of revenue out of it in any one year, and so on, but that gives me greater flexibility in managing the overall carry-forward from the Welsh reserve. So, I said to Mr Hamilton that one of the reasons why, from my point of view, I'm keen to resolve this is that I need to know how much it will be that I will need to be able to accommodate in Welsh reserve terms in carry-forward. But I have more flexibility than I did last year and that means that I shouldn't need to go back to the Treasury.

[77] **David Rees:** So some carry-forward could be possible, and easier for yourself.

[78] **Mark Drakeford:** It should be.

[79] **Simon Thomas:** Eluned Morgan.

[80] **Eluned Morgan:** I'd like to come back on the Wi-Fi in trains. I'd just like to know—. This is a supplementary budget. Why wasn't this foreseen before? Is it just because there's money, so 'Let's put it in there'? Why wasn't it in the initial budget?

[81] **Mark Drakeford:** I don't think for any reason other than any other example in the supplementary budget would be explained—that new ideas emerge during a year, and new priorities come up. Things that weren't anticipated at the time of the original budget emerge, and then we accommodate them in the supplementary budget.

[82] **Eluned Morgan:** Okay. And is this a one-off? Or is it going to be something we'll see year after year now? Obviously, when I pay for my Wi-Fi, I have to pay ongoing. Will you have to pay this ongoing, year after year now?

[83] **Mark Drakeford:** No. These are not recurrent charges to the Welsh Government's budget. These are investments and once the investments are

made, then the new infrastructure is available and people will be able to use it.

[84] **Eluned Morgan:** Okay. And what happens if the rail franchise goes to someone else, in terms of the onboard rail Wi-Fi, then?

[85] **Mark Drakeford:** Well, my understanding is that this investment is part, then, of the discussions that the Cabinet Secretary will have on the new franchise and his ambition, I'm quite sure, will be to see that, in the new franchise, facilities that were certainly not routine when the current franchise began, but are now part of the expectation that everybody has of the way that they're able to conduct their—you know, that that will be an integral part of the new franchise arrangement.

[86] **Simon Thomas:** I'm just interested to know your perspective as the person responsible for public finances as a whole. From my point of view, a four-hour journey from Aberystwyth to Cardiff is much improved now that we do have Wi-Fi on Arriva trains, but why couldn't Arriva trains pay for that themselves? Why are we giving public money to provide Wi-Fi when they make a considerable profit from the franchise in Wales?

[87] **Mark Drakeford:** Well, I'm at the very edge of what I understand about these things here, Chair, but—

[88] **Simon Thomas:** That's why I'm asking you as the finance Minister—not the detail of the economy expenditure. Are you content that we should be using public money to support this, which boosts their ability to increase their own private revenue?

[89] **Mark Drakeford:** I think I probably would say that I wish, as finance Minister, that the way that the current franchise was structured placed greater obligations on companies to invest their own profits in improving the services that they provide. But they have a contract, it is structured in a particular way, and if there's no obligation on them to invest in particular things then, sometimes, the public purse has to decide whether or not something is of a sufficient priority that we would step in and provide it. You know, it's a modest investment in the overall scheme of Welsh Government's budget, but it is, Chair—I agree with you, and I've heard from others, too—the sort of modest investment that can actually make quite a big difference to the everyday experience of people using that service.

[90] **Simon Thomas:** Certainly, there are lessons there for the new franchise—not to allow that to occur again. I don't know, Nick, did you want to come in with a supplementary?

[91] **Nick Ramsay:** I was going to ask about Wi-Fi. Neil Hamilton asked about the busiest stations. There's a very useful page on the Welsh Government website with the 20 busiest stations. It's spurred the train spotter in me. Cardiff Central is the busiest, almost five times busier than the next closest, which is Cardiff Queen Street. That's the statistic of the morning—

[92] **Simon Thomas:** Okay, well—

[93] **Mark Drakeford:** I think 40 per cent of all rail journeys in Wales begin or end at Cardiff Central station, so it is an astonishingly high concentration.

[94] **Simon Thomas:** We move on from Wi-Fi and trains, and I think it is Eluned Morgan to move us on.

[95] **Eluned Morgan:** Well, I haven't really got much to ask. I just think probably it's worth noting that what we're discussing here is millions of pounds in the context of a £15 billion budget. I'd actually rather the finance Secretary went off and started chasing some of these health boards to get into line, rather than wasting your time here. I think we've got to be clear about how long we keep the finance Minister, in the sense that £15 billion—we probably won't spend quite as much time as this on a £15 billion budget. I just think we need to get some perspective on what we're doing here.

[96] **Neil Hamilton:** Mr Gladstone was very keen on the candle-end economy.

[97] **Simon Thomas:** On that note, we'll move on. Steffan Lewis.

[98] **Steffan Lewis:** Moving to Government borrowing, can you update the committee on your plans for the £20 million allocated for the waste—I mean, the new M4?

[99] **Mark Drakeford:** Well, that plan is not affected by the first supplementary budget, Chair. The £20 million potential borrowing for the M4 was identified in the final budget. It isn't affected by this supplementary budget. So, the plan remains as it was before. We have a £20 million

borrowing facility in this financial year. It is tied to the M4. There will be some capital costs involved this year as part of the public inquiry and some enabling work that has to be undertaken, whatever the result of the public inquiry. And if we need to cover those costs through borrowing, we can. I think I said the last time I was here that I won't use more expensive money if cheaper money is available. So, if these costs turn out to be coverable within the conventional capital available to that MEG, I would expect them to do that, and only if they can't will we then use the borrowing facility that's available.

[100] **Steffan Lewis:** Okay, thank you for that. One development in recent weeks came with the Cabinet Secretary for the economy's announcement on the Circuit of Wales, when he said that, following discussions with the Office for National Statistics and the Treasury in London, it is assessed that there's a significant risk that the full £373 million debt of the entire Circuit of Wales project would be classified against Welsh capital spending. I just wondered if you could update the committee on how that is changing your general approach to Welsh Government borrowing in terms of potential future projects.

09:45

[101] **Mark Drakeford:** Chair, I don't think there's any direct connection between that specific decision and thinking about borrowing. Where the general issue of classification has been important is in the mutual investment model that I've explained—well, not explained, but answered questions on in front of the committee previously. So, Members will remember that my position is that the level of conventional capital and financial transaction capital available to the Welsh Government is insufficient to be able to meet all the urgent demands for investment that we face in Wales, and that we have, therefore, designed a vehicle to allow us to attract investment into the new Velindre cancer centre for south-east Wales, to complete the dualling of the Heads of the Valleys road and to move to the next phase of twenty-first century schools programme.

[102] Now, in the mutual investment model, classification issues were very real, because we started by using the model that had been devised in Scotland—a not-for-profit distribution model, which was reclassified by the ONS onto the public books in Scotland, and where the Scottish Government has had to find a very, very large sum of public capital that it wasn't expecting to have to find. So, we have had very detailed discussions with the

ONS, and with Eurostat, about our mutual investment model, to make sure that it is structured in a way that will not be classified to the public books. So, in that general sense, this has been a very real issue. The specifics of the Circuit of Wales have no impact on that.

[103] **Steffan Lewis:** Would you be able to provide us with further information on your correspondence with ONS, the Treasury and Eurostat on how you have managed to creatively avoid the problems that they've encountered in Scotland?

[104] **Mark Drakeford:** I certainly ought to be able to provide some of that, Chair. I made a statement on the floor of the Assembly where I gave some of those details. I can tell you that, for example, the volume of information that we had to provide to Eurostat in order for them to come to a view—I think it was 500 pages worth of detailed information, which I don't—

[105] **Steffan Lewis:** [*Inaudible.*]

[106] **Mark Drakeford:** I know you've spent an evening recently going through the papers for this committee on that scale. But you can see that it was a very significant exercise we had to undertake with them, and I'm sure I can provide a note of some of the things that were important to resolve in those discussions.

[107] **Simon Thomas:** That would certainly be useful in terms, again, of us looking at the draft budget and some of the borrowing and other requirements that will be coming forward.

[108] **Mark Drakeford:** I'm very happy to do that.

[109] **Simon Thomas:** Sorry, Steffan.

[110] **Steffan Lewis:** Just one final point. The announcement made for a £100 million automotive business park in Blaenau Gwent—is that going to have an impact on finances in this year? How is that going to be financed?

[111] **Mark Drakeford:** That will be financed through conventional capital, Chair. The plan is to invest over a 10-year period, so that's £20 million worth of conventional capital each year. Of course, I have discussed that with the Cabinet Secretary for Economy and Infrastructure. I am content that, within the capital reserves that we have available to the Welsh Government, that is a

manageable proposition, and that I will be able to either work with him to make that money available within the resources he already has, or if necessary, to supplement those resources from the reserves that I hold of Welsh Government capital.

