



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

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

Dydd Mawrth, 20 Ionawr 2015
Tuesday, 20 January 2015

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Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

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

Eraill yn bresennol
Others in attendance

Gareth Morgan	Dirprwy Gyfarwyddwr, Cyflenwi, Llywodraeth Cymru Deputy Director – Delivery, Welsh Government
Matthew Mortlock	Swyddfa Archwilio Cymru Wales Audit Office
James Price	Cyfarwyddwr Cyffredinol - Busnes, Menter, Technoleg a Gwyddoniaeth, Llywodraeth Cymru Director General – Business, Enterprise, Technology and Science, Welsh Government
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales

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

Leanne Hatcher	Ail Glerc Second Clerk
Tanwen Summers	Dirprwy Glerc Deputy Clerk
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

Dechreuodd y cyfarfod am 09:00.

The meeting began at 09:00.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good morning everybody and welcome to today's meeting of the Public Accounts Committee. If I could just remind Members and witnesses that this meeting is bilingual, as are all meetings of the National Assembly for Wales, and that everybody should feel free to contribute through either English or Welsh as they see fit, of course, there

are headsets available for translation and sound amplification. If I could encourage everybody as well to switch their mobile phones to silent, as they can interfere with the broadcasting equipment—. In the event of a fire alarm, we should follow the instructions of the ushers, who will take us to an appropriate place. We haven't received any apologies for today's meeting, but I do want to formally welcome Jocelyn Davies back to the committee. Welcome, Jocelyn.

[2] **Jocelyn Davies:** Thank you.

[3] **Darren Millar:** And to put a note of thanks, I'm sure, on behalf of all of the committee, to Alun Ffred Jones for his contribution in recent months.

09:01

Papurau i'w Nodi Papers to Note

[4] **Darren Millar:** We will go straight into item 2 on our agenda. We've got the minutes of our meeting held on 13 January to note. I'll take it that those are noted.

Gwasanaeth Awyr oddi mewn i Gymru—Caerdydd i Ynys Môn: Sesiwn Dystiolaeth 3 Intra-Wales—Cardiff to Anglesey—Air Service: Evidence Session 3

[5] **Darren Millar:** On to item 3, the intra-Wales—Cardiff to Anglesey—air service, evidence session 3. I'm very pleased to be able to welcome James Price, director general of business, enterprise, technology and science at the Welsh Government, and Gareth Morgan, deputy director for delivery at the Welsh Government. Members will recall that we published an interim report on the intra-Wales air service back in July 2014. We had a response from the Minister, Edwina Hart, in September to that report and we've also had some correspondence backwards and forwards with the director general following the Minister's response. In addition to that, since the publication of our report, a contract has been re-let and the Welsh Government have indicated that they took our report into account during the re-letting and retendering process. So, if I can welcome you both to the table today, James, I don't know if you want to make a few opening remarks before we go into Members' questions.

[6] **Mr Price:** Not particularly. I mean, I'm looking forward to this morning's session. Hopefully, we're in a relatively good position to be able to answer questions that are raised. Both Gareth and I have gone through all the paperwork, so we'll give our best shot at answering, you know, honestly, and, if we can't answer, we'll have to provide you a note on it, but, hopefully, between the two of us, we can answer almost anything that is asked.

[7] **Darren Millar:** I suppose one thing that still seems a bit of a mystery, Mr Price, to the committee, are the contents of the Arup report, which the Welsh Government commissioned. You've written to us indicating the sorts of areas that Arup were commissioned to look at, but we haven't obviously seen a copy of the report that they produced. Do you want to just fill in the gaps for us and tell us whether you're able to publish that report now?

[8] **Mr Price:** Yes, absolutely. So, in the last evidence session we attended, we talked quite a bit, really, about external advice we were going to be getting and the fact that we'd commissioned Arup to provide some of that advice, and, indeed, work with us through the retendering process. Obviously, that's now complete. We do have a full Arup report. What we

are now doing, though, is working through it to redact elements of it that are commercially sensitive. For example, within that report, Arup spoke to a number of different airline operators, who told them commercial facts about what type of things they would like to see, or what type of things would work for them in a public service obligation, what wouldn't, where their commercial practices were and where they weren't. So, there's a whole series of sections that either need to be redacted or need to be checked with third parties before they're made public and we're going through that process now. And it is my intention that as much of that report as possible can be published and made available to the committee.

[9] **Darren Millar:** And when was that piece of work by Arup completed?

[10] **Mr Price:** The draft report was completed in time to let the contract, but it ran all the way up until the end of the contract because there were some negotiations with some of the bidders. So, we've had it now for, what, about six or seven weeks, I think?

[11] **Mr Morgan:** The final report was received then, but an interim report was received in July to allow us to make the right decisions about the procurement.

[12] **Darren Millar:** Right. Because the indication that you gave this committee, when you first came in to give evidence, Mr Price, was that the Arup report would inform whether you proceeded to tender or not, as a Welsh Government, not that it was a stage 1 piece of work because a commitment had already been given to proceed to retender the contract.

[13] **Mr Price:** I mean, I think, as with all these things, things evolve as time goes on, and the Arup work, as often happens, reported in a number of stages. So, we had an early-stage report, informing things like cost-benefit analysis, and just the legalities of PSO, where we could go into, et cetera. Then we had a further stage, and, finally, a further stage again, which included talking to a whole number of different operators and advising on the commercials.

[14] **Darren Millar:** So, it was a three-stage process. So, at what point were Arup commissioned to support you through the retendering process?

[15] **Mr Price:** I would have to check, but I think at the point in which—

[16] **Darren Millar:** Was it before the interim report was published?

[17] **Mr Price:** By definition, yes, because otherwise they could not have reported, and I think they had already been commissioned when I last gave evidence, otherwise I wouldn't have been able to be talking about them having been commissioned. I'm sure that was already signed off by then.

[18] **Darren Millar:** So, they had been commissioned, at that time, to take you through the retendering process—

[19] **Mr Price:** No, sorry, they had been commissioned to provide evidence to help us through the whole process, and it just so happened that we decided to retender, and, as part of that evidence, we got them to help us through the tender process.

[20] **Darren Millar:** Your responses suggest that a decision to retender had already been made.

