

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cyfrifon Cyhoeddus](#)

[The Public Accounts Committee](#)

29/09/2015

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Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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

The proceedings are 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

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Jocelyn Davies	Plaid Cymru The Party of Wales
Keith Davies	Llafur (yn dirprwyo ar ran Julie Morgan) Labour (substitute for Julie Morgan)
Mike Hedges	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Gwyn R. Price	Llafur (yn dirprwyo ar ran Sandy Mewies) Labour (substitute for Sandy Mewies)
David Rees	Llafur (yn dirprwyo ar ran Jenny Rathbone) Labour (substitute for Jenny Rathbone)
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Nicola Callow	Cyfarwyddwr Cyllid Director of Finance
Claire Clancy	Prif Weithredwr a Chlerc y Cynulliad Chief Executive and Clerk of the Assembly
Matthew Coe	Swyddfa Archwilio Cymru Wales Audit Office
Peter Curran	Cyfarwyddwr Cyllid, Chwaraeon Cymru Finance Director, Sport Wales
David Melding	Aelod Cynulliad (Ceidwadwyr Cymreig), Comisiynydd y Cynulliad Dros Dro Assembly Member (Welsh Conservatives), Acting Assembly Commissioner
Sarah Powell	Prif Weithredwr, Chwaraeon Cymru Chief Executive Officer, Sport Wales
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales

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

Fay Buckle	Clerc Clerc
Claire Griffiths	Dirprwy Clerc 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. Welcome to today's meeting of the Public Accounts Committee. If I could just read the usual housekeeping notices and remind everybody that the National Assembly for Wales is a bilingual institution and we should feel free, as Members and witnesses, to contribute to today's proceedings through either English or Welsh, as we see fit. There are, of course, headsets available for translation, and these can also be used for sound amplification as well. If I could encourage everybody to switch off their mobile phones or put them on to silent mode, and remind you all that in the event of a fire alarm we should follow the instructions of the ushers. Members are all aware of the new arrangements for the declarations of interest, so I won't repeat those. And I want to note that we have received apologies today from Sandy Mewies, from Julie Morgan and, indeed, from Jenny Rathbone, but I'm delighted to be able to welcome Gwyn Price, David Rees and Keith Davies to the committee today. Welcome to you, gentlemen.

09:01

Papurau i'w Nodi
Papers to Note

[2] **Darren Millar:** Item 2, then; we have some papers to note. They're just our minutes from our meeting held on 22 September. Can I take it that those are noted? Yes.

Craffu ar Gyfrifon 2014–15: Comisiwn y Cynulliad
Scrutiny of Accounts 2014–15: Assembly Commission

[3] **Darren Millar:** Okay, then, moving swiftly on to item 3—scrutiny of accounts for 2014–15. Today, we’re taking some evidence from the Assembly Commission on the publication of their annual report and accounts, and I’m delighted to welcome the Deputy Presiding Officer, David Melding, to the table, along with Claire Clancy, the Chief Executive and Clerk to the Assembly, and Nicola Callow, director of finance at the National Assembly for Wales. Welcome to you all. You’re obviously aware that this is the second year that we’ve conducted this exercise, bringing in different bodies that are funded by the public purse to give an account for the spending that they have made. And, obviously, we’ve received your quite weighty report—a very detailed report—in advance, and we’re very grateful for that. Naturally, we’ve got a number of questions that we want to ask, but can I ask you, Deputy Presiding Officer, whether you wanted to say anything in advance of us asking those questions?

[4] **The Deputy Presiding Officer (David Melding):** Bore da, Gadeirydd. I’m delighted to be here. I think it’s a very important scrutiny session. It’s a great innovation, I think, that you do take this time to examine our accounts and the work of the Commission. And I’m quite happy to move to questions.

[5] **Darren Millar:** Thank you very much indeed. Perhaps if I can start, then, before I bring in Jocelyn Davies. Obviously, the report is in quite a significantly different format than in previous years. There’s lots of detail in it. Do you think there’s any way in which you would like to perhaps change or concentrate the reports in the future, in order to make sure that they are perhaps more digestible?

[6] **David Melding:** I think there may be merit in having some form of summary document, but the issue of transparency means that we have to have a fairly comprehensive approach. But, you will note there’s an awful lot of work that goes into the presentation of the data. We wouldn’t expect someone to read it—apart from, obviously, fellow Assembly Members—cover to cover, but it’s there for organisations and individuals that are interested to dip into. And the way the key data are presented, I think, is very user-friendly—lots of infographics and, you know, digestible pieces of information there. So, that’s been our focus.

[7] We don’t publish thousands of these and then just throw them all

around libraries across Wales. So, it's part of an approach to promote our work and to encourage others to look at it, and to examine what we do. But, on that specific point, on do we need a second version that is more readily digestible, as you put it, then I think we will reflect on that.

[8] **Darren Millar:** And just tell me: where are they actually published? Are they easily accessible on the website, for example?

[9] **David Melding:** I'll ask Claire just to say something on the general distribution of the report.