[112] **Simon Thomas:** Sorry, just to clarify, you did say £20 million a year, but it's £10 million, surely.

[113] **Mark Drakeford:** I'm sorry. Yes, it's £100 million over 10 years, so it's £10 million in any one year. Apologies.

[114] **Steffan Lewis:** But that's not necessarily additional funding. You said that that could come out of the existing—

[115] **Mark Drakeford:** My first message to any Cabinet Secretary who has an idea is to ask them how they intend to afford it within the money they already have available to them. As finance Minister, that's got to be my starting point always.

[116] **Steffan Lewis:** But to be clear, the funding of the £100 million or the £10 million a year has not yet been decided.

[117] **Mark Drakeford:** It has been decided in the sense that the Welsh Government will be providing that funding. Where it comes from—. As I say, my starting point always is to ask any Cabinet Secretary how they intend to afford that plan from within the resources they have available. But I have discussed it with the Cabinet Secretary and I am confident that, if further investment is needed from Welsh Government central funds to allow that 10-year investment to happen, I will be able to assist him with that.

[118] **Simon Thomas:** Neil Hamilton.

[119] **Neil Hamilton:** Would this be an appropriate time and place to pursue some of these technical issues relating to the Circuit of Wales?

[120] **Simon Thomas:** Because it's not the economy Minister, but the finance Minister, probably not.

[121] **Neil Hamilton:** I was thinking more of the Treasury and ONS classification issue and also the case of the way in which the alternative proposals—the financial guarantee to the Heads of the Valleys Development

Company Ltd—might have been funded from within the Welsh Government budget in the light of—

[122] **Simon Thomas:** I think if you want to ask about the ONS issue, then that's fair enough.

[123] **Eluned Morgan:** It's not on the supplementary budget, is it?

[124] **Simon Thomas:** No—

[125] **Eluned Morgan:** [*Inaudible.*]

[126] **Neil Hamilton:** I'm in the committee's hands on this—

[127] **Simon Thomas:** I think, as well, we should bear in mind that Nick Ramsay chairs the Public Accounts Committee, which will also be looking at these issues at a later stage, I would imagine, when it comes back. But the issue has duly been signalled and is on the record as something that either PAC or ourselves—. I think particularly when we come to look at your next supplementary budget, in which there might be an allocation along the lines that Steffan Lewis had set out, you may see a capital allocation there for Blaenau Gwent, so we'd be interested to look at that. Also, in a more general round, when we look at the draft budget, we will, hopefully, because we've had this new protocol, see more detail in the draft budget about borrowing and about how it comes forward, and we might be able to explore these issues in more detail there as well.

[128] **Neil Hamilton:** I'm grateful for your tutoring, Chair.

[129] **Simon Thomas:** I think that's appropriate, because we don't have the economy Minister as such—

[130] **Neil Hamilton:** No, I understand that. That's why I asked.

[131] **Simon Thomas:** Okay, thank you. Finally to Nick Ramsay, please. A couple of other questions will come after that—. Go on, Nick, you go first, and we'll clear up after.

[132] **Nick Ramsay:** Can you provide an update on the progress made to access funding that Wales is entitled to from the EU structural funds programme towards the internal ambition of an 80 per cent commitment rate

by the end of 2017?

[133] **Mark Drakeford:** Thank you, Chair. It's an important question, because there is a different level of urgency, as a result of leaving the European Union, to make sure that we are able to maximise the draw-down of funds available to us while we still are members of the European Union. I think since I was last here, Welsh European Funding Office will have had to recalculate all of these things because it had to change its assumptions about the exchange rate. So, as the pound sinks against other currencies, more euros become available. So, what might have been a 65 per cent level of commitment—if you've suddenly got more euros—might be a 60 per cent level of commitment against that larger sum. That did happen during the last six months or so, where we had one level of percentage commitment and then that dropped back a bit because of the recalculation of the exchange rate.

[134] WEFO remain confident that, although it is a challenging figure to reach, they will have an 80 per cent level of commitment by the end of this year. When I was in Brussels back in March, I met the most senior person in the relevant directorate-general and he said to me that Wales's level of commitment put us at the very top end of what was being achieved right across Europe—well in excess of what was being achieved elsewhere—and we have the highest levels of commitment in the United Kingdom as well. I just make the point, Chair, because I preach it everywhere, particularly when I am with partners, that commitment is one thing and spend is another and what we have to be sure of is that we are not simply committing money, but that our partners are getting on and spending the money that they now have available so that we are able to demonstrate both to the Treasury and to the Commission that this money is being used in Wales and, therefore, that we will be able to reclaim it.

[135] **Nick Ramsay:** Clearly that deadline of 2020—it's not that far off.

[136] **Mark Drakeford:** It's not that far off. I'm happy to say again that the guarantees that the Chancellor provided—two successive guarantees—have been helpful in Wales and have given confidence to our partners. So, I wanted to just say that we recognise that that was a helpful thing. But we're getting closer to 2020 now, and people are inevitably asking questions about what will happen at the end of that programme. In other parts of Europe, they will have N+2 or N+3, as it's called—you know, the period beyond 2020, in which there will still be able to be expenditure. How is that to be negotiated

as we leave the European Union? Are we going to end the programmes in the way that we began them, with the European Union still having a role in programme closure? Or are we going to have to close these programmes twice? Once with the European Union, and then once again with the Treasury two or three years later? From our point of view, that is the least attractive option.

[137] **Nick Ramsay:** There's a lot of juggling of balls going on, isn't there, at the same time. Just going back to something you mentioned earlier in terms of—I think it was using the new fiscal powers and borrowing powers. You mentioned the Heads of the Valleys road and said about using the new powers to fill gaps. Is that filling a gap that you anticipate will be created by the loss of future structural funds to go into that, or was that a totally separate issue?

[138] **Mark Drakeford:** It's not a structural funds issue, Chair, specifically. It is just: here are three very major pieces of investment; we don't have sufficient conventional capital to be able to take them forward, so the mutual investment model is a way of drawing in funds from outside the Welsh Government in order to be able to accomplish those important public purposes.

[139] **Simon Thomas:** And just to be clear, this 80 per cent internal target on using the structural funds, is that a global target, or is that something you want to achieve in each of the individual areas of structural funds? For example, it's possible to have 100 per cent expenditure of whatever it might be and then only 40 per cent in another area. You'd achieve the overall 80 per cent, but you'd have really underprovided in one area. So, how are you making sure that this is a consistent approach?

[140] **Mark Drakeford:** Well, Chair, you're absolutely right, the 80 per cent commitment is a global figure, but it is tracked very carefully against all the different strands. You will know that what I think is one of the pluses of this round of European funding is that there is a single programme monitoring committee that oversees all the different strands, whereas previously there were different committees looking at different parts of it. So, Julie Morgan, who chairs the programme monitoring committee—when they meet, three or four times a year, they will have a report against all the different strands. And while, yes, there will be differences, it's inevitable, really, that ERDF expenditure is on a different profile to ESF, for example, but you can't get to 80 per cent with gross disparities. Every part of the programme has got to be

making an effort if we're going to get to that level. So, there would—

[141] **Simon Thomas:** But that is something that is being tracked.

[142] **Mark Drakeford:** There'll be differences, but it's managed and understood.

[143] **Simon Thomas:** Okay. Just to conclude, any final questions? We'll start with David, then.

[144] **David Rees:** Two quick questions on this. Clearly, you've identified that there is a guarantee to a certain point, if only for the N+2 et cetera. But, beyond that, we would have been guaranteed at least a transitional period for west Wales and the Valleys, and the UK Government has indicated it's got a shared prosperity fund. Have you had discussions with the Cabinet Secretary to the Treasury yet to discuss what that might mean for Wales?

[145] **Mark Drakeford:** I've had no direct discussions with the Treasury. It was mentioned by the Chief Secretary to the Treasury during my telephone call with her as part of the agenda of issues that we will need to discuss. The Welsh Government's approach is different, as you know; we think the answer is simply to transfer into baselines the sums of money that would have come to Wales for these purposes and then to allow us the flexibility to make the decisions that are right for Wales. So, my starting point is that I am not immediately attracted to a shared prosperity fund, and that there are lots and lots of details that I will want to see before I'm able to make a proper assessment of its merits.

[146] **David Rees:** I'm going to ask you further questions on the budget—draft budget questions. But on another point, on this supplementary budget, I notice there's no change in the central services allocation, but what does that mean for Brexit? Since your last budget, clearly, we are seeing a different direction. We are questioning the capacity within the Welsh Government, and there's no change. So, I'm assuming there's been no extra allocation to your Brexit teams or the work of Brexit.