[21] **Mr Price:** No, I don't think so at all.

[22] **Darren Millar:** No?

[23] **Mr Price:** What happened was the process evolved as we went through, and we simply asked them additional questions, as is quite normal through a consultancy process.

[24] **Darren Millar:** So, at what date was the decision to retender made?

[25] **Mr Price:** I'd have to come back; I've got that in the pack somewhere, but I'd have to come back to you. There's a submission folder, there was a note published by the Minister, and it will be on record, saying when it was.

[26] **Darren Millar:** Okay. Thank you for that. I'm sure other Members have got many questions about the Arup thing. Can you tell us what the timescale will be for when you might be able to publish a redacted version of the Arup report or the—

[27] **Mr Price:** I should think within a month.

[28] **Darren Millar:** Within a month?

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

[30] **Darren Millar:** Okay, excellent. I'm going to come, if I can, now to Jocelyn Davies.

[31] **Jocelyn Davies:** This is a fairly new area of activity for Welsh Government officials, because you haven't done this type of thing before, and I suppose that's why you would turn to Arup, and so on, for outside, external advice. But are you satisfied now that there is sufficient expertise within Government to deal with this type of activity and to assess that report? Are you confident?

[32] **Mr Price:** I don't think I'd ever say I was completely confident that there was enough expertise, because you can always learn and you can always get better. However, given the number of PSOs that we're running—one—I think that I'm content that we have enough expertise, both internally, and externally, to get a satisfactory outcome. If you pushed me further, and said, 'Could we get a better outcome?', it is very difficult to answer, but we can always get better. I think our expertise has increased since the last time we looked at this, not least because we're able to engage with Cardiff Airport, if you like, with them on our side, rather than as a commercial adversary, which may have been the case in the past.

[33] **Jocelyn Davies:** So, I think you'd agree, then, that this has been a learning curve for officials, but you were gaining confidence, gaining expertise, and you feel that, in the future, you'll be even better because of your links with the airport?

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

[35] **Jocelyn Davies:** I've got some questions on marketing. Do you want me to go on to those now?

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

[37] **Jocelyn Davies:** You can see from the evidence that we've got that there's a budget—£70,000 a year—which we're told is three times greater than the current, or is going to be nearly three times greater. Can you tell us where the marketing strategy is?

[38] **Mr Price:** Yes, and Gareth might come in with some of the detail hear. To start with, I think the headline figures that are quoted are not exactly correct. So, I think the contract requires spending of the order of between £62,000 and £69,500 something—

[39] **Mr Morgan:** It's £63,000 and £69,000.

[40] **Mr Price:** There we are, £63,000 and £69,000. The current spend is in the order of £19,000 or £20,000. So, the three-times figure and the £70,000 are approximations, and, looking at the type of work that the new contract holder is preparing to do, they may well spend more than the £70,000 figure that's quoted anyway, but, contractually, they don't have to. And, the type of things that are planned are all the type of things you might expect in terms of visible marketing, but, interestingly, they have appointed three operators in north Wales with Traveline Cymru, and they are appointing, again in north Wales—I don't know whether it's full time or part time—a bilingual champion of the service to be on Twitter, to be available to go on radio programmes and just generally promote it. Interestingly, already, the service bookings for this service under this contract are 15% up on what they were this time last year for the last provider. They wrote to me yesterday saying that they're very confident that they can deliver that.

[41] **Jocelyn Davies:** Okay, there's going to be more people involved in doing the marketing and you're going to use social media, so with the rest of the strategy, then, are you just measuring the effectiveness by seeing how many more bookings there are? How will you know that it's due to this marketing strategy?

[42] **Mr Price:** I don't think we'll ever know whether it's due to a marketing strategy or not, but I think what we can look at clearly is how many people are using the service compared with how many people used it before. Obviously, there are many different things that'll influence that: the performance of the economy, or maybe just general attitudes. We'll have a look at that as part of an evaluation, but what I think is important is that the £70,000 was in the overall bid. This isn't something that we're paying on top of it. The attitude of the successful bidder seems to be very positive in genuinely wanting to drive up usage.

[43] **Jocelyn Davies:** So, will people be routinely asked when they book why they booked, and how they knew about it?

[44] **Mr Price:** I don't know that.

[45] **Jocelyn Davies:** You know, how will you know if the strategy's effective if you've not asked? Tell me, how is the evaluation done? Gareth, can you help?

[46] **Mr Morgan:** Again, I am new to the position, but I have read through the detail now that I'm taking over the area. I believe that there is a market strategy that has been produced, and there is an increased requirement within the contract to survey passengers to see customer satisfaction, as well as, obviously, why they booked, to try and judge where they target the marketing going forward. They also have looked at various social media options. They've looked at trade and chambers of commerce, in terms of marketing to those avenues. They're also able to use the Arup report that James referred to earlier, in terms of the breakdown of passengers that we've historically had, to try to develop areas where maybe it is weaker. They've identified areas in terms of Anglesey where they can advertise that, going forward. They're going to use all that information they gather from these various sources to inform the flexible fare price and to encourage areas of the market they see for growth.

[47] **Jocelyn Davies:** So, has this new strategy started?

[48] **Mr Morgan:** Yes.

[49] **Jocelyn Davies:** It's already started.

[50] **Mr Price:** It's started, but it's ramping up, I think it's fair to say, looking at, again,

the information that the operator's sending me directly, in saying that they have just appointed, the three people I referred to in Traveline Cymru. They are appointing the person in north Wales. Already, they are 15% up. There's going to be quite an interesting announcement next week, which I can trail, but I cannot, (a) for political reasons, and (b) for commercial reasons, tell you too much on it, but there will be another leg of the route being announced that we're not paying for that's being delivered as part of this.

[51] **Jocelyn Davies:** So, how much of this 15% are you putting down to the new marketing strategy?

[52] **Mr Price:** Genuinely, I think that would be incorrect for me to try to answer, at this stage. What I would say, at this stage, is it's a commercial contract. They are incentivised to fill the plane as much as they can, commercially. Particularly when this other announcement is made next week, it's for them to make sure that they spend their money, which, otherwise, would be profit for them, in the most effective way. We want to see them maximising passenger numbers. That's not just about marketing; it's about customer experience and a whole series of other things. That's not to say we're uninterested, but the contract certainly incentivises them to use that money correctly. I mean, maybe that is something we could go away and provide a note on, because I haven't had a detailed conversation with the contract holder on that matter.

