

Cynulliad Cenedlaethol Cymru
Y Pwyllgor Llywodraeth Leol a Gwasanaethau Cyhoeddus

The National Assembly for Wales
The Local Government and Public Services Committee

Dydd Iau, 21 Medi 2006
Thursday, 21 September 2006

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included.

Aelodau Cynulliad yn bresennol: Ann Jones (Cadeirydd), Sue Essex (y Gweinidog Cyllid), Michael German, David Lloyd, David Melding, Catherine Thomas, Gwenda Thomas.

Swyddogion yn bresennol: Mike Chown, Is-adran Cyllid Llywodraeth Leol; David Fletcher, Is-adran Cyllid Llywodraeth Leol; Paul Harrison, Is-adran Cyllid Llywodraeth Leol; Peter Jones, Cwnsler Gwasanaeth Seneddol y Cynulliad; Steve Pomeroy, Uned Strategaeth a Pherfformiad Llywodraeth Leol; Hugh Rawlings, Cyfarwyddwr y Grwp Llywodraeth Leol, Gwasanaethau Cyhoeddus a Diwylliant; Martin Stevenson, Trafnidiaeth a Seilwaith, yr Adran Menter, Arloesi a Rhwydweithiau; Michael Trickey, Pennaeth Uned Creu'r Cysylltiadau.

Eraill yn bresennol: Syr Jeremy Beecham, Cadeirydd yr Adolygiad o Ddarparu Gwasanaethau Lleol yng Nghymru; Lisa James, Ysgrifenyddiaeth Ymchwiliad Beecham; Adam Peat, Ombwdsmon Gwasanaethau Cyhoeddus Cymru.

Gwasanaeth Pwyllgor: Lara Date, Clerc; Catherine Lewis, Dirprwy Glerc.

Assembly Members in attendance: Ann Jones (Chair), Sue Essex (the Finance Minister), Michael German, David Lloyd, David Melding, Catherine Thomas, Gwenda Thomas.

Officials in attendance: Mike Chown, Local Government Finance; David Fletcher, Local Government Finance Division; Paul Harrison, Local Government Finance Division; Peter Jones, Counsel to the Assembly Parliamentary Service; Steve Pomeroy, Local Government Strategy and Performance Unit; Hugh Rawlings, Director, Local Government, Public Services and Culture Group; Martin Stevenson, Transport and Infrastructure, Department for Enterprise, Innovation and Networks; Michael Trickey, Head of Making the Connections Unit.

Others in attendance: Sir Jeremy Beecham, Chair of the Review of Local Service Delivery in Wales; Lisa James, Beecham Review Secretariat; Adam Peat, Public Services Ombudsman for Wales.

Committee Service: Lara Date, Clerk; Catherine Lewis, Deputy Clerk.

Dechreuodd y cyfarfod am 9.16 a.m.

The meeting began at 9.16 a.m.

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

[1] **Ann Jones:** Good morning. Welcome to the first meeting of the Local Government and Public Services Committee after the summer recess. I welcome Members and those in the public gallery. I remind Members and officials at the table that mobile phones, BlackBerrys and other electronic equipment must be switched off, as they can affect the recording. As usual, staff from the Record of Proceedings are with us, so I remind you that there will be a verbatim record of everything that we say—that is as much for my benefit as for everybody else's.

[2] I have not received any apologies. I welcome Celia Blacklock, who is the second clerk to the House of Commons Select Committee on Science and Technology. Celia is shadowing Lara, our clerk, for a couple of days. You are most welcome, Celia, and we hope that you enjoy this morning's committee meeting.

[3] Do any Members wish to make a declaration of interest other than those that they have already declared? No? Good.

9.18 a.m.

Adroddiad y Gweinidog Minister's Report

[4] **Ann Jones:** I call on the Minister to introduce her report.

[5] **The Finance Minister (Sue Essex):** There is very little that I need to add, Chair, except, perhaps, to emphasise that, with the help of Christine Chapman, the deputy—who is, unfortunately, not on this committee—we have managed, over the summer, to meet every local authority but one; I have a date in the diary for that meeting. I have done this every summer since I have had this job, and very useful it is too. Mainly, I have been talking about ‘Making the Connections’, but there have been other areas, obviously, that anybody could bring up. We will discuss Beecham later, but we are getting a very positive response on the ground right across the piece; I am pleased about that. It is not without its difficulties, as we know, and we will discuss some of the points around that. I thank Chris for supporting me on that.

[6] Also, we have now appointed Martin Sykes to head up Value Wales. I met him this week. He comes from the Office of Government Commerce—I get my C’s and G’s mixed up—and he is a good acquisition for us, as he has a huge background in procurement in the construction industry. I am very pleased that we will have him on board. That is all that I have to add.

[7] **Ann Jones:** Turning to the issues that the Minister covered in her report, shall we take items 4 to 7?

9.20 a.m.

[8] **Gwenda Thomas:** It is good to see item 4 on the accommodation needs of Gypsies and Travellers. Will you still consider the review conducted by the Committee on Equality of Opportunity into the needs of Gypsies and Travellers, and also the review into services for vulnerable children that I chaired, which has a section relating to the children of Travellers?

[9] I also welcome point 7, on community and town councils. The last sentence reads ‘The training strategy is aimed at community council members’.

[10] Should that also include town council members?

[11] **Sue Essex:** Thanks, Gwenda. Yes, we should put ‘and town council members’; we probably get into the habit of shorthand of community councils. Wherever we say ‘community’, we need to be sure to say that it also includes town councillors.

[12] On Gypsies and Travellers, we are in the position, with Pat Niner’s report and the Committee on Equality of Opportunity’s report, to have all the information to start making a difference. It was this committee and my portfolio that looked in particular at the accommodation side, so that is why that is there, but it is Jane Hutt who is leading on this, as the Minister responsible for equal opportunities. She will present that. People will, quite rightly, be looking to us to implement the recommendations from Pat Niner’s study and our response to it, and to act on the review across the Cabinet, where individual Ministers have taken responsibility. That is being co-ordinated by Jane, and I have looked carefully at the accommodation side. We will also get responses back from the conference seminar on Monday—I do not know if you are going to that, Gwenda—but I would be happy to report at the next committee if you need to know what came out of that seminar.

[13] **David Lloyd:** O ran paragraff 6, ‘Creu’r Cysylltiadau’, a fyddai modd ehangu’r wybodaeth am gyswllt cwsmeriaid gwasanaethau cyhoeddus a rhif 101? Gwn fod hyn wedi dod yn fyw yng Nghaerdydd yn weddol ddiweddar. Mae’r cyhoedd yn gallu ffonio rhif 101 ynghylch pethau nad ydynt yn wir argyfwng er mwyn ceisio arbed y gwasanaeth 999—pethau fel ymddygiad gwrthgymdeithasol, fandaliaeth, cymdogion swnnlyd a cheir wedi eu gadael, ac ati. Yr wyf yn cymryd mai gwasanaeth wedi ei gydlynu gan y cyngor sir yw hwn. Mae’n amlwg o’r wybodaeth ger ein bron y bydd y gwasanaeth yn cael ei gyflwyno dros Gymru gyfan yn y pen draw. Felly, a all y Gweinidog ehangu ar y ddarpariaeth hon, yn ychwanegol at yr hyn sydd ym mharagraff 6?

David Lloyd: In terms of paragraph 6, ‘Making the Connections’, would it be possible to expand on the public services customer relations and the 101 number? I am aware that this went live in Cardiff fairly recently. The public can call the 101 number in cases where there is no real emergency, in order to free up the 999 service—things like anti-social behaviour, vandalism, noisy neighbours and abandoned cars, and so on. I assume that this service is co-ordinated by the county council. It is clear from the information before us that this service will, ultimately, be rolled out across Wales. Therefore, can the Minister expand on this provision, in addition to the information provided in paragraph 6?

[14] **Sue Essex:** Michael is here as well, so he may wish to add something. One thing that has become clear to me—speaking as the Assembly Member for Cardiff North—is that the 101 service is very useful, as you say, for those types of really annoying issues that are maybe not emergency issues or threatening in any way. As a service, it has been quite good at dealing with those issues and picking up a pattern of behaviour; that is the added benefit of using calling data, so you can see where the hotspots are and where you go through. We must pay more attention to the distinction between a 999 call and a 101 call, and, in Cardiff’s case, when it is a C2C call, which is a helpline call to the council. There is definitely confusion in some people’s minds about where that distinction comes. If you are an older person you may interpret some behaviour that you see as being threatening whereas a younger person may not interpret it in that way. That is my feeling at the moment. I am sure that Michael will add a bit more. It is a core service, because it relieves burdens. Clearly, we do not want people to use 999 in the wrong cases. There is a lot of that going on at the moment, with the emergency phone line being overused when it is not for an emergency issue. This is my personal view. There needs to be complete clarity in users’ minds about which service they want, because you waste emergency time if somebody has to tell you to phone 101. I was talking through a case with the police on Tuesday night, where somebody went through to 101; in that case it would have been best for them to phone 999, because there was a potential threat to them. Those are my initial thoughts. Michael will probably want to add a bit more.

[15] **Mr Trickey:** Perhaps we should get a briefing note round to you if you would be interested in having more information. At the moment a business case is being prepared for the Home Office as the prime funder for further extension. It is piloting the scheme in Cardiff but, as you say, the intention is that it should roll out across Wales. So, the business case and submission will go to the Home Office in early October, and we hope to get some sort of feedback from it and decisions about funding and so on within six to eight weeks of that. So, at that point we will know whether we are talking about serious roll-out. If the decision is ‘yes’, that may be the point at which we should send you a briefing and provide a bit more detail about it.

[16] Initially, it will be concentrated, as you say, on the relatively narrow scope of community safety services and there are the problems that the Minister has referred to. The interesting thing about the experience in Cardiff so far is that it is receiving a lot of calls that are genuine but are wider than the scope of community safety. People are responding to the opportunity of having a single line that gets them into the public service. We see this as huge potential for revolutionising the way in which people can access services if we can get the structures and the systems right. However, this is still pretty early days.

[17] **Michael German:** I do not know about the Cardiff roll-out, but does the system redirect calls where, say, somebody rings in with an inappropriate issue? Do they transfer them or do they say, ‘You ought to ring a different number’?

[18] **Mr Trickey:** Mostly they directly transfer them so that the caller does not have to run through the telephone book to find another number.

[19] **Ann Jones:** We will have a briefing note and I think that that will be—

[20] **Sue Essex:** Speaking from Cardiff’s experience, 101, because it is such a memorable number, sticks in people’s minds. So, people have just taken to the number. It is about getting the distinction between the services provided.

[21] **David Melding:** I have a question on 6 and 7. Do you want them separately?

[22] **Ann Jones:** We will take them both.

[23] **David Melding:** On ‘Making the Connections’ and building better customer services, I am sure that we all think that that is a worthy aim in terms of getting information to citizens and telling them how they can complain and engage in the system. That is very important and it reminds me a bit of John Major’s initiative, but that is another matter. I can see how this will work in most public service areas but I was just thinking about education because, let us remember, minors are still citizens despite the fact that they have not yet reached the age of maturity and do not have the right to vote and all the rest of it. It seems to me that students and pupils have not traditionally had much opportunity to feed in their views. Core principle 5 is about citizens finding it easy to complain and get things put right when the service that they receive is not good enough, and I do not see why pupils should not be allowed to express their views quite directly on the services that they receive in schools or colleges. Pupil satisfaction surveys are used in some countries. Of course, there will be some inappropriate responses—I am not naive; I just look at my nieces and nephews sometimes—but, broadly, you would find that you would also get some good information through that system. So, it brings in this question of core principle 4, about appropriate language. That, again, is something that younger people would find important, namely that the language was not off-putting or too full of jargon and the ways in which they could respond, by texting or whatever. There needs to be some serious thinking on this because we have not really done much beyond the school council model, if the school has one. There is an awful lot that we could be receiving in terms of direct information from—to use rather clinical jargon—the consumers of the service.

9.30 a.m.

[24] Do you want me to ask my other question as well? It is on progress on the Aberystwyth report and seeing whether we can expand the services that could be provided by town and community councils. I think that there is consensus across all political parties that this is a good thing to investigate, if it were done in a flexible way and did not mandate anything, but allowed the first-tier councils to respond if they wanted to expand their roles or take on a service. However, I am sure that we have all also picked up on a certain resistance to that point from our colleagues in the unitary authorities—I am sure that that also goes across the parties. It seems to me that we have been talking about the Aberystwyth report for a long time, without moving on to see some implementation work. I just wondered, given that they started earlier in England—that was not a pejorative remark—whether any good practice has yet emerged from England and whether some community councils have taken particular services and transformed their delivery.

[25] **Sue Essex:** I will start on the public service customer side and Michael may want to add a few things. I agree with you, David, and I think that one of the problems in our society is that people who do not have a vote do not have a voice—it is as simple as that. I think that that has been reflected in the youth provision. We all experience this, wherever we are in Wales. Youths sometimes feel alienated and feel that we have not listened to them because youth provision is the area that does not get the attention of local authorities that it should. When they exist, and they exist in many schools, school councils can be very effective, as they have been in my area. Children feel free to talk out issues with their colleagues and I have been quite surprised at how sophisticated some of the comments have been: it is not the normal, ‘it’s not fair’ kind of response; it is much more thought out than that. This is particularly true around the green agenda, which is good.