[147] **Mark Drakeford:** Well, I don't think you can make that direct assumption, because within the central admin MEG there will be some capacity to move resources from one priority to another within the global sum available. I'm not at this point able to make any additional allocation for those purposes, but I do remain in close conversation with the Permanent

Secretary and others about the pressures that the Government faces and the need to be able to mobilise resources to address the challenges that Brexit brings, both immediately in terms of the negotiations but also the responsibilities that the Assembly will have to discharge post Brexit.

10:00

[148] **Simon Thomas:** Mike Hedges.

[149] **Mike Hedges:** If I could make a statement—I think it is very important, and I'm very pleased the Cabinet Secretary has come here regarding the supplementary budget. The principle of supplementary budgets coming before Finance Committee I think is very important. Even if changes are minor, I think that the principle is set, and hopefully it will continue, through the Cabinet Secretary for finance, in the future.

[150] My question is: last budget, there were major non-cash changes in the student loan book. They were fairly substantial, even though they had no cash effect on the Welsh Government. I understand, from listening to the news this morning, there are further changes in the student loan book—even if they did say Wales was doing a lot better than England. What I was wondering was: it hasn't been dealt with here, does that mean you'll only bring it back once a year, as part of the main budget, or will you look at it within supplementary budgets as well, if there are substantial changes?

[151] **Mark Drakeford:** I'll probably ask Matt if he can help me with that.

[152] **Mr Denham-Jones:** Yes, sure. There's three areas, really, relating to student loans, which are featured in any budget. Two are the payments and repayments, which feature in annually managed expenditure budgets. This budget does show an update of those forecasts. Occasionally, we have to adjust non-cash budgets. There was a sum of rather large changes, the Member remembers, but there haven't been many made in this budget yet.

[153] **Simon Thomas:** Okay. Lovely.

[154] Diolch yn fawr iawn, Thank you very much, Cabinet Ysgrifennydd Cabinet, am ddod i Secretary, for coming in. As you can mewn. Fel rydych yn gweld, rydym yn see, we do appreciate the gwerthfawrogi'r gyllideb atodol supplementary budget because we achos rydym yn codi ambell i eitem raise some other issues that are

arall sy'n gysylltiedig ond efallai related but maybe not directly ddim yn uniongyrchol yn ymwneud related. It is an opportunity for us as ag ef. Mae'n gyfle i ni fel pwyllgor a committee to have an update, but gael ein diweddarau, ac wrth gwrs also the public and Plenary can mae'r cyhoedd a *Plenary* yn contribute more broadly. There will ehangach yn cael cyfrannu hefyd. Fe be a transcript for you to check for fydd yna drawsgrifiad, wrth gwrs, ar accuracy. Thank you very much. gyfer cywirdeb. Diolch yn fawr iawn.

[155] **Mark Drakeford:** Diolch yn **Mark Drakeford:** Thank you very fawr. much.

10:02

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 that the committee resolves to gwahardd y cyhoedd ar gyfer exclude the public from items 5, 6 eitemau 5, 6 ac 8 yn unol â Rheol and 8 in accordance with Standing Sefydlog 17.42(vi). Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[156] **Simon Thomas:** A gaf i ofyn, **Simon Thomas:** Can I ask, therefore, felly, i'r pwyllgor: a ydych chi'n to the committee: do you accept a derbyn cynnig o dan Reol Sefydlog proposal under Standing Order 17.42 17.42 i wahardd y cyhoedd ar gyfer to exclude the public from the eitemau 5, 6 ac 8 ar yr agenda? meeting for items 5, 6 and 8 of Hapus? Pawb yn hapus. today's meeting? Everyone is content. Thank you very much.

[157] We'll go into private session. Diolch yn fawr iawn.

Derbyniwyd y cynnig.

Motion agreed.

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:02.
The public part of the meeting ended at 10:02.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 11:01.
The committee reconvened in public at 11:01.*

**Ymchwiliad i'r Amcangyfrifon Ariannol sy'n Cyd-fynd â Deddfwriaeth:
Sesiwn Dystiolaeth 7
(Comisiynydd Cenedlaethau'r Dyfodol ar gyfer Cymru)
Inquiry into the Financial Estimates Accompanying Legislation:
Evidence Session 7 (Future Generations Commissioner for Wales)**

[158] **Simon Thomas:** Bore da. **Simon Thomas:** Good morning. I call
Galwaf y Pwyllgor Cyllid yn ôl i drefn. the Finance Committee back to order.
A gaf i groesawu'r tystion y bore yma I welcome the witnesses this morning
ac atgoffa pawb fod offer cyfieithu ar and remind everyone that headsets
gael? are available.

[159] Translation equipment is available. Translation is on No. 1.

[160] Croeso, felly, i'r cynrychiolwyr Welcome, therefore, to
o gomisiynydd llesiant representatives from the future
cenedlaethau'r dyfodol a'i swyddfa generations commissioner's office. If
hi. Os caf i ofyn i chi jest i ddatgan I could just ask you to state your
eich enw a swyddogaethau, jest ar names and roles for the record
gyfer y cofnod, i ddechrau, os please, just to start.
gwelwch yn dda.

[161] **Ms Howe:** I'm Sophie Howe, future generations commissioner.

[162] **Simon Thomas:** Diolch yn fawr. **Simon Thomas:** Thank you. Welcome.
Croeso.

[163] **Mr Palmer:** Mike Palmer, from the future generations commissioner's
office.

[164] **Simon Thomas:** Croeso i'r **Simon Thomas:** Welcome to both of
ddau ohonoch chi. A ydych chi'n you. Are you ready to take some
barod i ddechrau? questions?

[165] **Ms Howe:** Iawn.

Ms Howe: Okay.

[166] **Simon Thomas:** Diolch yn fawr. Fel rŷch chi'n gwybod, rŷm ni'n edrych ar sut mae'r broses o'r asesiadau effaith yn digwydd gyda Biliau a beth sydd wedi deillio o hynny a'r broses o baratoi yn gyllidol, felly, ar gyfer gweithredu Biliau. Rydych chi'n enghraifft o Fil diweddar, yn sefydlu swyddfa'n ddiweddar, ac felly mae diddordeb gyda ni fel pwyllgor i edrych ar sut roedd y broses wedi gweithio i chi.

Simon Thomas: Thank you. As you know, we're looking at how the regulatory impact assessment process happens accompanying legislation and what's stemmed from that and the process of preparing financially for implementing Bills. You have an example of the recent Bill establishing your office, and therefore we have an interest as a committee in looking at how that process worked for you.

[167] Os caf i ofyn i ddechrau, felly, gan mai chi yw comisiynydd llesiant cenedlaethau'r dyfodol: wrth gwrs nid oedd y Bil ar gyfer yr egwyddorion hyn yn ei le pan oeddech chi'n cael eich sefydlu—chi oedd yn sefydlu'r egwyddorion hyn—ond a oeddech chi'n teimlo bod y broses, serch hynny, wedi cymryd i ystyriaeth yr egwyddorion datblygiad cynaliadwy sydd bellach yn gysail i'ch swyddfa?

Could I ask you, to start, given that you are the commissioner for future generations: of course, the Bill for these principles wasn't in place when you were established—you established those principles—but did you feel that the process had taken into account the sustainable development principles that are now the basis of your office?

[168] **Ms Howe:** We think that they could have done better in terms of taking into account the sustainable development principles. I think there's a broader point to make about the point at which they might have been applied in the RIA process. It seems to us that the RIA's coming at quite a late stage, and, actually, what the Well-being of Future Generations (Wales) Act 2015 requires is not that you decide to do something and then retrofit and apply how the thing you've decided to do is going to fit with the sustainable development principles—it's using the sustainable development principles as a kind of frame to inform that decision-making process from the outset. So, we think that there probably could have been an earlier consideration of that. One of the things that we think that that probably would've flagged up at an early stage, which is evident in terms of its absence, if you like, in what

actually came out at the latter stage, then, when the RIA was actually produced, was around the long-term thinking in terms of this legislation.

[169] So, we think that the legislation is an important piece of legislation. It sets out a framework for different ways of working within the public sector. However, just having legislation isn't going to transform the way that we do business in the public sector. So, we think that the way that the RIA is then drafted doesn't really take into account the cultural change that is going to be required. So, what it does is put in place a number of mechanistic—this is the RIA, now—approaches in terms of, 'It will cost this much for a plan to be produced, this much of a chief executive's time, this much of a senior officer's time' et cetera, but doesn't actually cost out—and I know that's incredibly difficult and challenging—it doesn't cost out what you actually need to do for the longer term in terms of the cultural change that will need to go along with the legislation if it's actually going to work.