[53] **Jocelyn Davies:** Okay, because it would be, you know—if we're unsure of what's already been done. You've said 'Well, there's a 15% increase', but it might have absolutely nothing to do with the marketing, mightn't it? So, yeah, we'd be very interested to see further information on that, and how you intend to carry out that evaluation, specifically of the marketing. Okay, thank you, Chair.

[54] **Darren Millar:** Sandy Mewies.

09:15

[55] **Sandy Mewies:** Thank you Chair. Good morning. I'm quite interested in the marketing strategy. I'm glad you've mentioned it, because I must say that £70,000 doesn't seem an awful lot of money to me, to be employing three people to do some marketing in north Wales, one bilingual, and so on and so forth. I'm assuming that must—does that pay them to employ someone who is specifically marketing this route or, you know, does it run into other areas?

[56] I certainly did see some somewhere, and I can't remember where, which was suggesting that it would be a good thing for people in Cardiff to visit Anglesey for leisure, rather than the other way around. I wondered whether you knew whether that had had any success at all?

[57] This is just on marketing, but I do have a couple of other things around the areas that we've looked at, like Arup. When you say you're not sure how successful the marketing strategy can be, I'm assuming you're having feedback on it, but what most people do who are marketing is they tag the information that they give out. So, Marks and Spencer, for example, would say, 'You've been in our store today; if you fill in this online survey you could win £250'. There are various ways that you can tag the information that you're putting out, but you seem to be saying that there isn't any way. There'll be surveys, but in actual fact you can just sometimes get people to tick a box and say, 'Where did you hear this? Newspapers? Television? Word of mouth?' you know, that sort of stuff. So, I wondered whether you had any comments on that.

[58] **Mr Price:** Okay, absolutely. I was just digging out the note that was sent to me by

Links Air themselves. So, just to clarify what I said, they have stated to me they have added three roles to the Traveline Cymru team to handle all calls. The training is taking place between 20 and 21 January, and it'll go live first week in February. I think that's beyond the £70,000 that I was talking about. The individual based in north Wales who will be doing marketing is also dealing with route co-ordination. What their strategy seems to be is to try and tie this new service into other services, such that Anglesey will have a service to a place other than Cardiff, and, through Cardiff, Cardiff will have an additional service. We're also in commercial talks with the same operator about operating other flights as well, but that's something I can't go into now.

[59] In terms of the wider questions on marketing, absolutely, and we do that type of thing that you were talking about: you can use a different end digit on a telephone number, and you can try and track where people come from. What I'm honestly not able to tell you now is what the operator is planning to do. Within the contract, we have not forced them to do anything particularly, because it's a matter for the commercial operator to innovate to make sure that they use the money as effectively as they can. But, we'll absolutely ask them these questions and come back with a note.

[60] **Sandy Mewies:** But, you would ask, presumably, when it's up and running. You know, that can't be commercially confidential, except the methodology, maybe.

[61] **Mr Price:** No, absolutely.

[62] **Sandy Mewies:** You know, 'How are you doing and what sorts of reaction'—

[63] **Mr Price:** However, if the operator says, 'We think that spending £70,000 a year'—or it might be more: £150,000 a year—'on this activity is worth it from our commercial perspective, but we don't think it's worth monitoring where people are coming from', that will be a matter for the operator. If the passenger numbers are very high, then I think, as Welsh Government, we wouldn't particularly mind.

[64] **Sandy Mewies:** Okay. Before we move on, it's your own fault for mentioning it—you never trail anything if you don't want to say any more about it, I'd say, in public—and I appreciate that you can't, but I know certainly one of the things that we have talked about is the time that an aircraft just sits doing nothing, and that time could be utilised well. I am assuming that that may be what we're looking at here. When is it going to be announced next week?

[65] **Mr Price:** I can talk a bit about that, and that's why I wanted to bring it into this conversation because that's one of the things that this committee was asking about and challenging us on: what's the aircraft doing when it's on the ground in the middle of the day?

[66] **Sandy Mewies:** Can I just say, my other question was about the Arup report, and was only to ask—and, this may be, I don't know, something that you may consider to be commercially confidential—when you were looking at the retendering of the contract and looking at the evidence, did you also look at the downside? You know, how much would it have cost if the contract didn't go on? Would there have been some sort of monetary penalties? Was that examined as well as a comparison of the good reasons for going on?

[67] **Mr Price:** Can you explain that a bit more in terms of monetary penalties?

[68] **Sandy Mewies:** Yeah, I can. If you're going to retender a contract, you look at whether it's valid, really.

[69] **Mr Price:** Yes; absolutely.

[70] **Sandy Mewies:** And it's that validity, really. Sometimes, you might say, 'Well, we've done that; it didn't work, so forget about it.'

[71] **Mr Price:** Okay, all right. So, 'yes' is the answer to that.

[72] **Sandy Mewies:** Thank you.

[73] **Mr Price:** So, if I take the question about the downtime, if you like, of the aircraft in the middle of the day, what we attempted to do in the contract was to allow, or more explicitly allow anyway, use of the aircraft in the downtime. Whereas the previous contract didn't expressly forbid it, it did have very heavy penalties if, for any reason, the plane was not then available for either the service from Cardiff to north Wales, or from north Wales back to Cardiff. Now, I know I'm opening myself up to another question here, in the sense of if the penalties aren't quite so high, what's going to happen if the service isn't available? There still are penalties in there, but they're not prohibitive. So, what we've said is, 'Please do use the aircraft in the downtime, but you need to be hitting certain service standards on all of your routes'. The operator has proposed and has agreed a further leg in the day, which I think flies from Anglesey, and it will fly into England. The announcement's being made next week, isn't it?

[74] **Mr Morgan:** Next week, now.

[75] **Mr Price:** Yeah, I think it's next Tuesday. Tuesday or Wednesday. I was hoping that it would've been made yesterday so I was able to talk about it today. There's commercial reasons why they couldn't do that.