[26] We have looked at the whole thing in terms of listening to people and we have had many discussions about those people who have been underrepresented for various reasons, or could be underrepresented, and how we go out for that. I think that some of the ideas that you are talking about, in terms of having more structured interviews or a more structured voice, are important. Michael may want to come back on that and then I will come back on the community councils.

[27] **Mr Trickey:** Of course, young people are not only dealing with schools in terms of their service relationships. We have run a couple of workshops with young people as part of the process of preparing this work and we will continue to investigate it further. The sorts of things that they are aware of and alert to are the need for organisations, in dealing with them, not to make assumptions and talk down to them. Some quite mature discussions have been going on and I certainly want to pick this up. One thing that we will be thinking about through the process over the next few months is, for instance, how we can roll this out to schools in a proportionate way that will not start to load them with bureaucracy, but, nevertheless, will reflect exactly the issues that you have raised. I think that that is an important point and I just want to say that we are on the case.

[28] **Sue Essex:** Gwenda gently reminded me that I should have mentioned Funky Dragon, which is a Welsh initiative that has worked well. In a country of three million people, that has been quite an effective scheme.

[29] On the community and town councils, I spoke to the Society of Local Council Clerks last week and one particular authority was mentioned very vociferously. You are right—and I feel strongly about this—that there is potential for the community and town councils that wish to do so to be effective in service delivery, and one part of this is to try to break down resistance to that. I also made the point at the conference that they are not competitors; they can be a very good resource for a unitary authority because, with the best will in the world, the unitary authority cannot understand and be as close to every community across their area, particularly in the rural areas, because they are very dispersed. If you have a good working relationship with your smaller councils, they can identify issues of concern and look at where they could improve. Working together, you get a much better quality of service delivery and local environment for people. I think that you are right and I find it difficult to understand the resistance. There are other community councils—and I use the word ‘community’ because I think that town councils tend to be more developed in terms of where they might take this—that clearly do not have a great wish to be much more than a traditional community council, and I think that we have to respect that and be very careful that people get equality whether they are inside or outside a community council. So, it is quite a tricky area. However, you are right; we do need to progress it.

[30] On good practice, I forget the name of the council that I was reading about in a magazine last week, but there is good practice in England. My immediate question was, can we research this further to see what we can do? I think that the council is somewhere in the West Midlands—probably in Shropshire, if my memory serves me right. Where it exists across the border, we should see whether we can use it. I have spoken at several conferences, attended by representatives from England, and I have been very impressed with some of the larger town councils, in particular, in terms of what they are doing on the ground. They work in conjunction with the community to get a sense of the place and all the things that I think are important to people. They have always done this, but I think that they are particularly important to people in this day and age as people like to feel that they have a local community that works with them.

[31] **Ann Jones:** Okay. Catherine and Mike want to speak.

[32] **Catherine Thomas:** The question that I wanted to ask has already been asked by Gwenda; it was in relation to the accommodation needs of Gypsies and Travellers. I welcome the Minister’s response to that question. I would like an opportunity to consider the responses to the seminar. I wonder whether you could provide information on who is the seminar’s target audience. The Gypsy/ Traveller groups that I work with are often unaware of a number of events that are being held, in which they really should have an input. If they fail to have that input, I think that it seems to contradict the very purpose of the event. Could we also have a note on that?

[33] **Sue Essex:** Yes. I know that they have really tried to reach out. I think that Pat Niner has done so in her report. I would hope that all of the people who need to be there have been invited to the seminar, although you cannot always guarantee that they will come along. I will make sure that that is included in the report back, Catherine.

[34] **Catherine Thomas:** Thank you.

[35] **Michael German:** I have another question about policy agreements. First, in the annual report on the local government partnership scheme in 2005-06, there is a section on policy agreements that contains a statement that no authority, in 2005-06—presumably—which is to last April, exceeded 75 per cent or more of its targets. Is that an accurate figure for 2005-06, because the previous sentence refers to 2004-05? If we already have a set of targets inside the policy agreements for 2004-05, 2005-06 and 2006-07, why is it taking so long for people to provide the data, or whatever, in order to get their 2006-07 performance incentive grant money? It may be the case that if local authorities are just banking the money in their heads and they know how much they will get, and they are providing the data to back it up, there is no level of negotiation around the delivery of the policy agreement. If you are expecting the money to arrive some time towards the end of your financial year, you would not worry too much about it and you would expect to get it. If the targets are linked to the money, is it the case that if you reach only part of your target you only get part of the money? Perhaps you will explain that linkage.

9.40 a.m.

[36] Finally, I know that the Minister has told me on many occasions that Blaenau Gwent no longer has that major support agency behind it, but is Blaenau Gwent in there with those that are upfront in getting their money and will not be very long behind, or is it one of the ones lagging towards 2007? It would be disappointing if the latter were the case.

[37] **Sue Essex:** Steve Pomeroy leads on this, as you know, and he will come in and we will have every single dot and comma of information. Steve, I have given you such a good boost that you are now trembling. From my perspective, Blaenau Gwent is doing well, and I am sure that Steve has the figures, so, I am pleased. There is a model of support, which has worked well, and the issue is also about sustainability, so I have talked to them about that.

[38] Steve will perhaps tell you about the figures, the timing of the figures and the discussions that he has had. I have mentioned this to every authority that I have visited and I have taken their performance data with me—in fact, I have also done that in previous years. The interesting thing for me is that I think that authorities are much more nervous about underperformance this year than they have been, because they know that it will be in the public domain, and that if they are underperforming in terms of their targets, then they need to have an explanation. In many cases they do have an explanation because some of the areas have been challenging. We have to remember that some local authorities set themselves quite challenging targets, and there are differential targets in many areas, because they were already performing well but they set themselves some challenging targets. So, quite often, in the reality of life, if you are performing well then that margin of improvement is difficult, whereas there are others that are considerably underperforming, but through changes in management or other changes they can zoom up the percentage points pretty quickly.

[39] Overall, I have been pleased but not completely satisfied, which is fair. I still think that there are authorities that need more focus and attention. However, before Steve comes in with the details, I remind you that in responding to the Beecham review, the whole area of performance is being looked at. So, alongside the policy agreements, I have been speaking to local authorities about what performance management processes have gone into place, and how they use all of their members to ensure that they assess that. Again, quite pleasingly, I have been getting some good responses.

[40] Performance management was an underused tool in Welsh local government, and probably across the Welsh public sector, to be honest, but there has been a change of attitude. We do not support league tables, as you know, but that does not mean to say that we do not support good performance monitoring, comparability and the use of peer-group comparisons where that is useful. Beecham makes strong play of that, quite rightly. Policy agreements have fulfilled a function, which is not just about those individual indicators, and you will remember that we chose very important ones, such as children leaving education with or without qualifications, delayed transfer of care, and so on. So, the important indicators are there, but it has helped in terms of many of them to change and to get them thinking about the whole issue of performance data and how that might be looked at. When we come forward with a complete programme of performance indicators, the issue that I have been talking about is how you ensure that all your members are involved in doing that job for the people out there. Steve will now come in on some of the negotiations.

[41] **Mr Pomeroy:** There has been plenty of negotiation, and I think that we have been to all, bar one, of the authorities by now, to talk in depth to their officers about aspects of performance where the tick is not in the box and where it has fallen short of the milestone. There is certainly a lot of that going on. In terms of percentage of targets hit, you can only do this for the half of the policy agreement that is common to every local authority. There are eight indicators that we have set, and eight that each authority has devised for itself. You can only compare performance against the ones that everyone is doing. The percentage of those targets hit this year, as compared to last year, is broadly the same, which in turn necessarily means that performance must have improved, because the targets require a year-on-year gain. We almost have all of the data that we need, but it is not just about data, it is about what that data tells us. In virtually every case an authority will have fallen short of its aspirations, and that is reasonable enough; these are targets, not predictions, and provided that we can be satisfied that progress is being made, that the best endeavours are being made, that the targets will be hit at some point in the reasonably short-term future and/or that there were genuinely exceptional reasons for missing a target, for example, in terms of E.coli and school attendance, then we can tick the boxes and we can pay them.

[42] On Blaenau Gwent, I have a meeting with the chief executive next Tuesday, not out of any degree of concern, but it is just something that Blaenau Gwent likes to do with its policy agreement, namely to get the chief executive and the corporate team together to talk about it, and I think that that is very commendable. They have done very well. Of their centrally prescribed targets, they hit 85 per cent this year, which is the second best percentage in Wales. Last year, it was around the same. There are one or two issues, not of concern, but which we will want to pick up with them, particularly on aspects of older people's care. However, generally, the attitude in Blaenau Gwent is very positive and the performance is generally very strong, compared to what it was.

[43] It would be right to say that there is a certain perception among some authorities that the payment of the grant is automatic and that this is just a process that they have to go through. That is becoming less and less true. When we started this process, it was viewed very much as being a paper chase, with authorities thinking, 'We must provide the Assembly with this information and it will give us some money'. It is true that everyone has received their money thus far; we have never yet withheld it, but we have come close. Certain authorities knew last year that they would have to pull their socks up this year to continue getting their payment. How we would respond to an authority that had not pulled its socks up is not for me to decide. That is clearly a major decision that we would have to leave to the Minister. It is quite possible that withholding some of the grant, rather than all of it, is one way of responding. It is equally possible to say, for example, 'We will give you this money, but you must spend it on improvements in the areas where you are obviously not performing very well, or you must spend it on some capacity building support or something like that'. Those are all the options open to us in cases where an authority is manifestly slipping behind and, to be frank, some are doing so. It would be invidious of me to name and shame before they had the opportunity to put their case to us. However, not everyone is at Blaenau Gwent's or the Vale of Glamorgan's level, both of which hit the most targets last year. I hope that that answers your question.

[44] **Michael German:** I am interested in your response about withholding grants, which links to the issue that, if everyone expects to get the money, they will delay because they know that the money is in the bank and, therefore, it does not matter if they get it in January, February or March of 2007, as long as it is there. No money has yet been withheld, but you said that you had come close to doing so. However, there is no graded scale and no action has ever been applied in response to this, and so they all get the full grant.

[45] **Sue Essex:** I want to make clear that Steve and I had a discussion yesterday about a scheme on this because the all-or-nothing approach is not fair, if people have made great efforts. However, if there are key areas—which we have discussed with them and on which we have noted concern—where no progress has been made, we will have to think carefully about whether or not to provide a percentage of the grant. That is only fair because of those authorities that have made the effort. They would want to see their efforts being respected.

[46] First, as Steve said, we must make it clear why they have not received the full amount. If there are good reasons, and sometimes there are good reasons why we should not come down hard on them, we are prepared to accept those. However, if there are no good reasons and if we have been notified of changes that have not been made, then they can expect their grant to diminish. That expectation has changed—there may have been a view in the first year that they would get the money come what may, and that view has been prevalent for several years, but I have certainly disabused them of that fact when visiting local authorities. From now on, it will be much more a part of performance management in local authorities. The interesting point about Beecham is that where areas overlap with health, the police or an outside organisation, the issue is that the agreements are wider than the local authority. In some cases, it may not necessarily be on the policy agreement indicator; it may be on other performance indicators and local authorities may say to me, 'We are having a bit of a problem because this other organisation does not give it the priority that we do'. That is the interesting area of partnership action contracts and where we will be going, so that we can widen the principle. The principle has been quite good, but, post-Beecham, we are into a new era, so it may not necessarily be repeated in the formula that we have now.

9.50 a.m.

<p>[47] Michael German: If this data is being made publicly available, at some stage it would be useful to have a report and summary for the committee so that we can look at the outcomes of that data.</p> <p>[48] Sue Essex: Mike was not on the committee at the time, but when I became Minister for Local Government and Public Services I said that data had to become public. It is for local authorities to ensure that that is the case. I emphasised that local authorities had to relate to their communities and the people whom they represent. So, that should be on all of their websites—it is there. As with any performance data, you have to get behind the figures. The immediate reaction is to say, ‘Oh, they have not met that target’, but you realise that they have set themselves a high target and it is that marginal change, in some cases, that is difficult. You have to tell the story alongside the figures and the tick-boxes. That is my view of how you should look at performance data. Nevertheless, you are right; the story has to be told and the figures have to be available. That is definitely where we will be post-Beecham. I do not think that anyone has disagreed with that. In fairness to local authorities, they are into this new situation, because they realise that performance matters to people.</p> <p>[49] Michael German: Especially to you.</p> <p>[50] Ann Jones: There is an item on the forward work programme, which is scheduled for 8 November, when we will discuss all-Wales local government performance data. Perhaps we could include that. Is that okay?</p> <p>[51] Michael German: That is fine.</p> <p>[52] Ann Jones: We will therefore move to the second part of the Minister’s report and take the remaining items. Dai?</p> <p>[53] Gwenda Thomas: Thank you, Chair.</p> <p>[54] Ann Jones: I am sorry, I was going to call Dai first, Gwenda. I will call Dai first and I will call you second. Sorry, Dai.</p> <p>[55] David Lloyd: Diolch, Gadeirydd, a diolch, Gwenda. Hoffwn ofyn dau gwestiwn o dan baragraff 8, ar gynllun gofodol Cymru. Yr ydym yn trafod hwn yn aml, a chroesawaf y drafodaeth oherwydd bod cynllun gofodol Cymru yn hanfodol. Cawn ragor o fanylion yma ynglyn â’r hyn y mae’r gwahanol ardaloedd yn ei wneud. Mae gennyf ddau gwestiwn. Yn gyntaf, a oes cynllun i gael strategaeth gynhwysfawr ar gyfer cael cynllun gofodol morol—yr wyf wedi gofyn o’r blaen am hyn—i gyd-fynd â’r cynllun gofodol ar gyfer y tir? Mewn rhai ardaloedd, fel canolbarth Cymru a’r gogledd-orllewin, gwelaf fod strategaethau sy’n cynnwys tir a môr. Mae hynny i’w groesawu yn naturiol, ond hoffwn weld rhywbeth cynhwysfawr sy’n cynnwys yr arfordir cyfan fel bod tir a môr ar arfordir Cymru yn cael eu trin gyda’i gilydd. Ar waelod tudalen 4, mae sôn am strategaeth twristiaeth arfordir Cymru, ond</p>	
<p>David Lloyd: Thank you, Chair, and thank you, Gwenda. I would like to ask two questions under paragraph 8, on the Wales spatial plan. We discuss this frequently and I welcome that discussion as the Wales spatial plan is essential. We have more information here about what the different areas are doing. I have two questions. First, is there a plan to have a comprehensive strategy to have a marine spatial plan—I have asked about this before—along with the land spatial plan? In some areas, such as mid Wales and the north-west, I see that there are strategies that include land and sea. Naturally, that is to be welcomed, but I would like to see something comprehensive that includes the entire coast so that the land and sea on the coast can be considered together. Towards the end of page 4, a Welsh coastal tourism strategy is mentioned, but I believe that a maritime spatial plan is more than a tourism strategy, because there are elements relating to green issues and</p>	