[10] **Mrs Clancy:** So, on the website on the top of it, you can find 'How the Assembly works' and then within that there's a lot of information about the Assembly Commission, including all the annual reports. Just to build on what David said, there is a Her Majesty's Treasury initiative for the streamlining of annual reports and accounts, and we're working at the moment with the Wales Audit Office to review all our processes for the accounts for last year, including thinking about what the content should be for next year. What we'll do is we'll go back to what's going to be the core requirement—what are Treasury saying is their expectation in terms of streamlined reports—and then we'll consider what else we might want to keep in there or add in, because we do have to balance, as David said, the streamlining and transparency. As the Assembly Commission, the organisation that is democracy in Wales, we feel that there's an onus on us to be as transparent, and therefore as full, as possible.

[11] **Darren Millar:** It's certainly the most detailed report I think we've seen as a committee, so we're very grateful to you for bringing it along. Jocelyn Davies.

[12] **Jocelyn Davies:** Thank you. I wanted to ask you about the governance and strategy, if that's okay. I notice from the report that you've got information in there about your external advisers—you name them, and we've got their curriculum vitae, and so on. So, can you tell us what the role of the external adviser is? I notice that it says that they provide support and challenge to the Commissioners and to your senior management. So, what does that mean? And, can you tell us the cost? Are they paid, and so on?

[13] **David Melding:** I think they play a key role in our governance—'critical friends' is often the phrase that's used—and certainly, in my experience of the Commission and in the audit committee, it's a key role they play in terms

of the wider experience they have with other organisations, but they're in a position to probe and challenge our decision making so that it is as robust as possible and it's done in a very constructive way. I have to say, I think the interventions are very skilful, they're often towards the end of a discussion, and may pick up issues and nuances that have not been captured in that discussion by Commissioners or in other committees. So, I think it's very important that we continue with the emphasis we put on their role. In terms of the cost that the independent advisers come at, I'm not sure of the detail.

[14] **Mrs Clancy:** Nicola is looking—

[15] **Jocelyn Davies:** You could always let us have a note, I suppose, on that.

[16] **Mrs Clancy:** It is the annual report. Maybe I could just add, while Nicola's looking for the fee, that we use them in different ways, playing to their strengths. So, for example, one chairs our audit and risk assurance committee, and we have two other independent advisers on that committee. We also have a remuneration committee, which is entirely independent advisers to advise particularly on the remuneration of senior officials within the Commission, but also on pay strategy generally. We have a couple of independent advisers who come along to Commission meetings, but also, and crucially, they work with us on a day-to-day basis, again playing to their expertise. One of them is currently the director of human resources for B&Q, another is an ex-IT director for John Lewis. These are people who we couldn't possibly afford to employ, but who have reached that stage where they want to give something back and, in fact, who say they get a great deal from working with us. So, we are very fortunate to have them.

[17] As an example of the good practice of our governance, I think, our head of internal audit did a review of the effectiveness of our independent advisers as part of his internal audit programme of work this year. So, that's just, a few months ago, been prepared and, in my discussions with them about their continuing work, I've given them feedback from different stakeholders on the contribution they make. So, we're quite tough on them, even though they work with us for a relatively small sum, which is—.

[18] **Ms Callow:** It's on page 89 of the report, if you want it in full, but our independent advisers receive non-pensionable emoluments of circa £5,000 a year and a bit more, £7,000, for the chair of the committees.

[19] **Jocelyn Davies:** Right, okay. And it sounds as if you're satisfied that they're value for money. What about the attendance at meetings? Is the attendance good? But, from what you were saying, you were using them in between meetings as well.

[20] **Mrs Clancy:** Absolutely. Apart from when there are completely unforeseen circumstances, they always come to the meetings. We're very satisfied with that. It was part of the evaluation.

[21] **Jocelyn Davies:** Okay, and what about the training of Commissioners, because, of course, Assembly Members don't always bring the skills and the knowledge that you were mentioning earlier. So, is there training for Commissioners to carry out their functions?

[22] **David Melding:** I think that's a very astute question. We're very fortunate in the current Commission, with the skills base, and we obviously draw on the skills that the Commissioners have to reflect the particular responsibilities they take up. However, I think it is likely to be a recommendation for the fifth Assembly that a programme of training is looked at by the Commission early in its life, so that they could benefit from professional development in that way. At the minute, it would just be the general CPD they would pick up as Assembly Members, which is obviously something we greatly encourage, and we're quite pleased with the progress in that area, but I don't think we've actually addressed this as a Commission, other than to perhaps identify it as an area for development in the future.

[23] **Jocelyn Davies:** Okay. Would you mind expanding on the findings from the internal audit review of effectiveness of internal control and governance arrangements—it's referred to in the annual governance statement—and can you tell us about any changes you've made as a result of that?

[24] **David Melding:** I'll ask Claire to follow up on the detail, but it's looking at the way the Commission runs—the number of meetings, the number of issues we focus on in each Commission. I don't have much experience of what happened in the third Assembly but I think the working has shifted to making particular decisions at particular meetings and having a smaller agenda, and I think the range of issues we've dealt with have shown a very colligate approach to decision making in the Commission. I think that has been very, very successful. I realise that's a rather broad answer, but Claire may want to follow up on some further detail.