[170] We think that there is probably more that could have been fleshed out in the RIA in terms of prevention. So, again, prevention can certainly reap longer term cost savings, but in the short term, actually shifting from what we're doing here and now, what is it we're going to stop doing if we're going to shift resources towards prevention? How do you get a public sector that has been very much focused over a number of years on dealing with the here and now to shift in that way? That didn't necessarily come out of the RIA either.

[171] Then, when you get on to integration, we think that there were some parts perhaps missing, which were in terms of the integration with other pieces of legislation: so, what is it that needed to change in terms of other pieces of legislation so that the future generations Act was going to work. And not just in terms of other pieces of legislation but other—for example, planning frameworks. So, as an example there, health boards have their integrated medium-term financial plans, which are based on a three-year cycle, when, actually, the future generations Act, in terms of long term, is looking at 25 years plus, potentially. So, some of those things that are already in existence didn't necessarily come through, I think, in the RIA in terms of flushing out where some of those potential barriers might be.

[172] And then, in terms of collaboration, again, certainly, collaboration I think can reap cost savings in the longer term, but it's not as easy as just saying, 'We're going to set up public services boards and you will all now collaborate,' and it'll take a day of the chief exec's time to attend a public

services board. For effective collaboration to take place, the relationships, the amount of time and effort that you actually need to embed across the board, not just by attending a meeting, are absolutely crucial. So, we're not sure that that came through in the RIA.

[173] And then, finally, in terms of involvement, again there was quite a lot of involvement, we think, done in terms of the RIA, so that's good, but I think, in terms of what's happening going forward with the legislation, involvement is actually quite costly to do properly. On the positive side, what we are seeing is a renewed effort from some of the public services boards in particular in terms of involving citizens, and we're seeing some of them come together—the different public bodies, who are all doing different consultations, some of them coming together to try to take a coherent approach to that. So, I think that's the positive in terms of what we're seeing, but I think all of those things could have been considered better in terms of the RIA process.

[174] **Simon Thomas:** Thank you for that and we'll explore some of those issues, no doubt, over the next few minutes as well, but, specifically sticking with the RIA as it was presented, there was quite a significant change done to it because the auditor general got involved and reviewed it, and there was a significant difference between Stage 1 and Stage 2. In your view, did that—? Obviously, the final RIA, you've just set out some of the difficulties with it, but nevertheless was there an improvement done in that stage? Is that something that led to something more robust at the end of the day?

[175] **Ms Howe:** I think there was some improvement, so, for example, it went from a five-year mapping of the costings to a 10-year mapping of costings, but I still think the costings were wrong, because the costings were mechanistic costings. So, as an example, I think, when they moved to the 10-year costings, the 10-year costs or additional costs for the implementation of the legislation for 44 public bodies, of which the Act is requiring this transformational change, were around £10 million over 10 years. Now, to me, that is completely unrealistic in terms of the scale of the challenge that we're talking about.

[176] **Simon Thomas:** Too small, I take it.

[177] **Ms Howe:** Vastly too small. If you're just focusing on, 'It'll cost that much to write a plan and to do a well-being assessment and to do this, that and the other', the processy stuff, then probably that's there or thereabouts.

If you're trying to actually do what the Act sets out to do, which is to see this transformational change, I don't think it's anywhere near. So, whilst 10 years is better than five years, it's still based on the wrong premise, we think.

[178] **Simon Thomas:** In effect, what you're saying is the Act was setting out a process that it wanted public bodies in Wales to undertake, but the regulatory and impact assessment that went with the Act was not based on that process itself.

[179] **Ms Howe:** Well, I think, actually, it was too closely based on the process within the legislation rather than what the legislation was seeking to achieve.

[180] **Simon Thomas:** Not the vision of the—. Yes, okay.

[181] **Mr Palmer:** This is a really important point, I think, because we have some sympathy for the officials here, insomuch as Standing Order 26 actually sets out quite a procedural process, focused on administration, and they were trying to use that framework to assess an Act that is about cultural change, and deep-seated cultural change. So, in a sense, 'Was the tool fit for the purpose?' is a question there.

[182] **Simon Thomas:** I can't remember whether we've amended that Standing Order since then, or whether that was the amended—I can't remember. I will check that myself.

[183] **Mr Palmer:** And I think there's definitely an effectiveness issue here, insomuch as, if we're trying to make sure that all the processes of Government are pulling in the same direction, we need to look at how we frame things, and I think that's an important point here, that there was an opportunity here to try and frame this and send a signal out that this Act is about doing things differently, it's about trying to chart a new path. But, as a result of having to follow a particular framework that was focused on administration and procedural matters, even with the suggestions of the Wales Audit Office, we end up with a 10-year profile. And that is actually quite important, really, because if, as you'd have hoped, you'd have taken a more of an invest-to-save approach, which is saying, 'Well, this is about cultural change, so we need to invest in the skills and attitudes of our people to try and bring about this change', okay, you'd have had to put in more money upfront, but what you should have seen is a kind of parabola effect, with that dropping out completely as it becomes embedded in core

processes. The problem with the RIA is it locks in those administrative costs forever.

[184] **Simon Thomas:** Isn't that in danger, therefore, in terms of the workings of the Act, of preserving—in aspic, really—the idea that the Act is an add-on and not a change to the way we do work?

[185] **Ms Howe:** Absolutely. I think that's the key challenge of it, and I think not just—. The RIA process is just one example where we guide things towards a kind of processy and mechanistic approach, but there are a whole range of other areas of operation within the public sector where we tend to do that, and that's the big challenge of the legislation, I think.

[186] **Simon Thomas:** Okay. Eluned Morgan, please.

[187] **Eluned Morgan:** Thanks. First of all, can I say how proud I am that it's an Ely girl who is the Future Generations Commissioner for Wales? Good on you. Excellent. Just to check, I think, from what you've said, it's fair to say that not all costs that could have been anticipated were anticipated in the RIA. So, that's come across very clearly. But let's come back to this issue of the cultural shift that you were talking about. One of the difficulties with this is how you quantify that cultural shift. Can you talk a little bit about that, and expand on how on earth we go about quantifying that cultural shift?

[188] **Ms Howe:** I don't—I have to be brutally honest—have the answer to how we actually go about quantifying that. I think, early on in the process, the Government commissioned PwC to do exactly that piece of work—how do we quantify the cost of cultural change—and they couldn't actually come up with the answer to that either. So, this is—you know, it is very, very challenging. I think what then happened is we couldn't put a figure—it's going to cost £10 million, £20 million, £40 million or whatever—on it, so we didn't focus on it at all and we reverted to the mechanistic processes. So, I do think that there's probably more work to be done. That said, I think, in the second phase of the RIA, based on what the auditor general had said in his letter to the Finance Committee, the Government, I think, did go back to a number of the public bodies and say, 'Can you give us more information about what this is actually going to mean and how do we quantify that?' And even they weren't able to come back and say, 'Well, it's going to cost us this'. I mean, I think you could probably start by looking at a range of things like what sort of leadership programmes might be required, how do we do some of the what I would call hand-holding or live labs with the public sector in

terms of take an issue, apply the lens of the future generations Act, and actually getting in and doing that hand-holding with the public bodies. So, you could probably put some cost around those sorts of things, but it is very difficult to actually overall quantify the cost of cultural change.

11:15

[189] **Mr Palmer:** There's quite a lot of stuff out there that gives us insight into the kinds of things that would need to be done for this. For instance, the WLGA produced a report, 'Generation 2050', which was produced as a resource for local authorities to try and help them get to grips with what taking more account of the long term meant. That report sets out five core activities: building leadership and culture for the long term, developing internal capabilities and better skills and competencies in terms of working in a more connected way, and the whole range of stuff around working better with citizens and engaging with citizens better, understanding the long-term financial impacts—that's a whole area in itself, and there have been a number of reports in recent years on, particularly, local authority medium-term financial planning and efficiencies in that area, and also, to be fair, more recent reports that have noted that things have started to improve. But, again, that is still only relatively short term. So, there's a lot of work that needs to be done there. And then the whole area of managing risk for the long term, rather than just for the near term. So, there's a range of stuff out there that can help provide us insight in the kinds of things we need to tackle. I think the next thing then is to try and get a handle on, 'Okay, so what kind of investment does that require upfront to save?' Professor Williams referred to this whole area in his report in 2007 and noted that very point, that, in the short term, integration and collaboration costs, if done properly, will save in the longer term.

[190] **Eluned Morgan:** And presumably the extent to which that has been integrated into public bodies varies from one to another. So, you're monitoring that, are you?