<p>credaf fod cynllun gofodol morol yn fwy na strategaeth twristiaeth, oherwydd bod elfennau gwyrdd a chynaliadwy hefyd yn berthnasol. Hoffwn weld ehangu ar y posibilrwydd o gael cynllun gofodol morol.</p>	<p>sustainability that are also relevant. I would like to see an expansion of the possibility of having a maritime spatial plan.</p>
<p>[56] Mae'r ail gwestiwn yn ymwneud â thrafnidiaeth. Yr ydym wedi sôn ei fod yn hanfodol. Un o'r anawsterau mawr sydd gennym yw mynd o'r de i'r gogledd yng Nghymru, ac, yn naturiol, o'r gogledd i'r de. Ym mhob un o'r ardaloedd hyn, mae sôn am strategaeth drafnidiaeth, a sonnir am strategaeth drafnidiaeth Cymru hefyd ar dudalen 5. Hoffwn ryw fath o eglurder ynglyn â'r ffaith bod gwella cysylltiadau o'r de i'r gogledd yn flaenoriaeth o fewn y cynllun gofodol.</p>	<p>The second question relates to transport. We have mentioned that this is vital. One of the main difficulties that we have is travelling from north to south Wales and, naturally, from the south to the north. A transport strategy is mentioned in each of these areas and a Wales transport strategy is also mentioned on page 5. I would like clarification with regard to the fact that improving north-south connections is a priority within the spatial plan.</p>
<p>[57] Sue Essex: You raised the point about the maritime considerations, which is very important, and I have acknowledged that and explained that, when we were doing the first spatial plan, our knowledge of coastal and maritime areas was extremely limited. Obviously, as the Minister for environment, I dealt with sand extraction and all sorts of things, so I know just how difficult it is. It has been picked up in certain regions, but your point about it needing to be there as an important, overall Wales component is well made, and it is one that I am pursuing. What I have concentrated on, and what we are concentrating on at the moment, is those regional areas and the regional statements, which is why I have included that. However, with the update of the Wales spatial plan—and there are very complicated issues around the legislation, and I have discussed these with WWF and all the other organisations that are looking at that—there are limitations on what we can say and do at the moment. As well as developing the maritime strategy for conservation and green issues, we have to look at where our legal responsibilities are, and we have to be a bit cognizant of that, as you know. However, I am absolutely with you on this, and I think that, in terms of climate change, economic opportunities and conflicts of land use, the coastal and maritime region is fundamental to us, and we have to ensure that we pull all this together with further work and research. A lot of good work is being done by the Countryside Council for Wales in terms of our agency on the conservation of coastal and maritime environments. So, we are bringing that together, but the next stage of progress will be very much around developing those regions, which is the priority, I have to say, for those people at the moment.</p>	
<p>[58] On the Wales transport strategy, there is a way forward, whether you think it the right way or not, in terms of the north-south improvements set out in the revised transport strategy that Andrew Davies has produced. It is very interesting to talk to people about this, and, largely, the debate has gone on in north Wales, and it is those in north Wales who feel that these links are important. You do not hear the same thing in south Wales, I have to say. I am not saying that that is right, but you do not hear that said. I do very much take the feeling of people in north Wales, many of whom feel strongly about this matter. The improvements to the train and rail infrastructure are paramount, because that is the easiest area to implement, as it will affect everybody, whether or not you are a driver. However, that is not the sole answer.</p>	

[59] The interesting thing is that it is a chicken-and-egg situation. When I was the Minister for transport, we asked Babbie Group Ltd to do a whole study. The greatest traffic movements are still from east to west; that is how it is. In terms of the coastal route up and across mid Wales, there are still those connections. There certainly is a bit of a chicken-and-egg situation, as there is an argument that, if the road were better, you would see more people using it. However, it is a difficult one in transport terms, and I always thought that the most important thing was to really concentrate early on improving the rail links and getting them through. Andrew sits, as I do, on the Cabinet sub-committee that looks at spatial planning. I think that we have a meeting next Monday, and we need to ensure that that is fed through again. So, I will take back the comments from this committee, as the scrutiny committee, and feed those in.

[60] **Gwenda Thomas:** To follow that, my query is very much about local transport and the link to the spatial plan. Transport is thematic throughout the report before us today, and it is mentioned in terms of NHS reconfiguration. My current experience is that, in villages that I represent, and Trebannws in particular at the moment, services are being cut even now, and it seems to me that we not only need to build up present transport links, but to protect what is there now. In one instance, First Cymru decided to by-pass a village and use the carriageway, and nobody can see the sense in this. That worries me greatly, and even when we talk about building transport links and their importance to Valleys communities, I wonder what participation bus companies have shown to ensure that what we have is protected.

10.00 a.m.

[61] **Sue Essex:** The point that Gwenda raises is really important. I am very disappointed to hear that services to some of your local communities are being cut. We must think more carefully about the way in which we involve bus companies. Going back to the days when I was the Minister with responsibility for transport, it was one of the areas in which I got most involved, with the Confederation of Passenger Transport. The concessionary fares scheme was a big boost to local bus transport, because it meant that some routes became viable that were previously not, so it has maintained routes, and opened new ones in some areas—I know that that has happened in Gwynedd and other rural areas. Personally, I do not think that the system in terms of supporting local bus routes—not the Welsh Assembly Government system, but the system whereby routes can be brought in, taken out or altered—is as sound as it should be. So that is a good point, and we may need to think more about a dialogue with the bus companies.

[62] In most of those regions, you will see the term ‘key settlement policy’. I have encouraged local authorities, particularly the rural and rural/urban authorities, to think more about those and how key settlements be used as a focus point for service delivery, and how some cluster operations can come in so that people can feed into those key settlements. That includes bus services. That might mean some reconfiguration of routes so that you focus on the key settlements that can provide good quality services, which might be dentists, shops, or secondary schools—a whole range of services. Access then needs to compliment that. At the moment, in some areas you do not have that pattern worked out of how the settlements relate together and how people need to move around. There is a lack of knowledge about where people need to travel to. That work around key settlements may not be the complete solution, but it may be part of the solution in some areas. I would include your area in that, potentially, because Ammanford would be a key settlement and you would need to work with that.

[63] **Gwenda Thomas:** To add to that, we must congratulate Neath Port Talbot County Borough Council on launching this Valleys strategy, which is a huge step forward, and within that, the proposal to develop community transport, which will provide a crucial link for Valleys communities. It would be good for that to be considered as part of the spatial plan.

[64] **Sue Essex:** You are right, Gwenda, because we have always envisaged that, if we developed it properly, community transport could complement commercial routes and provide an alternative in those areas where commercial routes are not viable. It is with regard to integration and sensitivity to accessibility issues in terms of needs and provision where good local authorities can come in and support us in the spatial plan. So, you have a cascade effect. You have the national plan—and Dai raised the maritime issue—and then the regional areas. We should bear in mind that many people travel considerable distances to work, and we have picked up key employment areas so that we can get some focus on that. The lower tier then is those local communities, big and small, which need to ensure that they are part of that integrated network. The role of the local authority in ensuring that is paramount, both in terms of transport plans and community strategies. Coming down the geographical tiers, the community strategies should pick up all those links and, if you like, act as the local interpretation of the spatial plan elements. If it is working right, it should all integrate quite well but it is quite a difficult thing to do—it is the first time that this will be done anywhere in the UK, and it is quite a challenge. It requires local authorities to do that very local work.

[65] **Ann Jones:** I see that no-one has any further questions on the Minister's report. We will move on.

10.04 p.m.

Cynllun Rhyddhad Ardrethi Busnes Small Business Rate Relief Scheme

[66] **Ann Jones:** The paper is before us, and the draft regulations were published on 14 September, and we have programmed the committee's scrutiny of them in for 23 November. That is just the background for Members. Minister, do you want to introduce your paper?

[67] **Sue Essex:** Yes, thank you. We have David Fletcher and Paul Harrison here, two officials who have very much led on this and whom you will all know from the council tax discussions that we have had. They have had a very easy couple of years. [*Laughter.*]

[68] As you all know, we did intensive consultation on this; it was not just a written consultation, we had a series of seminars—we organised four originally, and then we responded by having another one—where we listened to people. David and Paul were there. The starting point in this is that we had had an enhanced rural rate relief scheme following the foot and mouth disease epidemic, but the rural recovery programme closed down in 2004. The only thing that was still in existence from that was the enhanced scheme and, inevitably, that has to come to an end. Prior to the extended rural rate relief scheme, we had a scheme that was built around the definition of rural settlements, and that was paying out something like £600,000—is that right, David?

[69] **Mr Fletcher:** Yes.

[70] **Sue Essex:** If you compare that with where we were with the enhanced scheme, which was paying out £17.4 million, you can see the huge injection of funds that has gone into the rural areas in that time. So, the issue for me was: do we go back to the old rural scheme, which we had severe problems with, largely around the definition of settlements and issues of differentiation—of which there were many and for some you could say that differentiation seemed anomalous—or do we look towards putting a small business rate relief scheme in, in which, again, there was considerable interest, to either replace or to go alongside the rural scheme? That was the basis of the consultation, and I am sure that everyone will remember the consultation document that went out in the guise of having options.

[71] I announced last week, and spoke to three opposition representatives about, what I had decided, which is to bring in an all-Wales small business rate relief scheme that removes the geographical differentiation, thereby removing the geographical anomalies. It is very much targeted at small businesses, of which we have many in Wales, not just in terms of retail, but in terms of small workshops and small service developments. It is a scheme that can deliver on that in a fair way. When I looked at the consultation responses and discussed them with David and Paul, they said that the overwhelming message that came out was that any new scheme had to be fair and had to show that businesses were not being treated differently depending on where they were located or what the business might be. People did not want it to be discretionary; they wanted it to be mandatory so that there was no differentiation in approach across the local authorities, which we have had. They were also very clear that they did not want an application-based system, because that adds more pressure to a small business and, if you look across the border into England, you can see that the small business rate relief scheme might reach 50 per cent take-up—it could be less than that. So, that very much informed the way in which I took the scheme forward.

[72] As I have explained, it has threshold limits. If those limits stay as they are, the scheme will apply to 50 per cent of all businesses in Wales. It is fully funded by us as a Government. The scheme in England is completely paid for by medium and larger-sized businesses, and I did not think that that was fair or appropriate in Wales and the Confederation of Business and Industry has very much appreciated that, because you do get that kind of reaction. So, there is 100 per cent funding. Local authorities do not contribute 10 per cent, so they can make use of the money that they save.

[73] It is extremely simple to operate. The list will come from the Valuation Office Agency to the local authorities. It will go through electronically so that no business that comes below the rateable threshold will need to apply for it; it will just be automatically done, and, again, that has been very much appreciated. We have taken into account post offices' special circumstances because I think that, across the board in the Assembly, we all appreciate the importance of post offices to their communities. So, we have brought those thresholds in at a limit that we think pick up the post offices that we wish to help and support. Again, many of them have come back to me to say that they are very pleased with that; it helps ensure their viability.

10.10 a.m.

[74] The last thing that I want to say before Members come in with their questions, is that it was very much predicated on the idea of sustainable communities and that was my thinking behind how we could design a small business rate relief scheme that was good for small business—we want to encourage small businesses to start up in Wales—and would mean that facilities, particularly around the retail and service area in many of our communities, whether they are in rural, urban or quasi areas that do not fit neatly into any category, can continue to be viable. That is so important for older people. I have talked to the pensioners' forum about this and they are dependent on those local facilities because they cannot always access out-of-town facilities or the big shops in the centre of town. The idea of supporting local communities underpinned this. That has been the basis of it.

[75] We have gone out, and last week, when I announced it, a six-week consultation period began. There is an extremely tight timescale to get this in on 1 April, but I have no doubt that people want it to come in then because people are aware that we want a small business scheme operating in Wales. Again, it is a true consultation, so we will have to consider, and have time to consider, revise the regulations and put them through the Assembly system to hit the December date. I think that we have a slot for November. In the next six weeks, it will be useful to hear what Members and other people have to say in response to the consultation.