[25] **Mrs Clancy:** Yes, the particular review of effectiveness that you're referring to is part of our management governance procedures in preparing the governance statement for the annual report and accounts. So, it's not specifically—. That particular piece of work isn't a piece of internal audit work; it's something that we do when we require our heads of service to report back on how they've discharged their functions across the year and their confidence levels that people within their teams are aware of and implementing all the governance structures. We then hold—and this is another example of how we use our independent advisers—a scrutiny meeting of the management board in the run-up to the end of the financial year. It's attended by the Wales Audit Office and also one of our independent advisers, when we then hold to account each of the directors and the heads of service for what they've said in their reports. And that's the material that we then pull into the governance statement, so that I can have confidence and assurance that the governance statement I'm making is based on proper evidence. So, that's what that piece of work is.

[26] **Jocelyn Davies:** Okay. Thanks for explaining that.

[27] **Darren Millar:** Keith Davies wanted to come in with a supplementary and then I'll bring Gwyn in.

[28] **Keith Davies:** Jest un cwestiwn bach: roeddwn yn darllen hwn neithiwr am y cynghorwyr annibynnol, a'u bod nhw'n cynnig her annibynnol ac adeiladol i chi, a'u bod nhw'n gwneud hynny drwy fynd i'r cyfarfodydd, ond pan edrychais wedyn ar sawl cyfarfod roedden nhw'n mynd iddyn nhw—un mas o 14 i un ohonyn nhw; dau mas o 14 i un arall; a'r un gorau oedd chwech mas o 14. Yn ôl y ffigurau rwy'n gweld o'm blaen, nid ydyn nhw'n mynd i'r cyfarfodydd yn aml.

Keith Davies: Just one small question: I was reading this last night about the independent advisers, and that they offer constructive and independent challenge to you, and that they did that by going to the meetings, but when I looked then at how many meetings they attended—one out of 14 for one of them; two out of 14 for another; and the best was six out of 14. According to the figures that I see in front of me, they do not attend those meetings often.

[29] **Darren Millar:** Do you want to respond?

[30] **David Melding:** Well, I have to say that in the meetings I've attended—I think I'm correct in saying this; we'll follow this up—there's always been an

independent adviser there. I'm not quite sure how we use the pool of advisers, and it's not necessarily the same adviser at each Commission meeting. I think there have been two who have attended traditionally.

[31] **Keith Davies:** Ond, sori, **Keith Davies:** But, sorry, Deputy Ddirprwy Lywydd, ond os taw naw Presiding Officer, if nine is the total yw'r cyfan mas o 14, mae o leiaf out of 14, there are at least five pump o gyfarfodydd lle nad oes neb meetings where nobody has been wedi bod iddynt. present.

[32] **Mrs Clancy:** The place that we most use the independent advisers is in the audit and risk assurance committee. They do also come to Commission meetings, but it's not always appropriate or necessary. Sometimes those Commission meetings are relatively short meetings, to discuss single topics, and in terms of the cost-effectiveness of bringing an independent adviser some distance, we wouldn't do that. But they do have input in other ways, so, typically, they always receive Commission papers, and they would have a conversation with me, and give me any feedback on them, and quite often we use individuals to assess, analyse, evaluate a business case. So, a good example is that the Commission, at their last meeting, considered a business case for CCTV across the Assembly estate, and that had been, in detail, evaluated by the independent advisor who chairs our audit committee. So, although he wasn't at the meeting, he made a very valuable contribution to the business of that meeting.

09:15

[33] **Keith Davies:** Diolch. **Keith Davies:** Thank you.

[34] **Darren Millar:** Can I just ask you: you made reference earlier on to the review of effectiveness; perhaps if you are able to share the report—the internal audit report—with us, it might give Members some more confidence about the role of independent advisors?

[35] **Mrs Clancy:** Absolutely. The review was conducted last year, and this year the head of internal audit did progress against the action plan. So, we can share both those things with you.

[36] **Darren Millar:** Okay. Thank you. Gwyn Price.

[37] **Gwyn R. Price:** Good morning. I'd just like to touch on the fraud

response plan. How have processes changed to ensure that the fraud incident shown in this year's accounts will not recur in the future?

[38] **David Melding:** Well, the Commission has obviously taken this very seriously, and we've discussed the matter thoroughly, and followed the progress of the court case, which has now concluded. So, it's obviously been of great concern to us. I think, in terms of how the procedures have been tightened up, and those who have looked at them, I'll ask either Nicola or Claire to start that answer. Nicola.

[39] **Ms Callow:** Thank you. So, what we did is, after we, unfortunately, had the fraud incident, we evaluated and strengthened the controls that we had around the recording and verification of our supplier data. So, we had rather robust and routine and regular controls already in place, and we bolstered these, to make sure that the risk that we were exposed to couldn't happen again. We did some additional work then, after we had identified these controls, and you'll forgive me that—. I can give you a little bit of an indication of the changes that we have made, but to disclose exactly what we have done, I would suggest, in the nature of the security of what we're trying to do—. So, what we have essentially done is made sure that, wherever we have indication of a change of a supplier detail, of any nature, we have a way of verifying that through another party. So, something direct that comes to us, as a request for a change, we can verify this in other ways. So, we have documented all this and tested all of this. We have also asked our internal audit team, and, indeed, WAO colleagues, to review all of those to make sure that they are as robust as we think they are. Does that give you enough of an indication?