[191] **Ms Howe:** Yes, we've just done a big piece of work with the public services boards on the first part of the process that they've gone through, which is undertaking well-being assessments, really, to look at some of the particular areas where we need to intervene, where they need to do better integration across all of the different pillars of well-being. So, recognising the connections between social, economic, environmental and cultural well-being is an area where a number of them need to improve on. Planning for

the long term, scenario building, identifying future trends and so on, is another area. Having some sort of grown-up debates around the tensions and trade-offs between particular goals and so on is another area. So, those are the areas that we're focusing on, going forward, in terms of our learning and support for public bodies.

[192] **Mr Palmer:** And I think an important point to make there is that, just over 12 months in, with this legislation, the commissioner's made a really important kind of strategic decision to focus in this early stage on trying to promote a shared learning approach to this. There's a lot of evidence out there that shows that some sort of hard-edged regulation audit, et cetera, particularly if you're talking about trying to drive behaviour change, doesn't work, frankly. And we've seen, whether it's the financial crash in the city or the awful tragedy at Mid Staffs hospital—you know, there are really dire consequences from getting this wrong in terms of your approach to audit and assessment. So, in the early stage, a lot of our work is focused on, 'Okay, how do we work with the public bodies and help promote a shared learning approach?' on the basis that, at some point, if that carrot doesn't work, well, okay, the stick will need to be looked at.

[193] **Eluned Morgan:** Can I just go back to when your office was set up and the estimates for how much that was going to cost? A lot of that was based on previous roles. Why was that incorrect in your written assessment? You suggest that that shouldn't have been the template.

[194] **Ms Howe:** Yes. So, it was based on the set of costs of the older people's commissioner, and the older people's commissioner, I would say, has a much narrower focus to her role. If you look at the scope of the well-being of future generations Act, it's pretty much all policy areas—everything that's affecting anyone, the whole population now and everyone who isn't born yet. So, the scope of the Act is absolutely huge. So, we can be asked about anything from school closures to the impact of Wi-Fi on development of young children—the scope is absolutely enormous. There's also the requirements in terms of—so, it's providing advice and support to 44 public bodies, it's also monitoring and assessing 44 public bodies, and if you look at the objectives that have been set by each of those public bodies—. I haven't got the number to hand, but even working on the basis of all 44 of them setting five well-being objectives, and some of them have set up to 15, but on the basis that they just set five well-being objectives, that's 220 well-being objectives that my office would be required to monitor and assess with a budget of £1.4 million. So, that is quite challenging. So, I guess what I'm

saying is, I think it was based on the assumption of a commissioner, but actually the roles are quite different and the breadth and scope of the legislation is quite different as well.

[195] **Eluned Morgan:** Just finally, if you can give me an idea—the older people’s commissioner; how many staff would she have, and how many staff do you have?

[196] **Ms Howe:** She’s got a very similar budget to me. I’m not sure exactly how many staff she has, but I think it’s in the region of about 20–odd staff, but, obviously, that includes your back-office functions. What we have tried to do, because I’m not coming to you to say, ‘I’m wanting you to make a recommendation of more resources’, because I know there aren’t more resources out there, is that we’re trying to cut our cloth accordingly. What we have tried to do in the early set-up is find ways of sharing functions. So, I share HR and finance with the children’s commissioner, I share office accommodation with the Welsh Language Commissioner, the ombudsman does my payroll, and, broader than that, we’ve got policy officer type roles where we’re collaborating, and some planned pieces of work where we’re hoping to draw in quite significant resources to help us with the work from other bodies. So, we’re trying to take an innovative approach, but we have to cut cloth accordingly, and that’s quite challenging with the requirements of the legislation.

[197] **Simon Thomas:** You could argue that, if the future generations Act works properly, you don’t need any of the other commissioners.

[198] **Ms Howe:** I’m sure the other commissioners would have a view on that. I think there’s scope for the future generations Act to provide an overarching framework for a number of areas, and one of the obvious and more immediate things that I think we could look at is around impact assessments, for example. So, I think at the moment there are around about 26 impact assessments that Welsh Government officials have to apply when they’re considering various policy or legislative interventions, and I would argue that the future generations Act provides an overarching framework—in fact, the Public Policy Institute for Wales made the same points—and I think that there is scope for the future generations Act to simplify a number of those things.

[199] **Simon Thomas:** Okay. I think we’ll move on because Neil Hamilton has questions in a similar vein, I think.

[200] **Neil Hamilton:** Yes, about potential financial savings that can accrue through an imaginative use of the Act. The auditor general's representative gave evidence to us earlier in the year and he said that there's not really much point in trying to quantify in financial terms these potential benefits and it's perhaps not even cost-effective to begin that exercise, so we're groping in the dark, really, but it would be useful to get some kind of idea of where the greatest scope might be for making financial savings, which could then, of course, free up resources to be spent on dealing with other pressing needs. There's never any shortage of those that the Welsh Government has to confront, and so I wonder whether you could identify for us where you think the greatest scope exists for translating the benefits generally of the Act into significant financial savings. Obviously, prevention is better than cure, and planning ahead means you can often achieve cost savings by anticipating events, and especially where demographic trends are concerned it's relatively easy to predict what's going to happen. So, perhaps you could give us an overview of any work that you've done on this.

[201] **Ms Howe:** Well, I would agree with what the auditor general said in terms of it being challenging to quantify, and I would also say that the Act actually tries to make a shift away from focusing purely on value in the terms of finance, but actually looking at value in its broadest sense, and so, back to the Act, value determined in terms of the social, economic, environmental and cultural well-being of Wales. So, we should not just be looking at value purely in terms of the potential financial savings that could be made, although I think there is certainly potential to do that.

[202] We also need to be looking, for example, in terms of our carbon emissions, balancing financial savings versus carbon savings. So, as an example, one of the health boards that I recently met with had just procured a number of new vehicles for their fleet. They could have procured electric vehicles. It would have cost them more in the short term. They didn't, because they said they didn't have the budget to do that. That's going to cost them more in terms of carbon and, actually, probably, it's going to cost them more in terms of hard cash, as well. So, I do think we need to just be careful about that kind of only seeking to draw out financial efficiencies and savings.

[203] That said, I do think that that there is scope for financial efficiencies and savings, and, giving an example on the same lines as carbon, some of the health boards actually have done quite a lot of work in terms of energy

efficiency models within their hospitals and their estates: LED lighting, biomass plants, for example. There's one example that some of you may have seen from the British Gas showcase in the Senedd yesterday. It's Hywel Dda health board, which has saved £751,000 a year and almost 48,000 tonnes of carbon. So, that's by applying the thinking around the Act, so you can draw out some of those financial savings—

[204] **Simon Thomas:** Just on that, and in using invest to save.

[205] **Ms Howe:** Yes. Those are exactly the sorts of principles—I think there are those things that are almost no-brainers, which we are questioning with public bodies. So, 'If you're not already doing it, why not?' I think there are some broader things—If you take, for example, the agenda around adverse childhood experiences, defined as growing up in a household where there's domestic abuse, substance misuse, mental health problems, parental separation or incarceration, what we know is that children who grow up with four or more of those ACEs, of which 14 per cent of the Welsh population do, they're 20 times more likely to end up in prison. So, you could quite easily map out the cost to the criminal justice system and others of that. They're seven more likely to have a teenage pregnancy. You could map out the cost of that. They're 15 times more likely to be using crack cocaine. You could map at the cost of that. What we are quite encouraged to see is that, in the early discussions we're having with a number of public services boards, they are focusing on that adverse childhood experience agenda and trying to shift towards a kind of preventative approach.

[206] There are lots of other models that I could talk about. Social prescribing, for example, where we're looking at how do we shift the health system from people arriving at GPs and being issued with a prescription for a treatment or medication to actually taking an integrated approach and using some of the resources that are already out there. So, some of the national parks, for example, are operating social prescribing models. I think that will not only have benefits in the short term for individuals, but, actually, when we're thinking about how we approach and plan our public services for an ageing population, for example, there's lots of scope there.

[207] So, can I tell you how much is being saved in the first year of the operation of the future generations Act? No, I can't put a figure on that, but I think if people do, or if public bodies do embed the principles of the Act, there is potential for a huge amount of money to be saved.

[208] **Neil Hamilton:** Yes, we appreciate it's impossible to quantify these things in any meaningful sense, but you can probably indicate whether there are substantial, worthwhile savings. You mentioned, in the case of Hywel Dda, saving £0.75 million on one particular item. That's quite important to them, considering they have an overspend of £88 million on their budget. So, it helps them to meet the Government's financial objectives, because they have to be provided with an extra £88 million. Obviously, that has to come from somebody else's budget, potentially. So, it is important, I think, to concentrate upon the financial benefits of this, although, clearly, you can't ignore and shouldn't ignore the other potential benefits that meet other policy objectives. But, to the extent that people respond more easily because it's more comprehensible to the bottom-line figures that they will benefit from, it probably makes your job ultimately easier to try to push people in these directions.