[76] So, that's what's happening with the middle of the day. It was something we had looked at before, but I do think that the challenge that this committee made sort of made us look at it again. So, that's, I think, a real positive.

[77] In terms of the business case, and the upside and downside of letting the contract or not letting the contract, that did prove quite difficult, if I'm honest, to both assess the economic benefit of the service and, therefore, to answer what you'd be losing if you didn't run it. The estimates that we have show in the order of a standard cost-benefit analysis, just based on transport, which doesn't take into account the socio or economic factors, which is the main reason for running a PSO, of about 1.1, using Department for Transport figures. That's based on the new contract, not based on the previous one.

[78] **Sandy Mewies:** Thank you. Did you know how many people are going to Anglesey from Cardiff—

[79] **Mr Price:** 'No' is the answer, but I know they're pushing that, absolutely.

[80] **Sandy Mewies:** Okay.

[81] **Darren Millar:** Mike Hedges.

[82] **Mike Hedges:** Can I just return to the financial side of it? To actually work out whether it's cost-effective or not, we need to compare it with others. How did the subsidy per mile compare with that of Arriva Trains, and how did it compare with other similar intra-country travel?

[83] **Mr Price:** Okay, so I might bring Gareth in on some of this. Again, this is a really challenging question and one that I was challenging the team with all the way through. What

I've got in front of me here are some notes that Arup did for me, but we challenged them. This is based on the fact that quite a large number of the people using the service, if you wanted to be challenging towards me, you would say, were in the wider public sector. The Arup report says, I think, about 25% of the people who use the service are in the public sector. If you take a wider definition of the public sector, which includes universities and the education sector, that's closer to half of the people using it. So, my challenge back to the team was 'Well, if half the people using it are in the public sector, is there value for money for that half of it?' So, we've looked at it from that perspective, and the basic answer is that the current air service, in terms of all subsidies and time of a public sector person, as an average salary, would cost about £430 for a trip—that is including everything. To go on the train would probably cost about £516. That costs more, because we're allowing greater time to be sat on the train, basically. With a hire car—this figure is a bit wrong; they need to add in the cost of us maintaining a road, which won't add up to much more—it is about £366. With a private car, because you get pence per mile, rather than hire, it is about £416. So, it's not of massive magnitudes out. And, just to kind of complete this public sector usage thing, the figures that I have been able to draw out of the system show that, within the Welsh Government, between 60 and 100 people a year have used the north-south air service; that is as civil servants, not including politicians.

[84] **Mike Hedges:** A very interesting answer. Can I ask the same question I just asked? How does the subsidy compare to the subsidy for Arriva Trains, and the subsidy for other intra-country travel, by plane? Other countries have intra-country travel by plane; if they are subsidised, then those numbers must be in the public domain. Just, basically, how do they compare? Are we an outlier? Are we pretty average?

[85] **Mr Price:** So, it is seemingly an easy question, but it is quite a difficult question to answer. The figures I've got in front of me, for the train, show a total subsidy of about £150 for the north Wales route, on average. But, that's based on average passenger kilometre subsidy on the whole of the rail network, and I've little idea whether that's applicable to the north-south route or not. We can't break it out in the overall bid that Arriva originally made for the service. If you compare PSOs across Europe, they vary wildly, and we would be towards the top end of the costs, but we're not an outlier. Some of that is in the Arup report that will be made available.

[86] **Mike Hedges:** They vary wildly. Is that 'vary wildly' per mile, or do they vary wildly per total cost, because some of them are travelling far longer distances than others, aren't they? I mean, Wales is a relatively small country, in terms of size, compared to other parts of Europe.

[87] **Mr Price:** Sadly, the answer to that is, 'All of those reasons'. So, it also varies depending on how many people are using the service, and it depends on what size plane people are using on the service, because people can use a bigger plane than they could before. There is seemingly a whole host of reasons as to why they vary. I can't answer much more than that now, apart from the fact that we've gone through a commercial process to try to get the very best price that we could do. We think that everyone who could bid did bid, and the contract price is 20% lower than it was last time. I think it's a valid challenge—an absolutely valid challenge—what you're asking me, but it's a very difficult question to answer. Arup were set that challenge, and the information that they were able to glean is in the report.

[88] **Mike Hedges:** Sorry, I wasn't saying that you'd got a good or bad price—I have no idea, and no way of knowing, whether you've got a good or bad price, and I think most people here are probably in the same position as me. What I can do is compare it—or I'd like to compare it—against what happens in other parts of Europe, so that I can say, 'Well, yes, we are doing as well or less well than other parts of Europe'. Now, you're saying that some of that detail may be available in the Arup report. Did the European Commission publish it?

[89] **Mr Price:** No, no.

[90] **Darren Millar:** But, you'll publish that report, redacted—

[91] **Mr Price:** Absolutely.

[92] **Darren Millar:** [*Continues.*]—and within the next month it will be available to committee members.

[93] **Mr Price:** And, I think what I'm saying—and I think I'm giving really quite an honest answer here—that we're a bit above where I'd like to see us on the comparators, but we can only get the best price we can get in the commercial marketplace. And the fact is I am unable to tell because if someone's got a lower price per passenger kilometre in another country, that may well be because the landing fees are lower, it might be because the occupancy per plane is higher, it might be because they've got a bigger plane, or it might be because they're cross-subsidised by another service—it's very difficult to work it out. But, we are not a complete outlier; we're within a kind of 60% norm in the middle, but we're towards the top end of that norm, not towards the bottom end of it. You'll be able to see for yourself when the report comes out.

09:30

[94] **Darren Millar:** Jocelyn.

[95] **Jocelyn Davies:** I just wondered, on the figures for travelling by road and by train, does that include the overnight stay that would be required?

[96] **Mr Price:** Let me—. On the road it certainly does.

[97] **Jocelyn Davies:** Because I know—.

[98] **Mr Price:** We've allowed for it on the train as well, yes.

[99] **Jocelyn Davies:** You've allowed for it on the train, because most people that would travel by road of course would, and that would be also paid for—.

[100] **Mr Price:** Out of travel and subsistence, yes. So, that's £80 of the figure in both of those. That's what I've allowed for.

[101] **Darren Millar:** And also, just within those figures, obviously there's an effort that has to be made in order to travel to the airport.