[76] **David Lloyd:** Diolchaf i'r Gweinidog am y datganiad wythnos diwethaf ac am ei sylwadau y bore yma ar y cynllun rhyddhad ardrethi i fusnesau bach. Croesawaf y ffaith fod gennym system sy'n ymddangos yn syml i'w weinyddu ac yn decach na'r hyn sydd wedi bod yn digwydd hyd yn hyn. Croesawaf hefyd y cymorth i swyddfeydd post. Yn naturiol, buasai'n well gennyf weld mwy o wasanaethau yn cael caniatâd i gael eu darparu yn ein swyddfeydd post a gweithgareddau y bu swyddfeydd post yn eu gwneud yn cael eu hailgyflwyno yno, ond y mae hynny y tu hwnt i sgôp y ddadl hon. Fodd bynnag, yr ydym yn croesawu'r cymorth i swyddfeydd post. Ar ddiwedd y dydd, yr ydym yn sôn am £17.5 miliwn yn cael ei rannu rhwng 49,000 o fusnesau bach, felly nid yw'r symiau ynddynt eu hunain yn enfawr, ond y mae pob cymorth i fusnes bach i'w groesawu. Bydd unrhyw system fel hon sy'n ailwasgaru'r arian sydd yno eisoes yn cynhyrchu enillwyr a cholledwyr, ond mae hynny yn rhan o natur system o'r fath.

David Lloyd: I thank the Minister for last week's statement and for her comments this morning on the small business rate relief scheme. I welcome the fact that we have a system that seems to be simple to administer and fairer than what has been happening up until now. I also welcome the support for post offices. Naturally, I would rather see more services being permitted to be provided in our post offices and the activities that post offices used to undertake being reintroduced there, but that is beyond the scope of this debate. However, we welcome the support for post offices. At the end of the day, we are talking about £17.5 million being divided between 49,000 small businesses, therefore the sums of money are not huge in themselves, but any assistance for small businesses is to be welcomed. Any system such as this one, which redistributes money that was already there, will produce winners and losers, but that is the nature of such a system.

<p>[77] Yr wyf wedi cyflwyno wyth cwestiwn ar faterion manwl ac yr wyf yn ddiolchgar i'r Gweinidog a'r swyddogion am eu hatebion manwl sydd wedi eu dychwelyd. Os nad ydynt wedi eu cylchredeg yn barod, byddai'n ddigon hawdd eu cylchredeg i bob aelod o'r pwyllgor. O ran manylder, yr oeddwn am ofyn un peth ynglyn â'r ateb i'm cwestiwn cyntaf. Sut effeithiwyd ar yr holl broses o benderfynu pa fusnesau bach a fyddai'n elwa ar hyn gan y broses ddiweddar o ailfandio treth y cyngor? A oedd effaith ar y broses neu a yw'n debygol y bydd effaith o gwbl oherwydd yr ailfandio?</p>	<p>I have asked eight questions on detailed issues and I would like to thank the Minister and the officials for the detailed answers that have been returned. If they have not already been distributed, it would be a simple matter to distribute them to all of the committee members. In terms of detail, I wanted to ask one thing about the answer to my first question. On the whole business of deciding which small businesses would benefit from this, was it related to the rebanding of the council tax? Was it related in any way?</p> <p>[NB. Translation should read: How was the whole process of deciding which small businesses would benefit from this affected by the recent council tax rebanding? Was the process affected, or is it likely that the rebanding will have an effect?]</p>
<p>[78] Ar ddiwedd y dydd, mae'r penderfyniad wedi ei wneud ac, yn sylfaenol, yr ydym yn ymgynghori yn awr. Croesawaf y ffaith fod penderfyniad ar y gweill oherwydd dyna y mae llywodraeth yn ei wneud, gwneud penderfyniadau yn sgîl ymgynghori â'r bobl. Croesawaf y broses ac fe welwn sut y bydd pethau yn gweithio yn y tymor hir. Diolch yn fawr, yn enwedig i'r swyddogion, am ddarparu'r atebion i'm cwestiynau manwl yn ystod yr wythnos diwethaf.</p>	<p>At the end of the day, the decision has been made and, basically, we are now consulting on it. I welcome the fact that there is a decision on the cards because that is what government does, it makes decisions after consulting its people. I welcome the process and we will see how things work out in the long term. Thank you very much, especially the officials, for answering my detailed questions last week.</p>
<p>[79] Ann Jones: I do not know who is going to take the follow up to the question.</p>	
<p>[80] Sue Essex: Do you want to deal with the specific one, David?</p>	
<p>[81] Mr Fletcher: If the translation is correct, the question asked was, 'is it related to the council tax revaluation?'. No, it is not related to the council tax revaluation. What we have looked at is that the original scheme was enhanced under very different circumstances to those experienced at the current time, as it was during the foot and mouth disaster and the recovery plan came into operation. As you know, the recovery plan ended in 2004. The Minister asked for research into this last year, which we did. We had a lot of consultation on that and we had a lot of responses. This is just answering the consultation and the way in which we think that business should now be helped in these circumstances at present, as opposed to the enhanced scheme that we had in 2002.</p>	

[82] **Sue Essex:** I will just add one point on the word 'redistributing'. I appreciate what you said, Dai; I thank you for what you said. We need to be clear that the enhancement was around food and mouth disease; before that, we started with far less than £1 million. Therefore, the £17.4 million could have gone back into the central coffers, but it did not; it stayed within this portfolio to be used for small business. Because of the foot and mouth disease scheme, the relief scheme continued way after the one in England. New businesses may think that it has always been there, but it has not. I have been able to use that £17.4 million. As you say, it is not a huge sum but it is there; if you have 50 per cent reduction, it is important and it is automatic. For that to come back from small businesses is absolutely fundamental to me. They do not have to apply, as opposed to the situation in England. For post offices, that is substantial. For the post office that I visited in Canton last week, it was £1,700, which was substantial for that post office; I was told that that could make the real difference. I have had a conversation with the Federation of Small Businesses; I do not think that it quite realised what the figures were, initially, but now I think that it is quite positive about the scheme and it sees that it will make a difference.

[83] **David Melding:** It has been interesting to note what the average payment would be—the two bands with 50 and 25 per cent reduction. By my mathematics, it will be around £170, which I do not gainsay, but it is relatively limited for each individual business. Overall, it is a substantial amount.

[84] I just want to push you on the fact that you could not introduce any sort of green component, because of the lack of powers. Have you investigated that further, so that we would know what we might need to do after 2007—whoever is in power at that time? There probably would be a consensus that some form of green or environmental component would be a good way of getting some output from this scheme. It is quite important that, if you are putting in £17 million—or even more, potentially, in the future—that there is also some obligation to come back to deliver an outcome for society generally.

[85] **Sue Essex:** Thank you, David. One thing that I omitted to say is that there is a general consensus in the responses from the consultation that the scheme needed to be tapered. So, you play around with the figures and see where it is best. David and Paul have done a lot of that work. So, we decided to shoulder 25 per cent because that is what people said; they asked for that rather than the straight cut off, which is always quite hard to take.

[86] No-one was more disappointed than me on the green component. We had had discussions with the organisation that implements the Green Dragon scheme, of which I have been a big supporter over the years. It has been a big stimulus of change for our larger businesses, particularly industrial and manufacturing businesses. I really wanted to bring this into small business, but the lawyers have been very firm that we cannot do it under existing legislation and we would need change. We will do you a note on what could be done, because I will not be here. Neither I nor anyone else—in fairness—can fetter any new administration that would come in, but I think that we were very enthusiastic after our discussions with the Green Dragon scheme and were extremely disappointed that we could not do it. We can give you all of the information. I hope that the next administration will take it up and incorporate it.

[87] I have also made it very clear that it will be the first time that we have had a small business scheme. We need to look very carefully and monitor whether it is effective, and whether it needs changing or amending. You are absolutely right; we need to ensure that it gets value for it. It will be quite a complex evaluation, because it will also be able to look at communities and what communities say about keeping their businesses. We need to do it, because, as I said, this is the first stab at it. We need to keep an eye on where it goes and whether it delivers.

10.20 a.m.

[88] **Catherine Thomas:** I welcome this proposal. I have spoken to post office officials on my own patch in the last few days, and they are glad to have this. It will make a difference to a number of them in relation to their future liability, and it is crucial due to the pressures that they are currently under in terms of losing some key services. I noted that in some cases, relief will not be automatically applied. I was wondering whether you could expand on how businesses in that situation will be made aware of their eligibility. The paper also says that, in some instances, there will be businesses that may not be eligible to receive relief in the future. Will any work be done on monitoring the impact of that relief no longer being there for those businesses?

[89] **Sue Essex:** I will ask David or Paul to come in on the details. The enhanced scheme under foot and mouth disease was not only about the level of support; it was also on the thresholds. So, if they are on one of those higher levels of rateable value they will not be getting relief, because they will be outside the scheme.

[90] The area where we have the least knowledge, it would be fair to say, is with regard to those post offices that are components of other businesses. I have probed on this. I am sure that you all have them in your areas—I have them in mine. I am keen to support them, because that keeps the post office alive, whether it is a counter within a shop or in garages. We do not have the information on that. That is why we specifically said that we need that information in order to give relief on the post office component—even if a shop or a garage does not comply. I do not want those to miss out. That is where we have a lack of knowledge about the numbers, but we will be working with the post offices to do that. But, it does not automatically show up on the rating lists; is that right?

[91] **Mr Fletcher:** The problem is that some post offices are mixed with shops, garages and, in some cases, pubs. It depends how the Valuation Office Agency has classified them. The scheme will be automatic, but what local authorities have to do before 1 April if they are uncertain of where the post offices are—and we have discussed it with them and they are capable of doing it—is to check with the postmaster. They will be given the details. It is then just a matter of checking their rating list against those details to see whether they come within the scheme. No business will have to apply for it; that is the core of it—it will be automatic.

[92] You raised another point that some businesses will not be covered in time. However, as the scheme stands at the moment, if a business does not have its rateable value changed, and it is below £5,000, it will benefit until we change the scheme. So, they will be covered. The only ones that will not be covered by the scheme are the ones that are currently between £5,000 and £12,000 and benefiting in a rural area under the discretion element of the current enhanced scheme.

[93] **Gwenda Thomas:** This proposal is to be highly commended and will be a welcome legacy of your time as Minister with responsibility for this. I share your frustration on the Green Dragon issue, but I know of your commitment to it, and the way in which you have celebrated some awards within my constituency.

[94] On this scheme, to note that 1,830 extra businesses will benefit—not only in Neath, or the Minister for Health and Social Services would be a bit upset; it should be Neath Port Talbot—is very good news. I am glad to support it. I take it that the relief for philanthropic societies and charitable organisations will still be at the discretion of the local authority. I wonder whether it is possible to give an example of the exemptions mentioned in paragraph 7 and whether it is possible to have a list of businesses that have benefited from the foot and mouth disease relief.

[95] **Mr Fletcher:** A list of businesses—

[96] **Gwenda Thomas:** The businesses that benefited from the foot and mouth disease scheme. Is it possible to have a list of those?

[97] **Mr Fletcher:** We would have to go to local authorities and ask them to provide those.

[98] **Gwenda Thomas:** Okay, we can do that individually.

[99] **Mr Fletcher:** Yes, we can do that for you. We cannot supply it straight away; it might take some time to get it.

[100] In paragraph 7, we are saying that any business below a rateable value of £5,000 will receive rate relief. For example, we received a phone call recently, I will not say from whom, but it was from a lady in south-east Wales who runs a dress shop with her mother. At the moment, times are a bit hard. She has had to take a second job to maintain the shop. She asked Paul Olsen, one of my colleagues, for details of the scheme and she was delighted because it would ease the pain caused by business rates and would help maintain her business. That is the sort of thing that we aim to do. There are around 100,000 business premises in Wales and 50 per cent will be covered under this scheme—all those small businesses, whether local shops, bakeries, small travel agents, pubs and post offices, will be covered. Does that give you sufficient information?

[101] **Gwenda Thomas:** Yes.

[102] **Sue Essex:** I want to be clear that this is all done on rateable value. A revaluation was carried out and people will undertake appeals, so there might be additions to the list of businesses, which will be relatively small in number, but there is an appeal process.

[103] The local valuation office can provide this information. That is fair to say, is it not, David? It will not include named shops, but the rateable value of premises and neighbourhood shops is in the public domain.

[104] **Mr Fletcher:** One of the beauties of the new scheme is that we can tell exactly how many and what type of businesses will benefit from this scheme. We could not do so previously because it was at the behest of the local authorities' discretion in most cases.

[105] **Michael German:** On the 700 other post offices that are mixed in with other parts of businesses, will the business rate relief apply to the whole of that business or just the portion that is the dedicated post office?

[106] **Mr Fletcher:** If a post office falls within £9,000, it will get 100 per cent rate relief, but if it falls under the second part, it will simply get relief on its gross value, because the rateable value cannot be split between the post office and the shop and garage or whatever the other business is.

[107] **Michael German:** On the 21,364 businesses receiving the current rate relief, will they receive the mandatory relief or the mandatory and discretionary relief?

[108] **Mr Fletcher:** They will receive both.

[109] **Sue Essex:** Local authorities still have the power to provide hardship relief, which still includes the 75 per cent that we provide and the 25 per cent for them. However, that provision has to be made under hardship. Local authorities do not often use that. It is a difficult one to use, because you do not want to set a precedent. However, if people are experiencing particular hardship, then local authorities still have that power.