[40] **Gwyn R. Price:** Yes. How do you learn and share experiences with other public sector organisations?

[41] **Ms Callow:** So, our head of internal auditing, in particular, is a member of several networking—or has access to various network forums, which enable us to share information about fraud. Likewise, I'm similarly in contact with other directors of finance across the Welsh public sector. And, with the incident that we experienced, for example, via a very quick phone call—actually within hours of understanding that the issue had happened—to WAO, to Action Fraud, and also to other colleagues in Welsh Government, and other public sector organisations, we were able to quickly share information and ensure that nobody else was going to be affected by this particular change. We also have the governance team, which will give us

newsletters, and risk awareness sessions, and we'll have updates about fraud—fraud sessions—that we will attend; for example, there's one coming up in October that I'm attending. Those are then shared through normal team practices, team meetings, to make sure, again, that everyone's kept up to date with changes.

[42] **Gwyn R. Price:** So, this is fully shared, then, from top to bottom, with the staff, so that it, hopefully, doesn't recur in the future?

[43] **Ms Callow:** Exactly. With the finance team, for example, the roles that we have with finance co-ordinators in other service areas, making sure that they're aware of the changes that have happened, how to secure requests in the future, how best to handle them in the future—. We've also done things—we have put alerts on to remittance advices that we send out so that our suppliers know that we're aware of such issues and that they can contact us through a variety of means. Likewise, I have seen in my role here, unfortunately, quite a few changes coming through, such as 'We have been made aware of a potential letter or potential fraud, please can you ensure that details have not changed?' So, I see the other side of those letters as well. We've been able to use our processes and tests to make sure that those are working.

[44] **Gwyn Price:** Thank you for that answer.

[45] **Darren Millar:** Aled, you wanted to come in on this.

<p>[46] Aled Roberts: Rydych chi newydd awgrymu yn eich tystiolaeth fod eich trefniadau yn gadarn beth bynnag ar y pryd ond eich bod wedi gwella'r rheini. A ydych chi'n meddwl ei bod yn dderbyniol eich bod wedi cymryd tri mis i ganfod y twyll yn y lle cyntaf? Rwyf yn meddwl bod yr adroddiad yn dweud bod y twyll wedi digwydd ym mis Chwefror 2014 ac eto ni wnaethoch ei ddarganfod o tan fis Mai. A ydy hynny'n dderbyniol?</p>	<p>Aled Roberts: You have just suggested in your evidence that your arrangements were robust anyway at the time but that you have improved on those. Do you think it is acceptable that you took three months to discover the fraud in the first place? I think that the report states that the fraud occurred in February 2014 and yet you didn't discover it until May. Is that acceptable?</p>
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[47] **David Melding:** Well, I think—

[48] **Mrs Clancy:** Sorry; we're fighting to answer. [*Laughter.*]

[49] **David Melding:** There was contact with the contractor, and I think we did ask if things were progressing as we would expect and we were not contradicted on that, and that was part of the problem, but, perhaps, Claire would—

[50] **Mrs Clancy:** In the month when it happened we asked the contractor to check that they'd received the payment because there was something that aroused our suspicions. The contractor did not come back and tell us that they had not received that payment. We also send remittance advices, so the contractor was receiving those remittance advices repeatedly, month on month, and didn't come back and say, 'Well, actually, you've sent us this piece of paper but you haven't actually paid us any money.' So, one of the things in strengthening the controls is we've learnt not to assume that some of the controls that we have are going to be effective where they depend on the effectiveness of other organisations.

[51] **Aled Roberts:** Mae'r adroddiad **Aled Roberts:** The annual report also blynyddol hefyd yn datgan eich bod yn gweithio gyda'r heddlu i ddwyn y troseddwr o flaen ei well neu ei gwell. A oes yna unrhyw fath o amserlen ynglŷn â phenderfyniad o ran dod â'r mater ger eu bron? states that you're working with the police to bring the offender to book, as it were. Is there any kind of timetable about any decisions on bringing the case to court?

[52] **David Melding:** Well, the case has been completed.

[53] **Aled Roberts:** Oh, right.

[54] **David Melding:** And the person who was prosecuted received a two-year suspended sentence and six months under a tag. Unless further evidence is found, it's unlikely that there will be other prosecutions. But with these terribly sophisticated fraud events, you tend to have someone lower down the chain who is usually there to take the immediate hit, and I'm unaware, with regard to the wider group that was probably responsible, whether there's been much progress in finding evidence of that. But, of course, this scam was quite widespread; it was not just us that were affected. But it is possible that further evidence will emerge, but there are no clear indications at the moment that that's the case.

[55] **Aled Roberts:** A fydd yna **Aled Roberts:** Will any steps be taken unrhyw gamau i gael cyfran o'r arian to try to recover some of the money? yma yn ôl?

[56] **David Melding:** I think a small amount has been recovered, but Claire or Nicola might have the exact details.