[102] **Mr Price:** Yes, which is included in that.

[103] **Darren Millar:** That's included, is it?

[104] **Mr Price:** Yes, yes.

[105] **Darren Millar:** What about from the airport to the ongoing destination?

[106] **Mr Price:** Yes, absolutely.

[107] **Jocelyn Davies:** That's very interesting.

[108] **Sandy Mewies:** Chair, can I just ask about—. There are figures that were given—. I was just wondering if they are still correct, the figures that were given in answer to questions in December, when you looked at the PSO routes for Dublin-Knock, Barra-Benbecula and Sligo-Dublin. They were £151, £80 and £83 as compared with £85.

[109] **Mr Price:** That's right, yes.

[110] **Sandy Mewies:** Is that still correct?

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

[112] **Sandy Mewies:** Right, okay.

[113] **Darren Millar:** That is still correct.

[114] **Mr Price:** And, sorry, just a bit of further information. You asked about additional transport costs for the air service. We'd allowed £72 additional transport costs.

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

[116] **Mr Price:** It's quite high, but I think a lot of people use taxis etc.

[117] **Darren Millar:** Can you just tell us, just for everybody's satisfaction, what is the actual cost of this air service subsidy?

[118] **Mr Price:** Okay—.

[119] **Darren Millar:** On an annual basis over the four-year period.

[120] **Mr Morgan:** Over the four-year period, the cost of the subsidy is £3.94 million, which is the maximum cost that would be incurred. That's split down to, if you want the individual costs, £1,028,368, £996,492, £967,949 and £949,446.

[121] **Darren Millar:** So, it's around £1 million a year.

[122] **Mr Morgan:** So, it's approximately £1 million, yes.

[123] **Darren Millar:** It's around £1 million a year in terms of the subsidy. And, obviously, when you refer—. When the Welsh Government issued a statement on this, the 20% saving was against the maximum subsidy that could've been paid under the previous contract.

[124] **Mr Morgan:** The previous contract.

[125] **Darren Millar:** Because there was this reference to the 20% figure. Okay.

[126] **Mr Price:** It's maximum subsidy against maximum subsidy.

[127] **Darren Millar:** Yes, I understand. Aled Roberts.

[128] **Aled Roberts:** Diolch. Rwyf i am ofyn cwestiwn yn Gymraeg. Mae Sandy Mewies wedi sôn am y PSOs eraill yng ngwledydd Prydain. A gaf ofyn i chi yn y lle cyntaf, a oes gan ARUP brofiad o ran cynghori in Welsh. Sandy Mewies has mentioned the other PSOs in Britain. Can I ask you in the first place whether ARUP has experience in terms of advising the Government in Scotland? Do they have any experience in this field in Britain at all? Why were

Llywodraeth yr Alban, neu, a oes they selected?
ganddyn nhw unrhyw brofiad yn y
maes yma ym Mhrydain? Pam
gawson nhw eu dewis?

[129] **Mr Price:** Do you know, that's a very good question, and I don't know the answer, which we need to find out. What I would expect, and what Arup would always do, is make sure that they brought in expertise or spoke to someone else. I would be almost certain that they had done that work, but I will find out and provide a note for committee.

[130] **Aled Roberts:** Iawn, diolch. **Aled Roberts:** Okay, thank you.

[131] **Mr Price:** What I should say is that we didn't just rely on Arup. Arup brought in York Aviation. York Aviation are experts who do this work all the time, and we also brought in Martin Evans to do quite a bit of the work, who provided evidence here and he works on other PSOs, but I can't comment on Arup in and of themselves.

[132] **Aled Roberts:** Digion teg. A **Aled Roberts:** Fair enough. Can I just ask as well
gaf i jest ofyn o ran y broses dendro about the tendering process itself? Where was the
ei hun? Ym mhle y cafodd y tendr ei tender advertised?
hysbysebu?

[133] **Mr Price:** Okay, yes. So, this is, I think, part of, maybe, a wider question, which is, 'What tender process did we go through?' Do you want me to cover that as well now?

[134] **Darren Millar:** Yes, please.

[135] **Mr Price:** So, for two reasons, we deviated from the normal EU procurement rules on this process, and we used a reduced timescale process. I'll ask Gareth to talk a bit about the detail of that process, but the reasons for that are, firstly, we wanted to gain as much information and thinking as possible from, not just the Arup work, but the work that we were doing ourselves; and, secondly, in exploring the procurement routes that were available to us, we looked to pick the route that had the highest efficiency, i.e. the one that was going to have the lowest administrative costs, but go to the biggest market. So, it was advertised in *The London Gazette* and on Sell2Wales. I think *The London Gazette* is more relevant for this marketplace, but additionally to that, we spoke to all operators that we believed had planes that were able to fly routes such as this. I think we spoke to about 16 or 17 different operators. Arup were also commissioned to speak to different operators to try to drum up interest. So, I think we made all efforts to not just advertise something, but to ensure that everyone was made available—sorry; not 'everyone was made available', but everyone knew that we were looking for bids for the service. In the end, I think we had something like 28 expressions of interest—

[136] **Mr Morgan:** Twenty three.

[137] **Mr Price:** Twenty three, sorry. That moved down to only two final bids. There were four, kind of, serious potential bidders that dropped down to two. Having spoken to people in the field, people don't believe there was any more than four people who could ever have really bid for it, anyway. So, on that basis, I don't think it was a bad outcome. Clearly, we'd like to have more in the mix and what seems to be the driving factor behind this, which again might raise another series of questions, is the limited size of the plane and the fact that most of that size plane stock is on routes elsewhere. So, basically, there just aren't enough planes of that size around. Gareth, do you want to just talk about the process?

[138] **Mr Morgan:** The process. Previous processes. Because you anticipate the number of passengers at more than 10,000 and that the journeys are more than 10,000, you have to

advertise through the full EU process. That's not to say—. The other process we used is also a full EU process, but I think that was the term James referred to, which is 16(4)—I don't want to sound too much of a geek in terms of the processes—and that means that you have to have a six-month period between the invitation to tender and the receipt of bids.