[110] **Ann Jones:** Thank you. We will look forward to the regulations coming in at the end of November. Thanks to Paul and David.

10.29 a.m.

<p>Is-ddeddfwriaeth—Rhagolwg ar Is-ddeddfwriaeth a Gorchymyn Drafft Cynllunio Trafnidiaeth Rhanbarthol Cymru</p> <p>Secondary Legislation—Legislative Forward Look and the Draft Regional Transport Planning (Wales) Order</p>
[111] Ann Jones: Can we turn to the forward look first? Could Members please indicate any items that we need to consider.
[112] Michael German: It might be useful to look at the local referenda change. It is buried here somewhere.
[113] Ann Jones: Okay.
[114] Mr Rawlings: The word ‘referendum’ has other connotations for me.
[115] Ann Jones: He is referring to the Local Authorities (Conduct of Referendums) (Amendment) (Wales) Regulations 2007.
10.30 a.m.
[116] David Melding: I realise that there is consensus on the business relief scheme, but I think that we should perhaps have sight of the regulations.
[117] Ann Jones: We will receive them on 23 November.
[118] David Melding: Is it already down? It is on my additional list, is it? Have I read it wrong?
[119] Ann Jones: It is on the forward look programme, but I think that we have already identified that we would look at them in light of the scheme.
[120] Gwenda Thomas: I would be interested in looking at the first one there, which is cross-cutting.
[121] Ann Jones: Okay. Is there anything else? I see that there is not. If we are all happy with that, we will move on to the second part of this item, which is the Regional Transport Planning (Wales) Order 2006. Members have had sight of this. We have not received any points or amendments. Are there any?
[122] Michael German: My point emerges from the consultation and it may be that Peter can advise on the answer. There were valid points in the consultation that will be included in the guidance, which was to be provided alongside. Is there a general rule when drafting legislation about what is to be covered and what is to be guidance? Is there a boundary line between the two? What is the rule of thumb on this matter? That would be useful to know, because the points raised by Network Rail, Pembrokeshire Coast National Park Authority and the Railway Development Society Limited and so on have been taken on board, but will be included in guidance. The key issue for me, when you have regional transport, is how they link to the next area. Sometimes, things do not have natural boundaries, in the same way that many other things do not.
[123] Ann Jones: Okay, who will answer that one?
[124] Mr Jones: You have statutory guidance and non-statutory guidance. When there is statutory guidance, that sets the boundaries. I am not aware that there is statutory guidance here.
[125] Michael German: So, it will be non-statutory guidance. Is that the intention?
[126] Mr Jones: I think so, unless it is somewhere else in the Act.

[127] **Mr Stevenson:** Unfortunately, I do not have a copy of the Act to hand, but the Transport Act 2000 allows the Assembly and the Secretary of State to issue guidance on local transport plans, in that terminology. So, guidance is issued under the Transport Act 2000.

[128] **Mr Jones:** So, people would have to have regard to it, presumably.

[129] **Mr Stevenson:** Yes.

[130] **Mr Jones:** If they do not have regard to it, then I think that it can be challenged.

[131] **Michael German:** Is that statutory or non-statutory? Is making it statutory your answer to that then, Peter?

[132] **Mr Jones:** If it is in the Act and they have to issue guidance, then it would be statutory.

[133] **Mr Stevenson:** I do not have the Act with me.

[134] **Michael German:** Perhaps Peter can send us a note on this issue.

[135] **Ann Jones:** Okay, thanks for that, Peter.

[136] **David Melding:** I apologise for not giving you notice; that may limit the response that I get. Gwenda Thomas's question on the Minister's report about local transport plans was very apposite. Having regional plans, which is welcome, raises questions when, for example, you suddenly have a bypass—and I know the area that Gwenda is talking about because I am from that area originally—and you suddenly have buses whizzing around on the bypass between the larger villages or towns, missing out stops along the way. Would it have been horrendously bureaucratic to have retained the requirement to produce local plans?

[137] **Mr Stevenson:** Local authorities are still free to produce local transport plans.

[138] **David Melding:** I realise that, but that was not my question, was it?

[139] **Mr Stevenson:** No, but the statutory requirement is for four regional transport plans. I think that the background to this is reducing the burdens and cutting the planning requirements. So, I think that it would have been regarded as a bit heavy-handed to have imposed a requirement for the regional transport plans and retained the requirement for local plans.

[140] **David Melding:** My comment, then, to the Minister is that this does not exactly put the citizen at the centre, does it? In my postbag, there are cases of where bus routes are changed even from one estate to the main road. I have had 90-year-olds writing to me saying, 'I cannot go shopping now'.

[141] **Sue Essex:** Absolutely. I am sure that we all have it; I have had it as well. Martin is right; it was part of trying to rationalise the whole planning system, and the regional emphasis is particularly important, because you have these regional consortia that come together to get into integrated planning. They have been very successful, considering that they have been on a voluntary basis, so it made sense, in all sorts of ways, to go to that regional level. We will have to watch it, and we can do this through community strategy guidance. I am glad that Gwenda, and you now, David, are picking this up, because we need to ensure that the local transport facilities are integrated with settlement proposals and with all the other local planning areas that are under way. It is vital that we do not lose that, because, as you say, people who do not have access to cars can suddenly find their lifeline—particularly now that we have concessionary fares, which they have used very well—just disappearing. That is exactly the situation in the community that I will be visiting tomorrow. I will talk to our transport colleagues, but one of the ways around that might be to ensure that, when we work on the community strategy guidance, we put some views into that.

[142] The other thing that operators used to talk to me about when I was transport Minister was traffic management. That is not such a big issue if you use Ammanford or Ystradgynlais as examples, but it is a big issue in Cardiff, Swansea and Newport, and probably Port Talbot. So, we need to ensure that the issues of what are important local networks, orders and provisions are picked up somewhere and integrated with the total planning system.

[143] **Mr Stevenson:** We would expect the regional transport plans to cover traffic management issues, and it is surprising how many transport issues that you look at that have a regional dimension and are not just entirely local; there are many issues that cross local authority boundaries, and the sort of examples that you just mentioned about traffic management in Cardiff and Swansea are very much issues that need to be considered on a regional basis and cannot just be looked at on an individual local authority basis, whether it is putting in bus corridors, bus priority lanes or whatever.

[144] **Michael German:** This is almost the reverse of the point that I was making, namely that if we have regional consortia, there will be a need to extend beyond the regional and work across regions. You said that that would be covered in guidance. It strikes me that if there is statutory guidance, surely there is a case for the points that the Minister, Gwenda and David are making to be included in the guidance also, in terms of these regulations. Is it possible to link the local and the supra-regional in the guidance?

[145] **Mr Stevenson:** That is what we have been trying to do. We are happy to ensure that we have covered all the points. The guidance is in draft at the moment, and we have not formally consulted on it, but we have shown it to local authorities and the transport consortia on an informal basis. It is up to 200 pages at the moment, and I do not have a copy with me. It is fairly extensive and we have probably covered the bases, but we can certainly double check.

[146] **Michael German:** It would be useful, when that guidance is published, if we could address those two issues of the local and the supra-regional, just to verify that they are in the guidance, somewhere.

[147] **Ann Jones:** We can include it in our report to the Business Committee, because we are just looking at the Order, but that is a point that we can put in.

[148] **Sue Essex:** Trying to think laterally here, Gwenda's point is so important because we are looking for new development on planning to follow accessibility criteria, and that accessibility in some cases will revolve around the availability of local bus services. This is where we must be joined-up. So, knowledge and protection around bus routes—this goes back to the key settlements point—is such an important component. You cannot swap and change at the whim of a provider, to put it in that way. Martin will know my past concerns about the system of overseeing changes in bus routes and so on. There needs to be, at the local level, a real joining up, which will probably be more in guidance than in the legislation, in terms of how planning, transport and, at the local and regional level, the community strategy all come together. So, we can perhaps give it more thought on the back of this. As I said, I think that it will largely—although I am not sure—be outside the legislation, and I think that it will perhaps come more into planning guidance and other guidance on the committee's strategies. I do not know whether that is the case, but I think that this is something that, following this discussion, we can check.

10.40 a.m.

[149] **David Melding:** I am fairly reassured by the way in which the discussion has gone. I suppose the point is that, when we look at guidance, or whatever, on the issue of regional transport plans, the local element is integrated in that. Sometimes, we think that regional means something quite distinct from local, and we are perhaps talking at cross purposes, if that integration is shown to be there and is a requirement in terms of guidance, or whatever. In terms of the citizen, the consumer or the user, it will come down to local questions, usually, about your particular neighbourhood service.

[150] **Ann Jones:** If you are happy, we will make those points about the guidance in the report to the Business Committee. Thanks very much.

10.41 a.m.

Ombwdsmon Gwasanaethau Cyhoeddus Cymru
Public Services Ombudsman for Wales

[151] **Ann Jones:** We now invite Adam Peat to join us at the table. I feel a bit guilty that I am running late. Because I have the public services ombudsman here, perhaps I am likely to be a subject with regard to whether I have managed the time well. We welcome Adam, who was due to come before the committee earlier in the year. Unfortunately, due to certain circumstances, we had to cancel the meeting. Adam has therefore agreed to come back now and tell us about his experiences during his first months as the Public Services Ombudsman for Wales—it has been longer than six months now. If you would like to introduce the paper that you prepared, Adam, we will then take questions from Members.

[152] **Mr Peat:** Thank you, Chair. I know that you are running late, so I will keep my introduction brief, if I may.

[153] **Ann Jones:** We have not run out of normal time—we will just cut the coffee break.

[154] **Mr Peat:** I would not do that.

[155] As my paper says, I was in the very fortunate position on 1 April, when my new powers came into effect, of being able to have a year of shadow running. I am grateful to the Welsh Assembly Government for providing the resources that I needed to equip a modern office, install a new case management system, and gear up, staffing wise, to cope with the very significant increase in case load that we actually experienced last year, right at the beginning of the shadow running period, as my paper says. Because the Bill was proceeding well through Parliament, with all-party support, I felt confident enough to put out new literature that was already using the public services ombudsman identity, and we were able to make it a good deal more attractive and user-friendly than it had been before. I have to say that some of the previous leaflets were really rather more about what the ombudsman could not do for you than about what he could.

[156] That was very widely distributed, and I think that the effect of that, together with the fact that the office was getting a high profile through the discussion of the Assembly's proposal for the PSOW in the media, was that we had a 30 per cent upturn last year in complaints over the previous year, and that is right across the spectrum of local government, health, complaints about councillors—everything. That level of complaint has been maintained this year, and that looks like being our base-load level, or even a little bit more. I predict that we will be up to about 1,500 complaints by the end of this year, and that is about the level at which I see it running. Happily, I am resourced to cope with that, and I think that we are generally coping well with this level of case load now; there was a little hiccup, which naturally occurs when your base load first goes up, as it takes you a little time to gear up to deal with it.

[157] I am confident that, in general, we are investigating those complaints that ought and deserve to be investigated. We are investigating them thoroughly. I think that we have a little way to go on being as quick about that as we could be, and I am still working on that, but, again, as my report shows, I think that we are making progress on that. In particular, we are beginning to make some progress on shifting the most difficult and intractable cases through the system a bit quicker. So, I am well pleased with the way in which the first six months have gone, and I would be happy to respond to questions that committee members may have.

[158] **Ann Jones:** Okay, thank you. We will start with David.

[159] **David Melding:** You might also reflect on your previous experience in the past six months—you will obviously not be able to answer all these points. I am going to ask a very specific question, but I will start with the general questions. In terms of the number of complaints, in one respect it means that the public are more aware of the service, and that is a good thing. However, do you find that a fair number of those complaints could have been dealt with much earlier, even if it is appropriate that they came to you? Should the resolution have come earlier in the chain? We all experience that as Assembly Members when we deal with case loads; we sometimes wonder why it has reached us and has not been dealt with earlier. How do you work with local authorities and public services to ensure that their complaints procedures are robust? The question that interests me is the enforcement of recommendations, because as far as the users of services are concerned, it is important to them as a point of principle. If public services are not acting on it—they may act on an individual complaint, but not on the structure—do you feel that the current system is robust in terms of how these lessons are taken forward?

[160] I notice that you said something about the notification of planning applications. Despite the fact that we do not have a planning function, unless you are on that particular committee and beyond all contact with the issues unless they come to you, our postbags are full of letters from people complaining about the planning process, asking us to support particular cases. The issue is often around notification. I find that some authorities only notify local residents with regard to planning permission for buildings being built within 50 metres, or something like that. That can sometimes be an absurd rule, because you could have a huge apartment block built within 51 metres. I was wondering about the consistency of these practices. I find that when many people make a complaint they feel somewhat overwhelmed, because they think that it is so unfair—they cannot quite believe that they have been put in such a position. It seems that much of it could be, and needs to be, resolved much earlier. Even if you get satisfaction and you are told that a local authority did not follow best practice, if the outcome has gone against you and cannot be put right, that is a huge issue.