11:30

[209] **Ms Howe:** Yes. I think you're absolutely right. Some of the challenge is quantifying where a spend in one area might actually reap a benefit to another area. So, as an example, something from a previous role in Swansea—there was a help point, basically, around the night-time economy, so, trying to pick up people who were heavily intoxicated and avoid them going into accident and emergency. It was independently evaluated by Swansea University school of health economics to show a cost saving of, I think, in the region of £350,000 a year to the public services involved in that. At one point, on those evenings where that help point was in existence, there was not a single ambulance journey to Wind Street in Swansea, which, if you've ever been there on a student night, you'll know is quite a significant feat.

[210] However, that was funded by the police service. The benefits were actually to the health service. The health service was not able to say, 'That has now resulted in me being able to take an A&E consultant or an A&E nurse or whatever out of my A&E on a Wednesday night and a Saturday night, and, therefore, I cannot realise that immediate cost saving, and therefore I'm not going to invest in it. Now, that is something that the public services boards were designed to do—to have those really difficult discussions. I think the aspirations of the Act genuinely move towards what we've been talking about for a long time, which is one Welsh public service. If we can get to that point, and get beyond our individual siloed budgets, then we're going to be taking a far more whole-Wales, more effective and more efficient approach to

spending public money.

[211] **Simon Thomas:** You mentioned Swansea, so I'm afraid Mike Hedges wants to come in.

[212] **Mike Hedges:** And Wind Street in particular. No, I think that £350,000 is interesting, because I would argue—and you'll probably tell me I'm wrong—that what it actually did was reduce queues in A&E. It meant that people were seen in A&E for longer than they would have been because people in A&E were under less pressure, but it didn't actually reduce staffing in A&E. So, we've got a better service, but the monetary saving—it's a bit like people who keep on telling us that they're saving the NHS lots of money because they're doing preventative work. All it does is reduce queuing rather than saving money. So, would you accept that as a premise?

[213] **Ms Howe:** I think there's certainly a part of that. What it also did, however, is reduce violent crime in Wind Street. So, if you reduce violent crime, in the longer term—again, it's quite difficult to work out the calculations of how you quantify that, but attendance at A&E would come with a cost, albeit, you're absolutely right, it's not going to be that there are fewer A&E nurses or doctors or whatever, certainly in the short term. It reduces the amount of time that the police have got to spend attending that, and the associated criminal justice costs. Does that mean that a role or a number of roles are going to be taken out of that criminal justice service in the short term? No, probably not. So, this is some of the challenge of this kind of longer term preventative work, where finance leads and finance officials in particular need to be trying to plan for the long term. Because, demand isn't reducing; demand is increasing, so unless we take steps to try and stem and reduce that demand in the short term, whilst we may not be able to take physical cash or hard cash out of our budgets this year, or even next year, I think it's going to reduce the pressure in terms of where we're going to be in a number of years in the future.

[214] **Mr Palmer:** I was just going to provide another example, actually. What's interesting about this example is that it actually predates the WFG Act by some years—by almost 10, I think. But it is a very instructive example, I think. It's from north Wales and it's where some officers from the health board and a local authority leisure service came together in something called a health precinct to look at how the expertise of the local authority's leisure people could be brought together with the expertise of the people in the health board who were looking after people with long-term chronic

conditions and provide an integrated service to them. And the great thing about this particular activity is that it has got longevity, because so many of these things happen for a reasonably short space of time. It's been going on for 10 years now and has a number of successes to its name, including that approach of taking people off—in some cases, completely off—medication, and in lots of cases bringing about significant improvements to their quality of life, all of which helps with the effectiveness of the health service, even if it doesn't actually bring down the budget.

[215] What I think was instructive about that is that, without going into too much detail, the people who were involved in that actually did it despite the system rather than because of the system, and I think one of the challenges for the—. If we want to fulfil the potential of the WFG Act, we have to make sure that when there is another group of people like that, who are trying to change things for the better, the system has actually been forced to change, has been challenged to change through the Act, and helps them do that rather than standing in their way.

[216] **Simon Thomas:** Okay. We'll go down to more of the specifics potentially now with David Rees.

[217] **David Rees:** Thank you, Chair. So far, we've been talking about qualifying benefits rather than quantifying benefits, and it's very difficult to quantify some of the issues you raised. Clearly, there is in your submission evidence of where things have been quantified—your savings initially in the initial set-up costs and in your staffing, which you've highlighted in some of your innovative approaches, which I'm sure give those reasons. But is it therefore down to—? Are those savings purely down to all those innovative approaches, or is it down to the fact that you've also identified the timing factors—when you were able to employ staff and that you haven't been able to meet the full year? So, were the RIAs, which is what we're looking at, more accurate in the reality of a full year, and are those cost savings simply because you didn't meet the full year?

[218] **Ms Howe:** Yes. I don't think looking at the first year of operation gives an accurate reflection of what the ongoing costs of running an organisation are, because you can't physically recruit staff on day 1, have them in post and use the budget for them on day 1 of operation. I have also taken longer to recruit staff because I've tried to opt for this collaborative approach. So, had I just gone out to advert and said, 'These are 20 posts, apply and we'll go through the process', that could have been turned around a lot quicker

than negotiating with the other commissioners as to how we go about resourcing those posts and how that will work, and so on. It's taken a longer period of time. I've also not wanted to jump immediately in to recruiting particular staff until I can identify in the early phases what sorts of skills and expertise are going to be needed. If you look at the RIA, essentially, they were four policy posts—social, economic, environmental and cultural—and a couple of people working on the monitoring and assessing. What we've identified is that, actually, support around how in practical terms public bodies go about applying the principles of the well-being of future generations Act is more important than someone who has a really in-depth knowledge of a particular topic or subject. And with all the will in the world, because the Act covers everything, there's no way that I could employ people who have that sort of expertise across the board in any case.

[219] One of the things that we are—. And if I'm honest, I've been reasonably cheeky, if you look at it that way or savvy if you look at it another way, in going to other public bodies and other organisations who have an interest in achieving the aspirations of the Act, and asking them for help and resource. That has resulted in—. So, I have an officer on secondment from the fire service. It's in their interest to embed the Act. They're a really good example of how you make that shift to prevention, so the insight that that senior fire officer is bringing in terms of helping other public bodies understand is incredibly useful from our perspective, and also useful to the fire service in terms of their agenda.

[220] Similarly, I've had someone from the police service. I've got secondees from the Government itself, and the idea behind that whole approach is, one, we bring in insight and expertise and knowledge, not just from the person who arrives on secondment, but actually the ability to draw in some of the broader resources and knowledge from their organisations. Also, those people go back to their organisations after the period of secondment with a really good understanding and knowledge of the Act, and they're then able to embed that further. So, that's the model that we're pursuing.

[221] We're about to start a big piece of work looking at providing some guidance on what 'good' looks like in respect of each of the well-being goals, and the model there is a similar model. I've gone out to advert with a proposition, which is, 'Work with me if you have expertise in X, Y or Z goal and I will fund half a post to do that', and I'm looking for offers from organisations to fund the other half. As I said, you might think that that's a bit cheeky, but actually, I've had quite a number of—. I think we're on about

15 expressions of interest now, from a range of different organisations who are wanting to partner with us in that way. So, I'm essentially trying to cut my cloth accordingly, and plan in the best approach for doing that over the long term, recognising the scale of the challenge and innovative ways of trying to meet it.

[222] **David Rees:** Wasn't that form of approach, to look at how, as you say, you cut your cloth—? Do you think the RIA was way off the mark in one sense, because you've already said that your breadth of responsibilities is much wider than that of the other commissioners in one sense?

[223] **Ms Howe:** I think it was way off the mark. If you look purely at the duties to monitor and assess against the well-being objectives, which as I said, if it was just based on each public body having five, that's 220 well-being objectives to monitor and assess progress against. If you look at the duties on the auditor general, which are slightly different, looking at the sustainable development principles, but still the duty is to examine, which is more or less the same as monitor and assess, he's got a resource of about 180 staff to do that, and I've got a resource of 20.

[224] **David Rees:** And in the sense that you're back-office sharing and that approach to share staff, are there any other innovative approaches, do you think, to look at some of the basic costs you're going to try and cut down? Your administrative costs are low at the moment, but will they stay low?