[139] However, for the revised process, which is one where there are fewer than 10,000 anticipated journeys per annum, you can advertise using the local journal, which James referred to as *The London Gazette*, which is correct, and then have a slightly shortened process. Added to that is the standard process, which also allows a 10-day standstill period, so after you have the six-month period, you have another 10 days. That, clearly, would have made it very difficult to achieve the initial review that we would want by Arup to allow us to decide whether we wanted to take the contract forward, or whether we would want to stop the contract at the end of the previous contract in December 2014. So, in order to achieve that breathing space for us to make our fully valid decision on whether to proceed with the procurement, we decided to proceed with the amended process, which doesn't require the six-month period.

[140] **Mr Price:** I should say it was all based on external legal advice and notified to the EC at every stage.

[141] **Aled Roberts:** Roeddwn i'n mynd i ofyn hynny i chi, achos rwy'n meddwl bod memorandwm yr archwilydd cyffredinol yn dweud, rhwng 2007 a 2008, fod yna 14,000 o deithwyr. Rydym yn derbyn, erbyn 2012-2013, fod y ffigwr yna wedi gostwng i 8,400. Ond rydych chi'n ffyddiog, ar sail cyngor cyfreithiol allanol, nad yw'n bosib i unrhyw gwmni herio eich penderfyniad chi, achos mae yna berygl, wrth gwrs, fod eich penderfyniad chi'n seiliedig ar y ffaith bod y tendr gwreiddiol yn dod i ben cyn i chi allu rhoi'r hysbyseb am chwe mis, a hwyrach y buasai rhai yn herio mai'ch diffyg chi i ragweld bod y gyfundrefn tendro'n dod i ben oedd yr achos i chi fynd i *The London Gazette* yn hytrach na mynd drwy'r broses lawn, felly.

Aled Roberts: I was going to ask you that, because I think the memorandum of the auditor general says that between 2007 and 2008 there were 14,000 passengers. We accept that, by 2012-13, that figure had decreased to 8,400. But, you're confident, on the basis of external legal advice, that there's no possibility of any company challenging your decision, because there is a risk, of course, that your decision is based on the fact that the original tender is coming to an end before you can place the advert for six months, and perhaps some people would challenge that it was your lack of ability to foresee the tendering process coming to an end that caused you to go to *The London Gazette*, rather than going through the full process.

[142] **Mr Price:** Uh-huh.

[143] **Aled Roberts:** Ond, rydych chi wedi derbyn cyngor cyfreithiol ac rydych yn fodlon efo'ch penderfyniad.

Aled Roberts: But, you have taken legal advice and you're content with your decision.

[144] **Mr Price:** Yes and I challenged the team with all of those things that you raised with me before we went down that route. Provided that it is deemed a reasonable assumption—the less than 10,000—it doesn't matter if the service then achieves more than 10,000, which is actually the forecast of the bid winner: to actually go above the 10,000 toward the back end of the four-year contract.

[145] **Mr Morgan:** Correct, and in the previous four years, it was between 8,500 and about 9,000, so it is reasonable. It requires, basically, more than a 10% increase in patronage to the air service. I take your point on board in terms of the initial success of the service, but, given the current economic climate and our history with passenger numbers, we thought that it was reasonable to assume that we would get 10,000 or fewer.

[146] **Aled Roberts:** Ond, ar hyn o bryd, wrth gwrs, rydych wedi dweud eich bod wedi gweld cynnydd o ryw 15%. Os ydy'r cynnydd yna yn parhau ar draws y flwyddyn, mi fyddwch chi dros 10,000 o deithwyr y flwyddyn.

Aled Roberts: But, at present, of course, you've said that you've seen an increase of about 15%. If that increase continues during the year, you will be over 10,000 passengers per year.

[147] **Mr Price:** Absolutely, and that's where I'd like to be. My understanding, having checked this legally, is that it's two separate things. What we want to see from the service is a massive growth—I'd like to see it full. That might equate to 15,000 passengers, I think, a year, if we can achieve that. That doesn't, in any way, invalidate the tender process.

[148] **Aled Roberts:** Ocê. A gaf i jest fynd yn ôl at nifer y cwmnïau a wnaeth dendro? Rydych chi wedi dweud bod yna 23 o gwmnïau wedi datgan diddordeb. Roeddwn yn mynd i ofyn i chi faint o gwmnïau wnaeth yrru tendr i mewn, ond rydych chi wedi dweud bod dau gwmni wedi gwneud hynny. Ai jest mater o'r 21 cwmni arall yn syrthio allan o'r broses oedd hynny, ynteu a oedd yna ryw fath o ganllawiau wedi cael eu rhoi gan y Llywodraeth, ac i rai ohonyn nhw gael eu bwrw allan?

Aled Roberts: Okay. Could I just go back to the number of companies that tendered? You've said that 23 companies expressed an interest. I was going to ask you how many companies actually tendered, but you said that two companies did that. Was it just a matter of the other 21 companies falling out of the process, or was there some kind of guidance given by the Government, and some of them were struck out of the process?

[149] **Mr Price:** I think it's fair to say they fell out of the process, as in they didn't go to the next stage. We didn't give them guidance to drop out, but the main reason, I think, in over 90% of the cases, was they didn't have the size of plane required. I said, 'Well, why on earth would they register, then?', which is the natural next question, and I think what tends to happen, certainly with bigger operators, is that they will simply register as a matter of course for any tender that comes out and then take a decision at a later date.

[150] **Aled Roberts:** Jest dau bwynt byr arall: o ran y ffordd roedd ansawdd y cynigion yn cael ei ystyried, ai ar sail pris yr oeddech chi'n edrych? Beth oedd y canllawiau o ran ystyried pwy oedd yn llwyddiannus?

Aled Roberts: Just two further brief points: in terms of the way in which the quality of the bids was considered, were you looking on the basis of price? What guidance was used in terms of considering who would be successful?