[161] **Mr Peat:** To respond to the first point, in a sense, every single complaint that I uphold could and should have been dealt with earlier. In an ideal world, all of our public bodies would have sufficiently good and responsive complaints handling and a sufficiently customer-centred approach. Of course, things will go wrong, but the system should be capable of recognising that something had gone wrong and people would put their hands up at a much earlier stage to say, ‘We accept that we got this wrong, we are going to do what we can to put it right’. It is not an ideal world, and that is why we have an ombudsman. Nonetheless, it is important that we all do what we can to try to move the public-service ethos on to being more customer-focused. That is very much the cultural change that the Beecham review is talking about. I have made it one of my first priorities in my new office to work very closely with the Welsh Local Government Association, and also to involve Citizens Advice Wales, to make sure that we get the consumer perspective on this, to produce revised guidance to local authorities about complaints handling and complaints-handling systems. I am happy to say that that is about to be issued, and it will have the full support of the WLGA and Citizens Advice Wales. To the extent that people will internalise and follow that guidance, I hope and believe that it will lead to more complaints being resolved appropriately at an earlier stage.

[162] You asked about the existing mechanism for enforcement. There is no enforcement as such—I cannot make an order to enforce. In effect, ultimately, I have only the power to embarrass. Nonetheless, because the office of ombudsman has traditionally been respected by public bodies in Wales and because there is a certain amount of peer group pressure within the WLGA, it is exceptionally rare for any authority not to accept my recommendations at the first instance. Last year, I had to issue a further report to one authority but then it fell into line and accepted my recommendations. So, I think that as long as this strong culture of voluntary acceptance prevails, I would not wish to see any change to it. Voluntarism, while it works, is the best system.

10.50 a.m.

[163] Planning is easily the largest, by volume, of the areas of complaint, but they are not necessarily always the most serious complaints. However, this does cause a great deal of concern and aggravation to people, particularly when they have not had proper notification, as they see it. Where we find, through repeated investigations in different parts of Wales, that the same sort of problem is cropping up, I am concerned to help authorities to learn the lessons from it. There is a whole issue around notifying those who might be affected by planning applications properly and efficiently. I had one case where we discovered that the neighbour had not been notified, simply because the planning officer who was sending out the notifications was working off a map dating back to the early 1900s, when the house had not been built. I could not believe it. So, I shall be issuing guidance on that, in consultation with the WLGA, later this year.

[164] **Gwenda Thomas:** I will concentrate on children’s issues, if I may. There is a reference in paragraph 3 to other watchdogs, the Children’s Commissioner for Wales and the older people’s commissioner, the role of which is to be filled. Do you see that there may be an overlap in your work with that of the children’s commissioner? More importantly perhaps, when you receive a complaint and it becomes apparent that there is a child protection issue, do you have referral practices and structures in place to refer that child to the statutory authorities if that child is in need of protection?

[165] I link paragraph 3 with paragraph 7 where you say that you look forward to working with the Welsh Assembly Government in reviewing the statutory NHS complaints procedure. A child cannot complain in certain sectors of the NHS in his or her own right. I conducted a review into services for vulnerable children and a lot of evidence was gathered for that review on this issue. Have you seen that report, and, if not, will you give a commitment to read the report and to take account of the evidence contained therein on the very serious issue of the NHS complaints procedure?

[166] **Mr Peat:** To take the last point first, no I have not seen the report. I would welcome having sight of it, and I will certainly read it and take on board the lessons that are in it. There is a potential overlap with the children's commissioner and there will potentially be an overlap with the older person's commissioner. The way to deal with that is by having a good working understanding between us, which I already have with the children's commissioner and his office. It is far more important that there should not be a gap between us down which children could fall than that there should be any element of dual handling. What we have agreed is that if I receive any complaint that is from a child or is primarily about a child and is of a kind where I think that the children's commissioner's office might be better equipped to handle it, perhaps particularly in terms of its having staff who are accustomed to dealing with and interviewing children, then I would look to involve it. Conversely, the children's commissioner often gets complaints from individuals.

[167] The standard approach of the children's commissioner's office to that is one of problem solving and dispute resolution rather than heavy-duty investigation. So, its staff will, typically, ring up the authority concerned and advocate, on behalf of the child, what seems to them to be a good solution. If they can get that, fine, but if they cannot—they have told me that they are, sometimes, so far *parti pris* on behalf of the child that they could not be seen to investigate impartially—we have an agreement between us that, in such a case, they will come to me and say, 'We have tried to resolve this amicably, but we have had no joy and we do not think that it is now fitting for us to investigate, so can we hand this over to you to investigate impartially?'. Actually, I get very few children complaining directly to me and I think, rightly, that the children's commissioner has a much higher profile in the public mind as the place for children to turn.

[168] We will be in a slightly different position when we come to the older people's commissioner. Bearing in mind the extremely generous or ungenerous, according to which way you look at it, definition of what constitutes an older person for those purposes—I was appalled to find that I fall into that category—I think that a large number of my customers are potentially customers of that commissioner. The legislative framework and, no doubt, the guidance that he or she will be given will point that commissioner towards dealing with more general issues on behalf of older people, issues that you might call a class action. Individual complaints, which require in-depth investigation, will continue to come to me. I hope that it will indeed work that way.

[169] **Gwenda Thomas:** I have a bit of residual concern. I would think that the welfare of the child would be paramount and the complaints would not necessarily come from a child. I accept that it would be rare occasion, but on those rare occasions when there was a question of child protection, I think that the matter should be referred to the statutory authorities. Social services staff are the ones with a statutory obligation regarding the welfare of children and it seems to me that, in those circumstances, however rare, there should be a coherent referral procedure, directly from you or the children's commissioner. The passage of time could be crucial to the child involved and on those very rare occasions there would need to be coherent referral—

[170] **Mr Peat:** I do not think that there is any question at all about this. We have a system to screen all the complaints that come to us and one thing that we screen for is whether the matter is urgent. We consider whether someone is about to lose their home, whether someone's safety is at risk and whether a child is at risk. Anything like that rings a bell and it is immediately brought to the notice of those at senior management level. It would be either brought to me or one of my directors of investigation would hear about it that day. There is no question about it: if we thought that what needed to be done to protect the safety of a complainant, be it a child or not, was to contact the police or social services, we would do that and we would do it straight away.

[171] **Gwenda Thomas:** Okay, thank you.

[172] **Michael German:** May I ask a before-and-after question, Adam? On page 3 of your report, you talk about complaints regarding councillors' conduct and that there was a big increase between 2004-05 and 2005-06. The number of complaints can mask the time that you have to spend on them, because some can be dealt with relatively easily. I presume that most of those complaints were about the code of conduct for councillors. Could you indicate whether the amount of time that you spend on these issues is disproportionate in terms of the amount of time that you have to spend on the rest of your work? In other words, does it consume more than its percentage of case load would indicate?

[173] My second question relates to the Government of Wales Act 2006. Assuming that Her Majesty is pleased to appoint you next year, what do you think will be different about the relationship that you will have with the National Assembly as opposed to the Welsh Assembly Government, given that the complaints will be made against the Welsh Assembly Government unless they are made against individual Members—there is a different method of dealing with those complaints? To where will you report? Will you report to the Government or to the Assembly as a whole? I note that your money does not come from the Government, but from the consolidated fund, which means that it is in the remit of the whole Assembly. Have you given any thought to this? Can you enlighten us about the world that we and others might—or might not—inhabit next year?

[174] **Mr Peat:** If I touch on the complaints about councillors first, these are all complaints that a councillor has, in some way, shape or form, breached the code of conduct for councillors. I take a pretty robust attitude to these because, frankly, a lot of them are just troublemaking. Quite a lot of them are cases where one councillor or perhaps one party tries to score a point over another councillor of another party. You pretty quickly develop a nose for those and you send them packing accordingly. There are a handful of very troublesome and troubled community councils. Most of the 736 lead a blameless existence and I never hear from them. However, some of them have fallen into sort of faction fighting and then discover the game of complaining about other councillors to the ombudsman.

11.00 a.m.

[175] **David Melding:** We could name them, actually. [*Laughter.*]

[176] **Ann Jones:** Yes; we probably could name them.

[177] **Mr Peat:** Sadly, one community council fell to such squabbling that, recently, its electors voted to disband it. I just hope that that will be a salutary lesson to others. I have actually got to the point of writing to a very few community councils on the back of rejecting one particular complaint and drawn the attention of all of the councillors of that council to the fact that it is also a breach of the code to make malicious or vexatious complaints about colleagues. Equally, there is a handful of cases that are serious. We filter out a large number of these complaints at first pass, and explain to the person making the allegation why we are simply not proposing to investigate. So, a relatively small proportion are investigated and only for around one third of the cases where I think that there is enough to investigate do I actually end up making a report to the standards committee or to the adjudication panel for Wales. So far, this year, I have issued 18 reports of an investigation in which I have not felt that action was necessary and I have sent nine reports through to standards committees or to the adjudication panel. In general, I do not think that this number of complaints indicates any substantial or widespread problem with councillor conduct.

[178] Turning to the question of my relationship with the Assembly after the Act goes through, I suspect that the differences may be more theoretical than real. Only a very small minority of the complaints that I receive are, in any event, about the Welsh Assembly Government. That is not surprising, as this is a strategic body. With one or two exceptions, such as agriculture, you are not generally directly facing customers. I can put my hand on my heart and say that none of the complaints that I have ever dealt with in relation to the Welsh Assembly Government have ever led me into any sort of relationship difficulty with the Welsh Assembly Government as my funder. The present Act puts one or two procedural hurdles in the way of the Cabinet not accepting my budget proposal. I feel happy and comfortable with the new funding arrangements that are proposed, in which a committee of the Assembly will have to consider my budget proposal and make recommendations to the full Assembly. It is not yet determined, obviously, which committee that will be. There will be a matter for Standing Orders to determine, no doubt.

[179] I think that the ombudsman will continue to have an enviable position of independence, as I feel that I have now.

[180] **Ann Jones:** Okay. Does anyone else have a comment? If not, I will just add my little bit. This, again, comes from what David was saying about how you get—in your postbag—people saying that they want the intervention of the ombudsman against a public body. Often, if they have gone through an appeal process, particularly one that involves benefits, the lack of benefits or additional benefits, and when they have gone through such an appeal process for which there is a statutory time limit for getting their appeal papers in, does that preclude you from looking at the actions, in effect, of the local authority in wanting to change the level of its council tax or housing benefit?

[181] How do you then know whether more than one person is affected by the actions of an authority in this way? How can you gauge whether it is the time to step in if you cannot look at the original appeal or the original disgruntled resident's case, if you like. How do you square the circle? How do you also ensure that authorities' procedures are robust enough to do that if you are unable to look at the cases that people want to put before you because they have already gone through an appeal process?

[182] **Mr Peat:** The first thing that I would like to say is that I am not an inspectorate and, unlike a number of my continental counterparts, I do not have any power to investigate things on my own initiative. So, even if I had reason to suspect that things were going wrong in the housing benefit department of a particular council—perhaps after reading stories of disgruntlement in the local papers—I cannot step in until some individual brings forward a complaint to me. I cannot look at those aspects for which there is a statutory tribunal in place, so I am not going to end up assessing somebody’s housing benefit. However, I can and do look at the question of whether the application is well handled, and whether the person was treated courteously and advised properly. Certainly, if, after I dig in like that, I see that what has happened to the individual is not a complete one-off, but is happening because systems are lax or there is not a proper procedure in place then, of course, I will make a report and if I think it is something from which other authorities need to learn I will make it a public report.

[183] **Ann Jones:** Okay, thank you for that. I will put my Chair’s hat back on now. I see that no-one else have any points that they want to make. Thank you, Adam, for coming along and for sharing the paper with us. We are actually bang on time, so, well done Members. We will now take a break.

*Gohiriwyd y cyfarfod rhwng 11.07 a.m. a 11.31 a.m.
The meeting adjourned between 11.07 a.m. and 11.31 a.m.*

**Adolygiad Beecham o’r Gwasanaethau a Ddarperir yn Lleol
The Beecham Review of Local Service Delivery**

[184] **Ann Jones:** Welcome back. I remind Members, if you switched your mobile phones, BlackBerrys or pagers on during the short break, to please ensure that they are now switched off. We resume discussion with today’s substantial agenda item, which is Sir Jeremy Beecham’s ‘Beyond Boundaries’ report, published on 10 July. This is our opportunity to talk with Sir Jeremy Beecham about his report, to which the Welsh Assembly Government will formally respond in November. I believe that we will discuss that response at a future meeting.

[185] Welcome, Sir Jeremy and thank you for coming. Could you please briefly outline some of the main findings of your report before we go into a discussion with the Members?

[186] **Sir Jeremy Beecham:** Thank you, Chair. The main finding was that there is huge potential in Wales to set a first-class example of small country governance, if it can surmount some problems that we have detected in the course of the review around culture, capacity and complexity, which I spoke about when I first came to the committee last year. The evidence, which is quite formidable—there were around 125 written submissions and 95 meetings—suggests that performance is patchy and that there is room for improvement. There is certainly room for much more effective collaboration. We call, among other things, for leadership at all levels: from the Assembly Government, the Assembly itself in terms of developing a more mature model of scrutiny—and I noticed that the Presiding Officer seemed to welcome that particular recommendation when Sue’s initial statement was made—through to local government and the other sectors.

[187] We think that this grows well out of the collaborative culture in Wales; it fits with that model as opposed, perhaps, to the more competition and consumer-based model that may be being developed elsewhere. So, there are grounds for optimism that, with the approach that we are advocating and some of the mechanisms that we are advocating, such as the partnership action contracts, we can see Wales moving forward rapidly and probably more effectively than England. The size of Wales in terms of the scale of the operation and the community and networking probably makes it easier to do this here than elsewhere. That is a brief summary.