[225] **Ms Howe:** We've been through, in quite a lot of detail, the RIA and the administrative costs in there. Some of them we can't quite understand the basis upon which they came out. For example, I have no idea why the insurance costs, which were based on Qualifications Wales, I think, were as high as they were. In terms of the actual set-up, so the original sourcing of office accommodation and so on, what we sought to do there was to apply the principles of the Act, hence why we're sharing with the Welsh Language Commissioner, hence why when there was an original budget allocated by the Welsh Government for fit-out costs, I think we got to almost half of that, because I said, 'We're going to apply the principles of the Act, we're not going to have any new furniture, we're going to use recycled furniture.' I used a recycled video-conferencing facility from the children's commissioner, which I got free of charge. That enables us to do agile working, which is therefore, in the longer term, going to reduce our travel and subsistence costs and so on. I'm not saying that we are perfect, but there are things that you can do in that early phase of set-up that will apply

the principles of the Act and will make some financial savings.

[226] **David Rees:** And with all that, do you still think you're going to be able to work within your budget? It seems that you have a very high demand upon you, and as you identify yourself, it's going to be challenging.

[227] **Ms Howe:** Well, there's not a choice, is there? I have to work within my budget. What I'm trying to do is to seek all ways of maximising the amount of impact that we can have within that budget. But I think, going back to your point of looking at the RIA and whether it was realistic in terms of the scale of the task and the challenge, no, I don't think it was, but we've got to cut our cloth accordingly.

[228] **Simon Thomas:** Okay. Steffan Lewis.

[229] **Steffan Lewis:** Thank you, Chair. In your written evidence, you've spoken about the differences between the 44 public bodies and how they are resourcing and approaching the provisions of their Act. I wonder if you could elaborate further on the differences, and what impact you think the wild differences between them are going to have in terms of resource, and whether you think that the scope and scale of the difference is down to fundamental flaws in the Act itself.

[230] **Ms Howe:** I think a large amount of the differences in the approach come down to the leadership within each of those public bodies. And there are still some public bodies who see this as—. You can almost hear the collective sigh of exasperation when another piece of legislation lands on them, which presents another set of requirements, and their response is, 'Just do the process, write the plan; we're not interested in what is actually trying to be achieved, we'll just go through the motions.'

11:45

[231] There are still a number of public bodies that are in that territory. There are those that would like to do things differently, but there are other constraints that perhaps prevent them from doing that, and I gave the example earlier of some of the health boards, a number of which are genuinely trying to make the shift towards a better focus on prevention and more integration, but their IMTPs—

[232] **Steffan Lewis:** [*Inaudible.*] Is that because the fiscal constraints placed

on them since the financial crisis meant that health boards, in particular, of course, had to adopt new and innovative methods that were completely unrelated to the passing of this Act?

[233] **Ms Howe:** I think it's provided a renewed focus. The terminology that I hear a lot from various levels within health boards and other parts of the public sector is, 'The Act has given me permission to challenge the way that we've generally gone about doing business.' Just to give one example of that: Public Health Wales have recently merged seven of their offices into one. Their estates manager there used the Act to challenge in terms of the process on procurement, and they gave a grant to a company that recycles all of the furniture. They took all of the furniture from seven offices, went to this company that recycles furniture and, in doing that, they employed people who had been long-term unemployed and had learning disabilities. The rationale that she used, in giving a grant to that organisation rather than going out to procurement more broadly, is that that approach aligns with the principles of the Act. She says that the Act gave her permission to challenge back in terms of the procurement team, and so on, within Public Health Wales.

[234] That's just one small example. I'm sure that there was innovation—of course, there was innovation going on before the legislation—but the legislation, I think, puts a different frame around innovation and requires this broader thinking, not just about innovation to solve a particular problem in a particular silo, but about how we can maximise the benefit, not just to save the health board on this particular issue, but how we can maximise the benefit across social, economic, environmental and cultural well-being. There are some really interesting things that are coming from that.

[235] **Steffan Lewis:** Can you provide further detail on the resourcing of the PSBs in relation to, going back to the RIA, how that related to the original, specifically on how they were going to be resourced?

[236] **Ms Howe:** So, the PSB resourcing, I know, is something that has been vexing the individual PSBs. This is really, I suppose, a bit back to the mechanistic and process requirements of the legislation, but, nevertheless, they've got to be done, so they are important. So, there are some challenges around how the support infrastructure for the PSBs is being resourced. There have been lots of discussions around the PSB table, asking for contributions from each of the members around that table to resource that central team. I think that requiring that central team to be co-ordinated by the local

authority is possibly not the right approach to take, because I think that some of the PSB members are reporting back that PSBs are being run akin to a local government committee, for example, and then are not necessarily maximising the opportunities in terms of the breadth of the partners around the table and the impact that they can make. So, there are some challenges of the resourcing there.

[237] The well-being assessments, PSBs have found particularly challenging. There are lots of reports from people of no additional resources being made available for that or very limited resources through a specific Welsh Government grant, which was given on a regional basis. There is not much guidance in terms of the resourcing and how that is linked with the requirements to do a similar piece of work around the Social Services and Well-being (Wales) Act 2016—one on a regional basis and one on a local authority area basis. There are some challenges there in terms of how they brought that together. There are lots of reports of people having to do all of this work on top of their day job. So, I think, even though we don't want to focus on the mechanistic and processy things, within the legislation, I don't think the RIA even necessarily adequately reflected what the cost of that was going to be.

[238] **Mr Palmer:** I think this does relate back to our earlier point about this cultural shift and the need to—. If you want to bring about real, deep-seated change, you need to take an invest-to-save approach. And I think the PSBs are a good example. I think, you know, there's a degree to which you could say the RIA assumed that, because reporting already happens, because planning already happens, because there are LSBs in place, et cetera et cetera, then we're talking about basically marginal costs here in terms of doing things in a slightly different way. Whereas both the legislation and the core guidance from the Government itself are very clear that a step change is required—the policy intent of this legislation was to deliver a step change, and the whole sort of community planning area was an area where that step change was definitely intended. For instance, the requirement to move from a deficit planning approach, just focusing on the needs of an area, to capturing not just the needs but also the assets and the strengths of an area and how those could be brought together to contribute to responding to the challenges is a very, very different approach to what had been going on previously, and requiring a fundamental shift. The RIA doesn't pick up on that side of things at all.

[239] **Simon Thomas:** Okay. Thank you. Mike Hedges.

[240] **Mike Hedges:** Can I just follow on from Nick Ramsay's question? One of the things that we often see when people produce budgets is fixed costs—they've got water, rates, rent, electricity and gas, and they're unchangeable. Surely one of the successes of the future generations Act would be to get people to readdress that and see how they can reduce each and every one of those, rather than just copy the numbers over.

[241] **Ms Howe:** I think you're absolutely right, and I think that, you know, in terms of the relatively small-scale set-up of my office, that's exactly what we've tried to do. We've challenged the assumptions that have been built in on your kind of standard budget lines, which were taken in this case from Qualifications Wales, and tried to do things differently and reduce costs.

[242] **Mr Palmer:** I think this is a really good example of where there is a great deal we can learn from the private sector here. You know, some of the best private sector companies and corporations have focused very hard on those very areas, and some of the big manufacturers, for instance, would not have got to a zero-waste position if they just kept repeating the same budget line year after year.

[243] **Mike Hedges:** I'm sure that at least one health board in Wales is actually paying rates on an empty building. But moving on to this, we took suggestions from PPIW that the Act could form an integrated framework for impact assessments. You agree with that. Could you outline why integration is important and how the Act can help to deliver this integration, which is perhaps the more important part?

[244] **Ms Howe:** I think integration is important, because no—you know, people don't exist in boxes. One of the interesting things, for example, that we've seen from the well-being assessments is that not all of the public bodies, for example, or the PSBs, are making the connection between—you know, they have a section on, 'These are the current stats and potential projections of health conditions in the area', but they're not actually matching that back to, 'So how does that link to the air quality in the area; how does that link to—?' So, most of them include figures, for example, on childhood obesity in particular, and it doesn't link back to their local development plans, how they're thinking about licensing of fast-food outlets and all of those sorts of things. So, that integrated thinking, recognising that no one problem, or asset, or issue exists in isolation really has to be the key to tackling some of those long-term challenges that we face.

[245] Coming back to the point on the impact assessments, I think there are two issues there. One: I would argue that it's got to be fairly impossible to do well 26 impact assessments on any given policy area, and that just takes you into a kind of tick-box compliance kind of exercise. Two: the well-being of future generations Act, because it is all-encompassing, does provide a framework for simplifying that and having an overarching impact assessment. I absolutely recognise that those organisations that relate to particular impact assessments—I mean, I'm sure the children's commissioner would have a view on making sure that children's impact assessments were still done. However, I think that the future generations Act does provide that overarching framework for simplification and that we shouldn't really be kidding ourselves that, just by having 26 impact assessments, actually the job's being done properly.

[246] **Mike Hedges:** I remember, in local government, we had over 200 key performance indicators. I'm sure we could have over 200 things with the word 'key' in front of it. [*Laughter.*] Can you expand on your comments in the evidence that you want to look at Standing Order 26.6 and that it should be aligned with the Act? What exactly would you actually want us to suggest to do?