[57] **Mrs Clancy:** Yes. There are two possible ways of recovering some of the money: one is to try and recover some from the perpetrator, but she pleaded guilty and that limits the amount that the court could impose on her and, in fact, she was required to pay £100 in victim damage. Again, we also took legal advice about whether the loss should be shared with the contractor because of the steps we'd taken to notify the contractor that there could be a problem and their failure to use the proper control processes. We came to a negotiated settlement with the contractor. It was only £4,000 of the £104,000 that they agreed to meet, which we found very disappointing. But the legal advice was to accept that and that the costs of proceeding with any action would, probably, outweigh what we might recover. So, we accepted that legal advice.

[58] **Darren Millar:** Mike Hedges, and then I'm going to bring in Oscar.

[59] **Mike Hedges:** I've got a small group of questions, mainly around ICT. Can I welcome bringing ICT back in-house and the savings that have been made? Have you looked at bringing any other services back in-house and what savings might be made by doing so?

[60] **David Melding:** I'm not sure we have, but Clare might have a—or Nicola—.

[61] **Mrs Clancy:** I suppose the general answer is that the investment and resourcing board always looks well ahead of a contract renewal date at the options available to the organisation at contract renewal, and that would include bringing part or all of the service in-house. It would also include the possibility of breaking up the contract so that it might be open to a wider range of organisations to bid for work. So, the investment and resourcing board looks at all those options. I can't think at the moment—yes, I suppose translation is an example where, gradually, sort of, as our work on machine translation and the development of the translation service evolves, we're doing more in-house, but we're never likely on that to move away completely from having external translation, because of the need for the flexibility to

make sure that translation services are always available. So, the answer in general terms is 'Yes, we do'. Specifically, I can't think of anything.

[62] **Mike Hedges:** Perhaps we can come back to that in another committee when we need to look at next year's budget. [*Laughter.*]

[63] **Mrs Clancy:** Okay. [*Laughter.*]

[64] **Mike Hedges:** On ICT infrastructure, I apologise if I missed it—as you know, your report is fairly long—you talk about £545,000 for contracted-out services. Won't that determine the ending of the last contract or have you got other contracted-out facilities?

[65] **David Melding:** I think this is going to have to be led by Nicola.

[66] **Ms Callow:** Yes, it is certainly the end of the contracted-out service, because that contract officially ended in July 2014.

[67] **Mike Hedges:** So, we should have another £545,000 ongoing savings when we look to the future later on this week.

[68] **Ms Callow:** You will see that the pattern of how we are accessing and using the money that has been made available for ICT—how that is changing. So, through this change that we have made in bringing the service in-house, we now have the ability to create our own investment or development fund for ICT. The whole basis on which the project was put forward and agreed was being able to do far, far more within our control and within our flexibility for the same amount of money or, if we can do it, less. So, that is the approach that we're taking. You won't see the scale of the investment in total that we have in ICT changing; it's just that now we are able to provide far, far better service and flexibility for those funds.

[69] **Mrs Clancy:** May I just add that the way we're using those funds—these are not nice-to-haves that we're doing because the money happens to be available; they're improvements to the infrastructure and resilience that would be absolutely essential and would have had to happen. So, if we hadn't made the savings from not working through the contract any longer, we would have had to be asking for additional funds for some of that hardware, infrastructure and technical work to be done. Most of it is not very sexy.

[70] **Mike Hedges:** Okay. Telephony savings—you show £180,000 when

completed in July. So, is that £180,000 part year or full year? Is that a July-to-April £180,000 or a full year equivalent?

[71] **Ms Callow:** Are you talking about the savings?

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

[73] **Ms Callow:** The savings—

[74] **Mike Hedges:** The old telephony contract would save in order of £180,000.

[75] **Ms Callow:** That is a full year's worth of savings.

[76] **Mrs Clancy:** Every year.

[77] **Mike Hedges:** So, you have less in the 2015-16—

[78] **Ms Callow:** So, when we actually tendered for the services for telephony, the work that the procurement team did meant that the contract, as it went out—. In each of the first three years of the telephony contract, we will be saving circa £145,000 on the specific service. Then, in terms of how we actually got access to that service, there was a supplementary contract that went with it and that generated further savings, bringing it up to £180,000.

[79] **Mike Hedges:** The last question—it's on the website now. I don't often ask you to spend money, but I attended a discussion group recently where your website was described as impenetrable, where somebody said the best way to access the website was to do a search in Google and hope it took you to the right part of it. I find the website okay as long as I know exactly what I'm looking for. I mean, do you think your website's user-friendly and are you going to do anything to make it better?

[80] **David Melding:** Well, it should be user-friendly, so we take this sort of feedback very, very seriously and I certainly will ask the team to reflect on this. Perhaps we could enter into correspondence on this particular issue. But, if that's a widespread feeling out there amongst citizens then, you know, that wouldn't be a good place for us to be and we would have to address it.

[81] **Mike Hedges:** Without giving too much away, this was an informed

group of people who use the website, rather than the man and woman in the street. Jocelyn Davies was also at that meeting and she can confirm—

[82] **Jocelyn Davies:** These were people that did a lot of work on websites.