[188] **David Melding:** I commend the report. It is an excellent piece of work, but that is not to say that I agree with every word. I am also grateful to the Welsh Assembly Government and to Sue for commissioning it. That was brave, which does not mean that what I am about to say is full of menace, but the report challenges everyone and any political party would find some of what is in it quite daunting and very much what we need to address. It identifies some important issues and it is a first-class piece of work. I have a few comments. I will generally put the Conservative Party's view of this on record and tease out some of the implications.

[189] Notwithstanding what you said in your introduction, I thought that you were a bit more sceptical about the citizen's model. I do not think that we would put choice above high-quality services—in fact, most people whom I deal with would find a lot of choice quite difficult and would prefer to have a high-quality service there directly for them. So, I am not someone who thinks that choice is the magnificent thing that has to be at the pinnacle to ensure that you get a good service, but it does give us a lever if you do not like the way that a particular service is being delivered and you have the choice to go elsewhere. This more consumer approach—as I think you were calling it—has been used in England. We have to be pragmatic, because, in Wales, it probably does not give as much scope as it does in a large metropolitan area of England, where there would be lots of scope around education provision, for example, and ways to create more choice, whereas we have to be a bit cannier about it. However, I still think that, if we want a citizen's model, we have to remember that the service has to be very effective and take elements of choice into the model and use them, because it is a good lever. If you look, for example, at the way that direct payments are run, it is still limited, but it has given a lot of people control over much of their lives, which they welcome. That is my first point.

[190] I will move on to more detailed questions. This reminded me of some of the evidence that I saw when I was on the Health and Social Services Committee. You said that there is a certain resistance in the mixed economy in terms of providing public services. There is something of a barrier that still has to be overcome with regard to the fact that the voluntary and the private sectors can deliver public services. Of course, they have to provide value for money and be effective, but they can be used. The joint reviews into social services often remark that this is quite a poor area of provision in Wales. Councils, in their leadership role, have not really developed a local market. I agree with that and wonder how far you think we need to move on this. Do we have a problem in that some local authorities and, potentially, other public service providers still see themselves too much as providers of services rather than commissioners of effective public services? That would be the core of the question on that point of the mixed economy. Also, in terms of the mixed economy, public services, which form about 40 per cent of our economy, can be used as a great lever locally to encourage small businesses or care agencies and all sorts of things that, for example, local people in deprived communities could perhaps find very beneficial, because they become the providers of services as well as the consumers or their neighbours being the consumers.

[191] I will move on to joint working, because I think that what you say here is interesting. In a polite way, you are pushing us, and I think that the way in which you address some of these issues is quite canny, because these are discussions that we will need to have around the partnership action contracts that you mentioned earlier perhaps leading to local public service boards. I found that observation interesting, because I feel frustrated that, despite the talk of needing joint working and the pooling of resources, budgets, joint commissioning and so on, it is still not embedded in our organisational structures. It is not just this Government that has talked about this; we have been talking about things like this since the late 1980s. The party of which I am a member found it as difficult to put into practice in the 1990s as has been found since. There are islands of good practice; I do not deny that.

[192] I would like to tempt you, perhaps, to say a bit more. You mentioned, tantalisingly, care trusts. By this, do you mean a joint care trust that delivers primary and community healthcare as well as social care? I think that it would be very interesting to see at least one model piloted somewhere in Wales. You also say that the role of local authorities in health should be strengthened. I agree with that, and that it should at least include the joint scrutiny of health with social care. My direct question is why does the same agency not deliver it? I think that I asked you this question the last time that you were here but you did not quite answer it—it is in your report, so I feel that I can return to it—so why do we not transfer the responsibility of the oversight commissioning and scrutiny of primary and community healthcare to local government?

11.40 a.m.

[193] Finally—I am sure that you will be glad that I have reached my final point—on performance management and data, you say important things about the lack of focus at the moment on how to improve outcomes and learn lessons. I agree with that. However, you still need a bit of edge in the performance management process. We have not, as we discussed earlier, compared authorities in terms of their performance. Should we do that, even if it is not in a blunt league-table approach? In addition, the quality of some of the data is still quite poor, particularly in social services, where we do not have very hard data, and it seems to me to be difficult to manage something if you do not have effective data as the basis of making managerial decisions. I commend and amplify your call for a public services annual report, looking at these issues of quality and performance, to be published by the Welsh Assembly Government. I hope that the Minister will take that on board. If we see local public services boards being established, they could do the same, and also publish an annual report. I have gone on a little long; you have been very indulgent. I hope that, out of that slightly rambling response, you can draw out the questions that I asked. I will remind you if you falter.

[194] **Ann Jones:** I am sure that Jeremy will not falter.

[195] **Sir Jeremy Beecham:** Thank you for those seven simple ‘yes’ and ‘no’ questions. I will begin by reiterating that we are looking for service delivery that is citizen centred. That is what it is about. There is not a simple contrast between a citizen model and a consumer model—it is a spectrum. You could argue that we are too far along on the consumer model in England and too far along on what purports to be the citizen model here.

[196] The key is that people will increasingly demand personalised services, whether they are derived from a market or from the more collaborative mechanisms that, I guess, probably suit Wales better, speaking generally. Personalisation does not necessarily imply choice of provider, but it must be key to service delivery. It needs to be backed by redress. I have been advocating redress, not noticeably successfully, as a strand in this debate in England, as well as in this review. Redress can take a number of forms—such as a prompt response to complaints and proper machinery for complaints, or some kind of compensation, financial or otherwise and so on. However, that is a back up to arm citizens with some way of dealing with service failure, should that occur.

[197] As you said, David, choice is not a panacea and it can have perverse consequences. Choice for some may limit the choice of the majority and so on. So, there is a balance to be struck. However, that leads us to the question of the mixed economy. There is, as I think I said last time, and as we do say in the report, something of a public sector, as opposed to public service, ethos here. The public sector ethos can and should extend beyond the public sector. The other sectors—the third sector in particular, but not exclusively—can well be strong players given their freedom to innovate. Sometimes, they may be less risk-averse than the public sector feels constrained to be, with its elaborate system of control and audit. In that sense, they can add to the mix, as can the private sector.

[198] I suppose that the strength of the private sector is that it looks to that issue of personalisation, sometimes, more effectively than elsewhere, but not always. I came down by rail this morning—enough said—but that is, potentially, somewhere where Wales needs to be going further. We see problems from a lack of that approach. We heard evidence about housing, where the reluctance to involve other agencies, registered social landlords, to contemplate stock transfer and so on, given the financial background, has possibly led to delay in delivering the decent homes standard, and the Welsh equivalent, that one ought to be seeing. Certainly, it was put to us by those in the voluntary sector that they were pretty well engaged in talking about issues, but less involved in providing the services. That dual role is something that we think would benefit Wales.

[199] On joint working, there are several aspects to this. The PACts—which might lead to the more full-blown version of looking at the totality of the public spend locally—do represent an opportunity for joint working around what we advocate as a limited number of core Welsh-national priorities, and, perhaps, some UK-national priorities mediated through the non-devolved departments, and local priorities, with the kind of freedom and flexibilities and so on that will need to go with that. In parenthesis, I say that the local area agreements in England are having, I think it is fair to say, a mixed report at the moment; frankly, I am not terribly impressed by the analysis that has taken place, because I do not think that we have seen sufficient detail in England about what people were bidding for and how ambitious those bids were, what response they received and the extent to which those two factors have influenced the outcomes. So, it is early days, but, again, I think that you have the advantage of scale. What we are recommending, of course, is piloting this concept in three or four areas, and I would have thought that that would give you, particularly with the dimension that we are recommending here, which is the involvement of the spatial plan area Minister in the local agreements and contracts, an edge on what is happening in England.

[200] That is one aspect of joint working, and the other aspect is really more, in a sense, to do with the Gershon efficiency agenda, whether in terms of the use of resources or the more effective delivery of joint services. A small authority or a small health trust or further education institution and so on may not be able to provide the range and quality of service that might be available through pooling resources and effort. So, we think that there is a need for a lead to be given by the Assembly, by the WLGA, to local government and other providers to look at the brigading of departments—let us say social services, to take a case in point—across a couple of authorities. Health could, maybe, be looked at in a similar way, as well as FE, and so on. That kind of joint working ought to yield financial savings and service improvements, and it should be developed.

[201] On care trusts and health generally, there are two models here. The care trust model in England is, essentially, social care and health involvement that is really around the social care agenda, primarily, but linking to health. Left to myself, and with a clean sheet, I think that I would personally have gone for a rather more robust approach to primary and community care, going back to local government. However, in the first place, I was outnumbered by people who know more about health than I do on the review team, and, secondly, to be candid, the record on social services, so far, is insufficiently convincing to allow us to recommend at this stage that local government should assume responsibility. If the results generally are patchy, then they are particularly patchy in social services, and it is probably too soon to jump that particular fence. However, for myself, I would not exclude revisiting that in future. I would certainly like to see it on my side of the border, anyway. It might well be something to revisit here, once the performance on the social care side has demonstrably improved.

11.50 a.m.

[202] The scrutiny side is important. You have community health councils in Wales, and that is different to England. Whatever happens, that needs to be brought together holistically in some form with the social care agenda, from a scrutiny point of view. You may or may not need to do something about the structures, but, essentially, that should be on the agenda, maybe with community health councils as partners or in some other form, but they must be brought together.

[203] Performance management is perceived generally as a weakness across the system, as is project management. That needs to be developed. The comparators that we referred to in the report suggest that, in some areas, Welsh local government is underperforming in relation to some English comparators. The comparators that were devised try to look at similar types of authority and then the generality. It is difficult to make such a comparison, and the comparison should not only be with England, as there are other UK jurisdictions that one could well look at. However, there seems to be underperformance in some areas, but by no means in all of them. In particular, the information base in Wales—forget about the comparators for a moment—is insufficiently developed. People do not have sufficient information. The survey on page 48 or 49 of the report shows that people generally feel less well-informed about services in Wales than they do in England, not that they feel particularly well-informed in England, but it is less so in Wales. Therefore, we advocate that councils and other bodies, such as health bodies, should be surveying citizen satisfaction.

[204] You have referred to our recommendation that the Assembly Government should publish annual reports. In Scotland, we were told that these were treated with some seriousness and that they become quite a feature of local debate in Scotland. I was a bit surprised by that, but it seems to be the case. It would be good to see that happening in Wales, because it is important to engage citizens. However, satisfaction surveys and the like are only as good as the information base on which they rest. If the information base is poor, whether the satisfaction rating is high or low is not particularly useful, except when you can perhaps see a trend over time, but at any given moment the survey itself is not necessarily all that persuasive. If people do not know what the facts are, the judgement is not worth all that much. So, it is incumbent on all levels of government and all parts of the public service in Wales to inform people in a meaningful way, and not to drown them in statistics, which is a danger, but to look at the core issues and convey information that will hopefully decide how good the service is, and how it must be better.

[205] The final thing is that challenge is implicit in what I am saying. Challenge needs to be there in the system—challenge from users and challenge to providers—with as little micromanagement as possible and with the most proportionate regulation and monitoring inspection that can be produced. It must be sufficient enough to provide the challenge but not so much that people become obsessed with the data and bogged down in responding to inspection, at the expense of doing the job. So, again we need to be somewhere in the middle of the spectrum and not at either end.

[206] **David Melding:** I could follow-up on that with a lot, but I will not use up the committee's time now.

[207] **Gwenda Thomas:** This is the second time that I have been given the opportunity to ask some questions. I would like to say how impressed I am with this report, and how helpful it should be to us in planning the way forward. When you talk about the citizen focus on non-devolved issues, such as benefits and offender management in particular, so much policy development is dependent on the effects of benefit. The poverty issue is tied to it, and I am a bit worried about the reforms of incapacity benefit and so on and how that will affect the most vulnerable families. If you cut off benefit, what about the children in those families? How will it affect the eradication of child poverty? One needs to complement the other and I have made that point in another place.

[208] On offender management, I feel very strongly that children and young people who offend are really part of the same continuum, and we need to realise that. Non-devolved and devolved issues merge on this matter. What are your thoughts on that?

[209] On the reference to the resistance to the mixed economy of provision of public services—and this is the third time that I am mentioning this today; this is not an advertisement—I chaired a review of services to vulnerable children for the First Minister and Jane Hutt, during which strong evidence came to light on the mixed economy and the need to test the market vigorously, particularly on children's issues; the requirement to reach inspection and regulation standards; and the fact that, fundamentally, the priority has to be the commitment to the welfare of children. We need to bear that in mind.

[210] I see that there is a section on the strength of the Welsh system, and you mention the coterminosity of key delivery organisations at local level. I could not agree more with that. However, there are cost-boundary issues. I happen to live right on a boundary and I do not think that there is coherence and sufficient information for the public where this cross-boundary issue becomes quite important, particularly in terms of the provision of out-of-hours care and social care. People do not really know who is going to deliver what, particularly if their GP practice straddles that boundary. There are all sorts of complications that need to be sorted so that the public has clarity on who should be delivering what.

[211] David mentioned the recent joint reviews—although they are not so recent now; some of them go back quite a few years—and the growth of the social services agency out of that, and the highlighting of joint provision, pooled budgets and joint planning. I have recently re-read the report on Maria Caldwell, a child who was abused and died nearly 30 years ago, and there are similarities between that report, the report on Victoria Climbié and the report that you have now written. This has been a serious situation for children and has often resulted in the death of a child. Do you think that we are moving towards a statutory obligation to joint-plan and to pool budgets between organisations? To my mind, underlying that is the need to treat children, particularly vulnerable children, as citizens.