[151] **Mr Price:** Okay. So, this is something where I'm never happy with what we do. So, normally, there is a price/quality split, and I'll get Gareth to talk a bit about this, because Gareth's much more involved in procurement activities than I am. In this instance, we've talked about technical aspects and commercial aspects—70% being awarded for technical aspects, 30% being awarded for commercial aspects; i.e. price in that would be the 30% and

service and quality would be the 70%. However, the winning bidder also had the lowest price, but only marginally. In terms of technical aspects, that included things like timetabling. We wanted to maximise the time the plane was on the ground at each—sorry, not the plane on the ground, but make it as early as possible for the service to be in north Wales and as early as possible for the plane to be in south Wales, so you get the longest time on the ground as a passenger. We wanted things like additional accessibility at both ends. There were safety criteria, which were a pass-and-fail criteria, rather than graded criteria. My challenge to the team would always be, ‘Why isn’t it the other way around?’; i.e. we expect perfect quality and 70% is on the price. I think Gareth would say that experience shows that that doesn’t deliver that.

[152] **Mr Morgan:** Absolutely. Again, experience has shown that, in several areas of normal procurement—if we call it normal procurement—when you try to specify something quite thoroughly, the contractor always looks to push the limits, or the bidder looks to push the limits to give you the minimum quality to achieve the lowest price, which they have to do to competitively bid for a service. Therefore, the quality process is really about things like wider benefits and we ask them things such as: details of how they would manage environmental impacts; initiatives and proposals for wider benefits, including corporate social responsibility; contingency plans, so if a service isn’t provided, what their contingency plans are, so we judge them on how well they are; their reliability and punctuality—how they are going to show reliability and punctuality; and things such as how they’re going to maximise value for money.

09:45

[153] So, whilst we can instruct them under a PSO, or mark them in terms of the service we alluded to earlier, we can evaluate that this commercial company is going to take commercial judgments that are aligned with the Welsh Government’s interests in terms of the use of the aircraft and their business. So, these wider aspects ask them to offer things to us. We can’t ask them overtly, but if they offer them to us, we can bind them into the contract, which we’ve been able to do.

[154] **Aled Roberts:** Jest cwestiwn olaf: rydych chi’n ymwybodol, rwy’n siŵr, o rai o’r pryderon a gafodd eu mynegi ynglŷn â’r trefniadau gydag is-gontractwyr efo’r un roeddem ni’n ei weithredu yn blaenorol. A oes yna waharddiad ar Links Air i is-gontractio, o ran y ffaith nad ydyn nhw’n gwmni awyr—eu bod nhw’n gwmni tocynnau, i ryw raddau? Rydych chi’n ymwybodol o rywfaint o’r dystiolaeth y gwnaethom ni ei derbyn tro diwethaf.

Aled Roberts: Just a final question: you’re aware, I’m sure, of some of the concerns that were expressed about the arrangements on sub-contracting with the previously operated contract. Is there a ban on Links Air to sub-contract, given the fact that they’re not an airline company—they’re a ticketing company, to some extent? You are aware of some of the evidence that we had last time.

[155] **Mr Price:** Yes, and I’ve challenged the team and challenged the legal team. There are no—. Well, there are no apparent issues with what we’ve done now. I think when I gave evidence last time I kind of tried to discount a lot of the evidence that you’d received, even about that service, but this service has the air operator signing the contract. So, any element of sub-contracting is the opposite way round to what it was last time.

[156] **Darren Millar:** Okay. Can I just ask for clarification? So, the biggest limiting factor in terms of the number of people who actually went to a formal bid was the plane size.

[157] **Mr Price:** Seemingly, yes.

[158] **Darren Millar:** And the plane size requirements are in place because of the limitations at RAF Valley; is that right?

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

[160] **Darren Millar:** So, the limitations at RAF Valley—because you would like to see, if I remember rightly, a larger plane in use—prevent that from being the case, don't they?

[161] **Mr Price:** You're absolutely right, apart from—. I don't know whether we'd like to see a larger plane in use. It would be good if we could fill a larger plane, obviously—

[162] **Darren Millar:** That's what was envisaged originally, wasn't it, when the service was embarked upon?

[163] **Mr Price:** Yes, but based on the demand that we are currently seeing, we would struggle to commercially fill, obviously, a larger plane. We are looking at that. The new contract includes a clause that allows us to renegotiate that contract for a bigger plane should the demand increase, and should we be able to get the changes required at RAF Valley, or, in fact, at a different airport.

[164] **Darren Millar:** Yes. And, of course, the air passenger duty kicks in as well, doesn't it, when it becomes a larger plane?

[165] **Mr Price:** Not anymore. That's changed. It used to. With the regulations that changed last year, any PSO, regardless of what size plane it is running, is now APD exempt. Or that is certainly my understanding.

[166] **Darren Millar:** Okay, so that financial disincentive as far as ticket prices—

[167] **Mr Price:** Has been removed, yes.

[168] **Darren Millar:** Okay, thank you for that. William Graham, then we will come to Julie.

[169] **William Graham:** Thank you, Chair. Have you got any information about the use of RAF Valley? We were concerned before about the closure, and if there's an alternative. It obviously destroys your marketing effort if the plane's not going to be able to land in Anglesey.

[170] **Mr Price:** Absolutely. So, as part of the process leading up to the award of the contract, and as recommended by this committee, but also partly through our own team, we did talk to Hawarden, RAF Valley and others to inform this process. Certainly, nothing that I have seen—and I wasn't involved in those conversations myself—indicates that there is any immediate need to be worried about any closure of RAF Valley, apart from the thing we talked about last time, which is that there is a need for resurfacing of the runway, which still hasn't happened. That's currently scheduled, I think, for summer 2016, and is scheduled to take between four and six weeks, during which time the plane will be re-routed to—or the plan is to re-route it to—Hawarden, and that doesn't affect the PSO status of the route.

[171] **William Graham:** Thank you. We're often concerned about the time of operation at Valley. Has that improved at all? Have they done a Friday?

[172] **Mr Price:** This is as a result of RAF Valley being shut early on a Friday, basically. 'No' is the answer to that. The timings are marginally improved on every day, but on Friday the Valley return flight is still, in essence, an hour earlier than it is on every other day of the week, which is unfortunate.

[173] **William Graham:** Right. No change there.

[174] **Mr Price:** No. Sorry, what I should have said also, which has just reminded me: in the information that the operator sent to me, they were also talking about making use of the plane on weekends for other services, which may or may not be scheduled—they might be more ad hoc. But they want to make use of the plane on the weekends as well.

[175] **William Graham:** I see. And when will those details be known?