[83] **Mrs Clancy:** The work that we did in the financial year that you're scrutinising was to move to a new platform, a Sharepoint platform, which had a cost saving but also gives us greater flexibility, and we will now be moving forward to improve the website and to improve accessibility. It links, actually, to the work that we're doing on the Record of Proceedings, for example, where we want the information about Assembly business to be much more useable and open to search, and turning it into open data and putting that on the website in a way that's easy to find. Sometimes I struggle to find things; that absolutely cannot be right.

[84] **Mike Hedges:** I'll leave it there.

[85] **Keith Davies:** A gaf i ddilyn **Keith Davies:** Could I just follow up—
lan—

[86] **Darren Millar:** Go on, if it's brief, and then one from Oscar.

<p>[87] Keith Davies: A dilyn lan ar yr arbedion, lan i'r llynedd, roeddech chi'n dweud bod yr arbedion mwyaf wedi dod oherwydd nad oeddech chi wedi llenwi swyddi, ond, yn y flwyddyn ddiwethaf, rŷch chi wedi arbed ddwywaith mwy—wel, mwy na'r ddwy flynedd flaenorol—drwy waith caffael. Gan ein bod ni, ar ddiwedd y bore, yn edrych ar waith caffael, efallai gallwch chi ddweud rhywbeth am hwnnw, y ffordd rŷch chi wedi cael yr arbedion.</p>	<p>Keith Davies: Could I just follow up on the subject of savings? Up to last year, you said that the biggest savings had come because you hadn't filled empty posts, but in the last year, you have saved twice as much more than the two previous years through procurement activities. As we will be, towards the end of this morning, looking at procurement, perhaps you could say something about that and how you've achieved those savings.</p>
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[88] **David Melding:** Well, you're right that, in fact, through the whole fourth Assembly, there's been an increase in the recurring savings, much of them driven by procurement, so it's about 60 per cent now of the value-for-money savings we're making. Nicola, do you have further detail on that?

[89] **Ms Callow:** Yes, certainly. That's very much how we are pushing ourselves to make sure that our target remains robust and fit for purpose. So, you're absolutely right, in the early days, at the start of the fourth Assembly, a lot of our savings—about 76 per cent of them, for example—were to do with the staff savings. We've realised that that is not appropriate. We've tightened up our budget planning and performance management to make sure that we're capturing this information, refining our techniques, which is great on that side of the house but, clearly, still leaves us now with a value-for-money target we need to keep progressing.

[90] We have a fabulous procurement team with some excellent expertise in it. They have been working with colleagues around the organisation ensuring that contracts, when they come up for renewal, have plenty of lead time, and plenty of discussion to make sure we're choosing the right methods, choosing the right approach. That has meant that we are now starting to see the work of the procurement team delivering savings that are recurring in nature. So, over a length of a contract—and you heard me talk about the telephony one as a specific example, and we have quite a few other ones, I'm pleased to say—we also look for one-off savings as well. So, for example, the rates rebate that we had back in the last financial year, that was also included in our 2013–14 target, and we're also benefiting from that for reducing baseline cost. So, it's a mixed approach, shifting away from savings because we didn't do things to more robust savings that we can use to decrease our baseline in future years.

[91] **Keith Davies:** Da iawn. **Keith Davies:** Well done.

[92] **David Melding:** Can I add as well that the audit and risk committee did look at this specifically and did endorse the trend but encourage us to go further in terms of concentrating on recurring savings rather than, you know, what may just be the serendipity of vacancies that can be left vacant for a bit longer. So, we're well aware that this is an important way to take our efficiency to even a higher standard in terms of how we measure that.

[93] **Darren Millar:** Okay. Mohammad Asghar.

[94] **Mohammad Asghar:** Thank you very much, Chair. Thank you very much, panel. You're doing a wonderful job, I understand, but there are a couple of areas, like the women in public life project and votes at 16—who approved that funding, and who carries the cheque book to pay the bills for those promotions?

[95] **David Melding:** It's a core part of the Commission's strategy to raise awareness of the work of the Assembly and promote Wales. The key ways of promoting the Assembly's work and our role more widely, in terms of Wales's projection, are to do very well in these areas—have good youth engagement. The question of whether the franchise should be extended to 16 and 17-year-olds is not just current in all of the UK. Of course, it was given to young people in Scotland in the referendum, but it is a question that has been addressed in all democracies across Europe and elsewhere. I've closely observed the Presiding Officer's outstanding leadership in terms of women in public life. She has a UK-wide profile there, and has been interviewed on some very major television and radio shows. The work she has done has been seen as genuinely innovative to get that level of confidence and the work, perhaps, further down the pipeline to encourage people to come forward and then the mentoring and all sorts of things that are offered. I think it's an outstanding example of how the Assembly is innovative and a leader at the UK and, to some extent, or a large extent, at a European level. So, I think we'd be very proud of these areas, to answer you directly.