[212] I welcome the reference to the WLGA and local government. You—or it may have been David—just mentioned the holistic needs of the vulnerable, be they children or the elderly, and the need to do this, particularly in the case of children. Sometimes children's services are looked at separately from adults' services, and it seems that never the twain shall meet, when so many issues arise in the transition from childhood to adulthood. The Minister for Health and Social Services is currently consulting on social services, and I think that we need to pick up this issue of transition. So much comes to my surgery on this issue of there not always being coherence. The role of the WLGA is important in bringing together local authorities and sharing information, and that is crucial. I believe that there is some excellent practice in Wales and that the situation has improved, but there is quite a lot more to do.

12.00 p.m.

[213] **Sir Jeremy Beecham:** There were a range of issues there too. Let me begin with the non-devolved issues, particularly those around benefits and offender management. We were pretty impressed by the discussions with the Department for Work and Pensions around Link-Age and what it is doing on that aspect of it. However, tying the benefits issue and the welfare reform agenda together with economic development and regeneration indicates that this is an area in which it will be essential for the DWP in Wales to be free to join with other agencies, through the partnership action contracts, and maybe ultimately through public service boards, to deploy its budget in ways that do not necessarily conform to a single national model. That money from the DWP budget might not be directed in benefits to particular individuals, but to support job creation or childcare projects that will free up people's ability to work and so on. The importance of that issue is not so much the substance of what it might do, but the need for the Assembly and the Assembly Government to secure buy-in from Whitehall departments to what might be local variations to national practice. That is quite a challenge, I guess, in the context of devolution, but it is important.

[214] It is equally important on offender management. I was struck, not to say horrified, to learn in the course of this review that youth custody for Welsh children effectively takes place outside Wales. The Children's Commissioner for Wales has no legal right to retain an interest in those kids once they are over the border, although, in practice, he does apparently have some access. Of course, the whole offender management system is currently under review and, frankly, is in some degree of turmoil nationally. It is important that that whole complex of criminal justice and offender management issues is subject to scrutiny by the Assembly. It seems to me that all non-devolved functions should be scrutinised at that level. It may also be necessary at a more local level, for the DWP, the National Offender Management Service, the Environment Agency and other bodies to respond to the particular needs of local communities and to be engaged with scrutiny at that level too. Again, the Assembly needs to be staking its claim there and the Assembly Government needs to push Whitehall and Westminster into ensuring that it is seen as an obligation to collaborate.

[215] On the question of the mixed economy around provision for vulnerable children and others, it is absolutely right that, in this sensitive area where needs—be they physical or psychological—are very variable and often complex, for there to be a variety of approaches and for that capacity to innovate to be reflected in what is on offer. We heard again from the third sector that sometimes the Welsh arm of a national organisation is quite well resourced, but in other cases it is not, compared with what might be a large English organisation. Capacity building around creating the kind of market, in the sense of resources, that can be commissioned more broadly than on an individual authority basis may help that.

[216] On coterminosity, there is probably a greater degree of coterminosity in Wales in some respects, largely because of the unitary status of Welsh local government, for example, and their matching health boards. On the other hand, the health trusts are not coterminous and I seem to recall that Carmarthenshire was divided between three trusts, which must make life difficult. As you rightly say, mechanisms to ensure cross-boundary connection and information, both for the users and the providers, will have to be developed.

[217] On joint planning across the services, we had quite an interesting discussion on Tuesday, when I was speaking at an event in Wrexham for north Wales around the review and how Wrexham council, I think, and the trust were talking about joint arrangements. However, the trust is in deficit and for that reason, or maybe for others, the aspirations do not seem to have been translated into the practical kind of joint delivery that one might have hoped for. So, it will not be easy to develop that across those boundaries, but it is something that ought to be pressed. Again, particularly in the context of PACts, if you are looking at what is an agreed priority, it will be imperative that people bring their budgets and policies into alignment to achieve that.

[218] I am not terribly sure whether statutory obligation would help. I suppose that, initially, I would rather go down the route of voluntarism. I think that the statutory obligation that I would like to see is for public and, indeed, other bodies to submit themselves to scrutiny. On balance, I think that I would prefer to try to get a negotiated response. If that does not work, it may be that statutory obligation has to follow.

[219] I detect a degree of scepticism about the separation of children services and adult services. I entirely share that. You have referred to the point of transition, which is a perfectly valid point, but the other point is that you cannot, as it were, take the child out of the adult family situation, where there may well be problems. The Prime Minister's address and the new programme that Hilary Armstrong is leading on community cohesion, which, I think, is an English programme, make the precise point that so many of the problems that children face, which, in turn, may make the children themselves present problems, stem from dysfunctional adult family situations where the adult services have to be involved. I am rather leery of the division that has been created. The tendency of the education service is, perhaps, to treat schooling and education as the prime function, as it were, and the children services side as a second order issue. We will have to see how it develops but I am not sure that that approach is necessarily right. We certainly need to make sure that the adult services remain closely in contact with what happens on the children's side.

[220] The WLGA has indeed a strong role in disseminating good practice. I am pleased that it has been involved in supporting social services departments that have been in difficulty. It clearly has a brokerage role, as well as a kind of good-practice-promoting role, in actually bringing together authorities that may lack the resource to develop the specialisms that they, ideally, should have. On their own, the numbers are perhaps too small to justify the expense. I would see the WLGA very much acting as a broker there as well as the body that supports and disseminates good practice.

[221] **Ann Jones:** Okay. Thank you. Is that okay, Gwenda?

[222] **Gwenda Thomas:** I am grateful for that.

[223] **Ann Jones:** Okay. Mike?

[224] **Michael German:** Perhaps I could explore a little on from where David was exploring, on the diversity of provision. To start with your first point that the public sector is too geared towards compliance and is not geared towards innovation, it seems to me that there are some of the legal powers in place already, particularly for local government to be more innovative in the things that it does. We were told in evidence here by the WLGA earlier this year that it felt that it was far too early to make judgments about the way in which local authorities are making use of these new powers and freedoms. I wonder whether there is any natural prospect, from the evidence that you have seen, of these powers actually being picked up and utilised. In a sense, will this be a natural progression, and is it that a report would just be a way of helping you to remember that you have to do these things; or do we need to do some more? Is more work needed, and how would you do that?

[225] Moving on to the diversity of provision, the resistance to doing that somewhat comes from being innovative.

12.10 p.m.

[226] So, if you start with being innovative you might think about doing things differently, but, because the model is rolling on from previous years, I wonder whether there are any funding levers that one could use in order to promote diversity of provision. For example, when local government was given the power to give out voluntary sector funding back in the 1990s—which was not ring-fenced—suddenly a whole raft of voluntary sector work just disappeared from the horizon, because, from an obviously tight budget, local authorities took their portion and let the voluntary sector have what was left over from what they saw as their right procedures for moving forward. That happened in adult and community education; that is a classic example of where the change took place. Eventually, of course, even that got squeezed.

[227] We talked earlier this morning about performance management, and you rightly say that we do not publicise and measure enough. However, if performance is to be measured and publicised, does it have to have a funding lever behind it? If so, does that funding lever need to be more mainstream, and should it be a real pressure upon our local government or upon the health boards or whatever, that their performance is to be measured, including their performance on innovation—in other words, how far have they used their funding more cleverly as opposed to just using it more efficiently? How might that balance work? The general thrust is about the evidence about openness and changing, and where people feel that they want to go. How did the evidence that you got give you any confidence that people will do it without having to be given extra levers to make it happen?

[228] **Sir Jeremy Beecham:** On the issue of trading powers, we had two discussions. One was around prudential borrowing and it did not seem that people were rushing to take advantage of that, not even at the point when we heard evidence in the field of housing, where you might have thought that, in the absence of any other move, it would have been an area where local authorities would feel able to move. I am quite struck by one piece of evidence that we heard from the directors of education who, in some ways, had some very critical things to say about the department here and how it relates to schools and to other departments, and so on.

[229] Then the local government cringe factor emerged again, in saying how lamentable it was that they were not getting guidance from here. It is time that councils stopped asking for guidance from government, both here and in Westminster. After 20 or 30 years of feeling marginalised and repressed, perhaps there is still that kind of psychological dependency in thinking that you need to have permission to do things and to be told how to do them. That is another aspect of the ambition question. Public services and local governments, in particular, need to be more ambitious, self-confident, innovative and a bit less risk averse—not stupid or reckless, but they need to recognise that sometimes things will not work out. There is no obloquy in that and one can learn from it. More robustness would be welcome.

[230] On trading powers, which are now available in Wales—I am not quite sure when they became available—why wait? This has been coming over the horizon for two years. Why wait until you see the detail of the final Order? Why not get on and start thinking about it and planning it, and talking to each other? If you are talking about joint working and offering back office services beyond local government across the public sector and perhaps more widely, why wait until you get the power? Why not start on the process? It is a question of getting off the back foot of defending what we have, and a sort of a clenched attitude, and moving to a more open attitude whereby you recognise that public services and the public sector can offer as good a service, if not a better service, than anyone else, and can get out in the marketplace and set an example. That is to be encouraged. In a sense it should not need funding levers to do that. The leverage should be of a political—with a small ‘p’—kind.

[231] It ought to be a determination to get out and do things. The lever might be that this generates savings or surpluses that can then be directed at priorities that you have established locally. It may be that you can use the PACts here to reward certain aspects, particularly, I guess, to promote engagement with the third and private sectors. If you are looking at promoting diversity, it may be that either part of the budget under a PACt might be directed towards achieving that or there might be a reward grant for those who demonstrate that they are building capacity, whether on the local authority or voluntary sector side. However, that would be a modest thing. The main point, it seems to me, is to encourage that outward-looking ambition. Similarly, on performance information, decent performance information is not a bolt-on that you ought to be bribed to produce; it should be a fundamental tool of management. You may have a small council, for example, Gwynedd, has 50,000 to 60,000, and there is Ynys Môn across the Menai Strait, which I had imagined was a great gulf, but is exceedingly narrow—you can practically walk across it.

[232] **David Melding:** It is, metaphorically, an ocean. [*Laughter.*]

[233] **Sir Jeremy Beecham:** That may well be the case, but sometimes one has to throw bridges even across stretches of ocean.

[234] I can understand why producing a lot of data might be difficult for a small council like that: each council employing one or two people to do that might be expensive, relative to the budget. However, it would be economical for two councils coming together to employ one person to do that. We quoted the Clackmannan and Stirling example—to be frank, we do not know much about it, but it was quoted to us, so we referred to it. That is where two smallish councils are amalgamating their management so that it comes together to serve the two councils, but the political accountability will remain separate. That is the ultimate—you would not have to go all the way like that, but if there are such areas where pretty basic stuff is expensive relative to a small council's resources, then combining resources to achieve that might be the solution. Again, the WLGA perhaps brokering that seems to make sense. I think that that is a better way of approaching it than, as it were, simply putting cash on the table.

[235] **Michael German:** Are there any other means apart from using cash? If an array of all the various actors in this field that you are trying to influence were sat around this table, they would all be nodding furiously, indicating that it is the right thing to do. However, there is a difference between knowing the right thing to do and carrying it out. Encouragement and so on is one thing, but you do not actually tell us how to do that. You have given us the position laid out in your report—that people should take more advantage of the opportunities available to them—but perhaps there are one or two areas where you could have said, 'Perhaps there are other ways we can encourage them, beyond using cash'.

[236] **Sir Jeremy Beecham:** Cash is a fairly strong lever in the sense that, given that resources will not be increasing significantly, there is a need to generate greater efficiencies, cashable and non-cashable—I am slightly concerned that the Treasury these days seems to be looking more towards the cashable savings than the non-cashable, which can be more significant in some respects than cash saving in terms of re-engineering service provision. However, that pressure should already be pushing authorities down this route, because they will not get increasing subventions from Sue or her successor to expand the financial base as much as has happened over the last few years.

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[237] There are other ways that are valid, but less obvious, such as celebrating success and building into the process the expectation that the target will be to deliver the services in a different way, for example, jointly. Perhaps it does not have to be between one local authority and its partners; you can bring people together in a wider partnership to achieve that. However, fundamentally, I think that it is that psychological inhibition at the moment—for the last couple of decades, the stance has been that: we are under attack, we draw the wagons around in a circle and we defend what we have. That is true of local government, it is true of other public services, it is true of politicians, of trade unions, very significantly, and it is sometimes true of other sectors, such as the voluntary sector. That needs to break. We have to break the circle and get people looking out at what is possible, not simply standing on what has been done for the last 20 or 30 years. That is the cultural challenge that we find and which the report clearly poses. That is where political leadership has to come in along with scrutiny, an informed public and a media that deals with these things seriously, which we also recommend, somewhat hopefully; it can play a role.

[238] **Ann Jones:** Thank you. I see that no-one has any further questions. Thank you for coming, Sir Jeremy, and for sharing your thoughts on the report. As David said, it is a challenge for us all, and it has certainly made for some reading. I have read it so many times that my pages are falling out; the spine is not good on it. Thank you for your time, and we look forward to the Government's response. I am sure that you will also be looking closely at that.

[239] Can we agree the minutes of the previous meeting, which was held on 6 July? I see that we do.

[240] Before I close the meeting, I remind those Members who are able to attend at lunchtime today that the budget scrutiny briefing session will be held in conference room D in the Assembly offices building. Thank you very much.

*Daeth y cyfarfod i ben am 12.22 p.m.
The meeting ended at 12.22 p.m.*