[176] **Mr Price:** I'm guessing after the announcement that's made next week.

[177] **William Graham:** Okay. Thank you, Chair.

[178] **Darren Millar:** So, they won't be able to use it from RAF Valley?

[179] **Mr Price:** Not from RAF Valley; they would go to Hawarden or maybe to other services. It wouldn't be part of the PSO. This is, again, at their commercial risk, but they've said that they want to do that.

[180] **Darren Millar:** Okay, excellent. Thank you. Julie Morgan.

[181] **Julie Morgan:** My questions are mainly about the procurement and they've mostly been covered, but following up what the Chairman was asking, I think you said that there were only four airlines that could actually provide this service. Could you expand on that a bit?

[182] **Mr Price:** Gareth, do you want to—

[183] **Mr Morgan:** One point is that all 23 of the companies are type 'B' services, so they do have planes below 19-seaters; it is just the availability of the planes for the service. Therefore, of the four that James referred to, I believe one dropped out financially—obviously, we can't discuss the names—and the other two went to do a consortium bid. So, we actually had three bidders but two of them joined together to bid, and the other bidder bid alone.

[184] **Julie Morgan:** But those were the only ones with the right size of planes.

[185] **Mr Morgan:** And that were available.

[186] **Julie Morgan:** That were available; right. So, when you said that there were only four available, that was based on the size of their planes, was it?

[187] **Mr Morgan:** That's right—19-seaters.

[188] **Julie Morgan:** Okay, thank you very much; I just wanted to hear that.

[189] **Mr Morgan:** Just one point to add to that. Various experts did speak to the larger plane companies and, basically, there wasn't a huge amount of interest in the service, either because they didn't have the 19-seater planes or they weren't convinced in terms of the passenger numbers at the moment. So, I think, potentially, if the numbers do grow, then it's

something that the outputs suggest we do look to in the future, in possibly looking to modify the facilities at Anglesey in terms of allowing us to expand. But, again, obviously, we'd have to make a judgment in terms of where the passenger numbers go in to justify such an expense.

[190] **Mr Price:** The value of the expenditure we believe would be in the order of £1 million to be able to take a bigger plane; certainly £1 million post-2018.

[191] **Julie Morgan:** Thank you.

[192] **Darren Millar:** Okay. Jenny, did you want to come in at all?

[193] **Jenny Rathbone:** No.

[194] **Darren Millar:** Can I just ask finally then, if no other Members want to come in, on ticket pricing? I'll come to you in a second, Aled, if that's okay. In terms of ticket pricing, obviously there was a maximum ticket fare that could be charged under the previous contract. That's continuing under the new contract, is it?

[195] **Mr Price:** Yes. I think that the technical terminology for it isn't 'maximum ticket fare', because I got told that yesterday. But to all intents and purposes, it is a maximum ticket fare and it's staying the same as it was before. So, there's no change in that at all.

[196] **Darren Millar:** And there's no provision for it to increase or anything on an annual basis under the contract.

[197] **Mr Price:** No. There is provision for them to request the Minister to change the approved maximum fare—which isn't called 'maximum fare' but actually is—but I don't think there's any uplift in there, no.

[198] **Darren Millar:** And in terms of the maximum subsidy, that is the absolute maximum that the Welsh Government will pay.

[199] **Mr Price:** There's one thing that we should add in there, which was also in the previous contract, which is about fuel. So, the fuel costs can increase that maximum subsidy by a maximum of £100,000 a year. However, in order for that to happen, fuel prices would have to go up by 50% over what they are now.

[200] **Darren Millar:** Right, okay, because they're at a relatively low base at present, aren't they?

[201] **Mr Price:** They are, but even when they go back to what they were before, we've still got 25% growth left in there. So, we're not thinking at this point that that's likely to happen.

[202] **Darren Millar:** Okay. Aled, you wanted to come in.

[203] **Aled Roberts:** Nid wyf yn gwybod os ydych chi'n cofio, ond mi roedd yna anghysondeb yn y dystiolaeth wreiddiol rhwng ffigurau Llywodraeth Cymru a ffigurau y *Civil Aviation Authority*. Roeddwn jest eisiau gofyn i chi os ydych chi wedi deall yn union beth ydy sail y gwahaniaeth hwnnw. **Aled Roberts:** I don't know whether you remember, but there was inconsistency in the original evidence between the Welsh Government's figures and the Civil Aviation Authority's figures. I just wanted to ask you if you understand exactly what the basis of that difference is.

[204] **Mr Price:** The honest answer is we still don't exactly understand that, no. We did spend an awful lot of time trying to get to the bottom of this. The difference is no longer as great as it was. The difference was much higher in numbers before we bought Cardiff Airport. The discrepancy's reduced now, so I don't know whether Cardiff Airport was simply looking to make its passenger numbers look marginally higher than they actually were, but, commercially, as under the last contract, it's not in the operator's interests to overstate passenger numbers, because they get paid less. So, ironically, if they overstated passenger numbers, provided we then find out afterwards they're wrong, we're paying less for the service anyway.

[205] **Darren Millar:** Okay. Are there any other questions? No. That brings us to the end of the evidence session. Thank you very much for your time, James Price and Gareth Morgan. You will receive a copy of the transcript of today's proceedings, and you can correct any factual inaccuracies, if there are any, just by contacting the clerk. We look forward to receiving a copy of the redacted Arup report in due course, and the additional information that you said that you'd forward on in terms of the marketing campaign and the evaluation of the contract. Also, if you can just send us a note on the timetabling around the decision to commission Arup to support the retendering exercise, we'd appreciate that, too. Thank you very much indeed.

[206] **Mr Price:** Great, thank you.

09:56

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

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

[207] **Darren Millar:** We move on, then, to item 4 on the agenda, the motion under Standing Order 17.42 to resolve to exclude the public from the remainder of our business.

Cynnig:

Motion:

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

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

Cynigiwyd y cynnig.

Motion moved.

[208] **Darren Millar:** Does any Member object? I'll move that. There are no objections, so we'll go into private session.

Derbyniwyd y cynnig.

Motion agreed.

*Daeth rhan gyhoeddus y cyfarfod i ben am 09:56.
The public part of the meeting ended at 09:56.*