[247] **Ms Howe:** Standing Order 26, as I understand it at the moment, requires the Government to include in their explanatory memorandum benefits and disbenefits that are social and environmental. The Act requires us to consider the social, economic, environmental and cultural well-being of Wales. So, there's a simple alignment point that I think needs to be picked up there.

[248] There's also, I think—unless the Standing Orders have been changed, as Simon said, throughout this process, and we might be looking at the wrong ones—I think Standing Order 27 actually refers to the previous sustainable development scheme, which has been completely superseded by the well-being of future generations Act. So, there's probably some tidying up that needs to be done there.

[249] **Mr Palmer:** I think there is an important point about efficiency and effectiveness here. If, collectively, we are going to have processes and procedures in place, we need to try and make sure that they are actually helping us improve legislation and not adding cost for no value.

[250] **Simon Thomas:** I was just looking at the Standing Orders. There has been some amendment. I think you've taken into account the latest amendment, which is to include the social and environmental. We've amended the previous ones, which were just looking at the financial. So, now, it does take into account social and environmental. I take your point on board that that's not fully aligned with the current future generations Act, but, of course, that's the minimum requirement. It doesn't stop people meeting the requirements of the Act. It's just a minimum requirement to pass our Standing Orders. I'll just put that on the record. We'll move on to Nick Ramsay, please.

[251] **Nick Ramsay:** Thanks. You've touched on some of this, but your written evidence states that the explanatory memoranda do not take appropriate account of the sustainable development principles. Can you expand on this and why it's so important that the RIAs are taken into account?

[252] **Ms Howe:** I think this goes back to the opening point that we made in terms of the extent to which each of those five sustainable development principles have been considered. So, the most fundamental one for me is around the long term and what it's going to take to actually implement this legislation, which isn't just the production—you know, it being passed in the Assembly. So, the regulatory impact assessment needs to look at the long-term cost of meeting the aspirations of a piece of legislation, rather than the short-term mechanistic costs of implementing a process.

[253] I think the other key element that is missing there is the integration point that I mentioned earlier, which is around how does this legislation impact. Is it either supported by or contradicted by other pieces of legislation and policy? If, for example—again, back to the points on the NHS planning framework—it wasn't built in anywhere into the RIA, as far as I could see it. If we're going to meet the aspirations of the future generations Act in the long term, perhaps we need to do a review of the whole planning framework for the NHS and what the cost of that would be.

[254] **Nick Ramsay:** Gosh. Do the national indicators and reporting mechanisms included present effective tools for post-implementation review?

[255] **Ms Howe:** Do you mean the national indicators in the legislation?

[256] **Nick Ramsay:** Yes, the national indicators.

[257] **Ms Howe:** They present a reasonable start, I think. Some of them were developed on the basis of what information is collected and is available. In my submission just on taking up post at the point that those indicators were being developed and agreed, there are a number of points that I made about them. I proposed some additional indicators, some, in particular, around pregnancy and maternity, because we know that there's a huge amount of evidence in terms of the long-term impact around the health of pregnant women, and some broader points around the fact that none of those indicators actually take into account children under the age of 16, which is a bit of a fundamental flaw—

12:00

[258] **Nick Ramsay:** Why is that?

[259] **Ms Howe:** Basically, because a large number of them are based on the national survey data, and the national survey doesn't survey people under the age of 16, and that's a bit of a flaw.

[260] **Nick Ramsay:** They are the future generations, aren't they?

[261] **Ms Howe:** My point exactly. The Government have committed to look at that, but I haven't seen what's coming back out from that as yet. The other issues were around the national indicators—the need to break them down, particularly, for example, in terms of protected equality groups and characteristics, because you could be making really good progress in some areas for some people, but there could be, within them, particular groups of people who are disadvantaged. Again, the Government's said that they would take those on board. What we're missing at the moment—the Government are required to set milestones in relation to those indicators, and that's yet to be done, and I think that that will actually be quite an important thing for them to do. It's something that I've raised with the Cabinet Secretary recently.

[262] **Mr Palmer:** I was just going to say, in terms of the indicators, it's quite important, of course, that the indicators are about tracking the progress of Wales as a whole. So, in terms of review, it's going to be very important for public bodies to come up with meaningful ways of assessing their own progress and how they are maximising their contribution to those overall

goals, which are tracked by the national indicators.

[263] **Nick Ramsay:** But the indicators themselves are covering a Wales level, so they're not the be-all and end-all.

[264] **Mr Palmer:** They are a means of tracking the progress of Wales, not specifically—

[265] **Simon Thomas:** Not of the 44 public bodies.

[266] **Mr Palmer:** Not the 44 public bodies, no.

[267] **Ms Howe:** No, and it's really important that they're not seen as that. We had some early dialogue with a number of the public bodies who were starting to do things like form their plans around the 46 indicators, and that's entirely the wrong approach, because the indicators are population-level indicators of progress, not something that are performance indicators for public bodies, because the public bodies will need to be considering far more than just the 46 things that those—

[268] **Nick Ramsay:** So, are we getting a bit hung up on the indicators, or is that just because we don't really have that much else to—?

[269] **Ms Howe:** I think it's shifted. I think the original—. People see a set of indicators and they suddenly go, 'Brilliant, those are the things I now need to do', and I think we've done a reasonable job of communicating that those are not the things that they need to do, and so we're seeing a shift away from people getting hung up on them. Does that mean there are not still some people in the depths of a department somewhere who are not trying to align them? I couldn't tell you. But I think, broadly, they've shifted from that position.

[270] **Nick Ramsay:** In terms of our role as the Finance Committee, is the process to review the cost of legislation in line with the principles of the Act?

[271] **Ms Howe:** I think we've highlighted some of the areas where we think that that could be improved, particularly in terms of recognising the costs of—

[272] **Nick Ramsay:** Because as you said, it's not just the initial cost, is it, the set-up—you're looking, you said, 10 years down the line, minimum.

[273] **Ms Howe:** Well, the revised RIA looked at a move from a five-year period to a 10-year period. Actually, the Act requires us to look at a generation, so about 25 years. So, I think we need to be seeing a shift in terms of that long term, but the key thing, I think, is looking at this point about not just looking at the mechanistic cost of implementing an Act, but actually looking at the broader cost of meeting the aspirations of what any piece of legislation is trying to achieve.

[274] **Nick Ramsay:** I think teenage pregnancies was one example you used, wasn't it? So, if there's legislation that over that 25-year period was to reduce costs in that area, then actually that should really be factored in. But it's very difficult to anticipate, isn't it?

[275] **Mr Palmer:** It is very challenging, but large corporations regularly plan on that kind of horizon, and if they don't, their investors ask questions. So, there are lessons to be learnt out there. No-one's saying it's easy, but we need to start challenging the assumption that we can't do this stuff, and start looking at where we can learn lessons and figure out how to do it.

[276] In terms of the RIA, I think, again, there's an effectiveness issue in this area inasmuch as how does an RIA help ensure that not only is the legislation better, but also that the implementation is more effective? One thing that I think it would be useful to explore is: is it helpful that the RIA, generally—? There's no reason why it has to, but it does tend to be undertaken as an event just prior to when the Assembly wants to see it. Is that the most useful way of doing it, or should, actually, the RIA start more or less at the same time as the development of the legislation starts? Because, particularly if we're thinking about the do-nothing option, once people have invested a lot of skin in the game—. I think the WFG Act is a good example: by the time the RIA was done, there had been about three or four years development of that that had gone on. So, there's an argument to say, should the RIA kick off at the same time, challenge at that point—is there a real do-nothing option here—a meaningful do-nothing option—on the basis that no law is better than bad law? And then carry on, then; the RIA should actually be an ongoing process, rather than an event, that carries on challenging all the way along. And what's presented to the Assembly is a summation of that rather than just a one-off report.

[277] **Simon Thomas:** I think, with that useful suggestion, which can inform the rest of our inquiry, we will bring this session to an end.

[278] Diolch yn fawr iawn i chi. Fe fydd yna drawsgrifiad ar gyfer cywirdeb, wrth gwrs. Diolch yn fawr iawn. Thank you very much. There will be a transcript made available to check for accuracy, of course. Thank you very much.

[279] Thank you.

[280] Ac a gaf i jest atgoffa aelodau'r pwyllgor ein bod ni'n cyfarfod wythnos nesaf yng ngogledd Cymru? And if I may just remind the committee members that we will meet next week in north Wales.

[281] We are visiting north Wales next week. Okay. Diolch. We're going by train, by the way.

*Daeth rhan gyhoeddus y cyfarfod i ben am 12:07.
The public part of the meeting ended at 12:07.*