[96] **Mrs Clancy:** In terms of establishing a budget, of course, the first stage is agreeing the budget strategy, and we're coming to the Finance Committee on Thursday for the budget for 2016–17. So, that establishes the strategic direction and the overarching funding available. We then have the investment and resourcing board that looks at every single business case for pieces of work of this sort and wants evidence of value for money, of how it relates to the Commission's strategic goals, of what's going to be delivered, of what the cost-benefit analysis is and of what the plans for evaluation of the effectiveness are. So, all of these things are part of the assessment of the business case by the investment and resourcing board. I, formally, have delegated authority for expenditure up to £1 million. Above that, we would have to take that process into the Commission. So, generally, the detailed work is done by me, as accounting officer, and the investment and resourcing board. Above that delegated authority limit, we would go to the Commission.

[97] **Mohammad Asghar:** So, you're saying it's not an individual's work; it's a team's work, which is—.

[98] **Mrs Clancy:** Everything we do is teamwork, yes.

[99] **Mohammad Asghar:** There's another point that I would like to clarify. On page 96 in the papers, on senior management pension benefits, which is called CETV—

[100] **Mrs Clancy:** Sorry, which page?

[101] **Mohammad Asghar:** It's on page 96.

[102] **Darren Millar:** Pages 93 and 94 for you, in your reports.

[103] **Mohammad Asghar:** This shows that, actually, the director of resources got a £62,000 increase, whereas Nicola only got £10,000. Any reason for this? There is just a big difference in every pension increase there. Who sets these?

[104] **Darren Millar:** If you can be as brief as you can, if that's okay—.

[105] **Ms Callow:** Certainly—not a problem at all. The figures that you were referring to are to do with the Commission's staff, who are part of the principal civil service pension scheme, and MyCSP help us provide this information. The CETV, and the figure that you are referring to, is the step change from one year to another, and it's affected by salary increases that would have happened during the year and then assessed on levels of service.

[106] **Mrs Clancy:** It's a formula; it's not a calculation. So, we don't decide 'Dave Tosh is worth more than Nicola Callow', in terms of CETV; it's a formula based on the salary changes in a particular year, and according to pension rules is the way it's calculated.

[107] **Mohammad Asghar:** That's all right, thank you.

[108] **Darren Millar:** Can I just ask, in relation to the women in public life and votes at 16 campaigns, you obviously mentioned the rigorous business-planning process, as it were. So, both of those projects went to the investment board and were signed off. You make reference to both exciting projects in the report, but there's nothing that says what the budgets for those projects actually were. Are you able to provide that information? If you don't have it, you can send us a note.

[109] **Ms Callow:** We can certainly send you a note to clarify exactly what's been involved, but, from memory of what's happened over the past year,

what I would like to just highlight is that, on youth engagement and the Vote@16 campaign in particular, a lot of the work was done using survey, focus group and events, which were actually done using online tools as well. So, we had a big impact—a big range of people that we accessed—but it was actually rather low cost in terms of an actual budget. I can confirm the figures for you on that one. On the Women in Public Life one, I believe it was circa £40,000 over the life of the project, but, again, I'm more than happy to provide a note.

[110] **Darren Millar:** You can drop us a note. That's great. David, did you have any specific areas that you wanted to—

[111] **David Rees:** Just a quick one, Chair. Staff absences are clearly above the target figure you set of seven days. It is below the national public service figure, but what actions are you taking to ensure that we address the issues of staff absences, identify the reasons for staff absences and support staff with some of those issues?

[112] **David Melding:** You're right to say that, in terms of the public sector performance, we perform a bit better than the average, but this is a serious area in terms of the welfare of our staff but also the efficiency of the organisation. So, the fact that we lost a bit of ground this year has been something that has merited close attention. There's been a lot of work around performance management, but that does seem to have created some issues around stress and anxiety, which are now being responded to in terms of the support that people are given. But, it is important that there is that performance management in the system. Another area that is perhaps not surprising to us politicians, because we see it in wider society, is that the caring responsibilities that people have, particularly for elderly relatives, continue to grow. We need to revisit our carers' strategy internally. So these are a couple of the key items that are being followed up at the moment, which, we believe, will allow us to improve on the current figures and at least meet the seven-day target. Perhaps Claire wants to add to that.

[113] **Mrs Clancy:** I think that's exactly right. We try to get the balance right between supporting staff who obviously have a wide range of different responsibilities and circumstances and making sure that all of us who work here and take our salaries deliver what's expected of us—so, in terms of performance management, sharpening up on that. So, we try to balance those two things so that we get the best performance for the organisation, but remain an employer of choice. We're very proud, still, to be Investors in

People gold and to have all sorts of awards right across the piece. The Working Families award—we were in the top 30 just last week, I think. So, we're recognised as a good employer. We are disappointed in the sickness absence results, and we have new business partners in HR who are working with line managers to make sure they have the right support and expertise to deal with each individual situation.

[114] **David Rees:** Support is important, obviously, because it takes the pressure off the individuals who may suffer, but is there, therefore, a knock-on effect of increasing the temporary staffing budget as a consequence of that to ensure that the services continue to be delivered to the levels we want?

[115] **Mrs Clancy:** It would depend on a case-by-case basis on the nature of the absence. Sometimes, that might happen. Again—I keep coming back to it—every single bid for a post, whether it's temporary or a permanent new post, comes to the investment and resourcing board, and the case has to be set out as to why that post is required. That's every single one, even if it's the replacement of an existing post. So, in circumstances like that, we would have confidential information about the circumstances that mean we need the additional resource.

[116] **David Rees:** Okay. Can I just take it on a slightly different tack as well, quickly? Severance payments, clearly, have been an issue, and the schemes are important because the big figures are one of the things that always hit the headlines.

09:45

[117] In the report, you identify two severance payments as compensation. I was quite surprised to see severance payments deemed as 'compensation'. But are you looking at schemes for the future to ensure that you tackle those issues of severance payments?

[118] **David Melding:** I think I'm right in saying that there's been wider work on this issue that the Wales Audit Office has conducted, which, obviously, we've taken up and examined very carefully. We have no severance scheme at the moment, as far as I know, but Claire, do you want to add to that?

[119] **Mrs Clancy:** Again, you're exactly right. We'd carried out our own internal audit review of the two schemes that we've run during the fourth

Assembly and that came up with recommendations. We were able to provide that internal audit work to the Wales Audit Office when they did their VFM study, and we've taken on board their conclusions. So, again, a lot of emphasis on documentation, business cases and making sure that the process is robust in those terms. We don't have plans at the moment for a severance scheme. It doesn't mean we won't; it would be driven by business need and we would assess that again. The investment and resourcing board would look at what the policies are behind it, why we are doing it and how we are going to deliver value for money and take account of Wales Audit Office best practice recommendations.

[120] **Darren Millar:** Can I just ask a question in relation to your target of spending within 1 per cent of your budget allocation? We obviously engaged in quite a bit of correspondence with the Commission about this when we considered the accounts last year, and it did seem peculiar to the committee that you were the one part of the public sector that we had seen with this ambition to always spend within 1 per cent of the budget and not to generate savings that you might be able to return to the public purse, if there was a possibility of that. Can I challenge you on this again? Why is it that you continue to maintain the need to always spend within 1 per cent of your allocated budget, even when there may not be a need to do so?

[121] **David Melding:** We welcome the challenge and it's right that we are challenged and respond to it, but we continue, in the Commission, to believe that our strategy is a correct one. There are advantages and disadvantages, whichever way you go if you set a target of 1 per cent or more being underspent, or less, as we do. But, those resources are used very effectively. The investment and resourcing board looks at schemes; there's a long-term investment plan in all the critical areas that need investment, like ICT, refurbishment and maintenance and these things. So, it seems to us more effective to manage those resources and to utilise them against our long-term strategies. That continues to be our view. I have to say, though, we obviously entered into an exchange last year on this and we'll reflect further, but it would be wrong if I were to say, as this Commission now works towards the end of its term, that that's likely to change.

[122] **Mrs Clancy:** Chair, may I look at your position from around the other way? At this point of the year, in the autumn, we begin to assess the state of our budget and what our plans are for the remainder of the year and that assessment intensifies as the year goes forward. Our target is less than a 1 per cent underspend. If, at this point in the year, we had such a budget that

we thought we couldn't achieve that target, it would be an incentive to hand that money back to the Welsh block in order that we do achieve that target. So, I think it achieves the incentive that you're looking for. At this point, if we had £1 million and we only had credible appropriate value-for-money plans for less than that, we definitely would be seeking a supplementary budget to hand that money back to the Welsh Government.

[123] **Darren Millar:** Okay. So, that presents it in quite a different way than perhaps we've had it presented in the past, where this 1 per cent target has been deemed to be an example of how effectively you control your budgets.

[124] **Mrs Clancy:** It is.

[125] **Darren Millar:** Although, I do note that there are significant variances on a number of different lines in the outturn versus the budgets that have been agreed, which suggests that your budgeting arrangements may not, perhaps, be as effective as you suggest in your report. But I do think that it is important to note your comments, as chief executive, suggesting that resources could be returned if significant efficiencies were found.

[126] Just one final point, if I may, before we let you go, and that is just on the income from the rental of the Pierhead building. Can you tell us, are the business plans being realised in respect of the Pierhead building? Obviously, that was quite a decision to take on the Pierhead building by the Commission a number of years back now. Is the income in line with expectations? It would appear from the accounts that that may not be the case, but it would be interesting to know.

[127] **David Melding:** Well, I certainly think that the decision to refurbish and to see the Pierhead used as part of our wider mission—. A large number of groups that have an interest in the Assembly's work, but civic organisations, essentially, use it. I don't need to repeat this to AMs, because you attend many of the functions and some of them are of national importance in terms of their quality. They're all useful activities, but some of them really do pack a really significant punch in terms of getting evidence and discussion that we need to be aware of. The Wales Governance Centre there, for instance, is a key partner, but a wide range of organisations. I mean, last week's cancer report with the Institute of Welsh Affairs and Tenovus was launched in the Pierhead. It is now a venue of some prestige, and the visitor numbers reflect that. We get more visitors to the Pierhead than we get to the Senedd, you know. That is quite remarkable. So, I think, in terms of the use of the

Pierhead, it meets all the requirements, we would say, of being a very wise use of resources. On the actual income point, I'm afraid that I don't know the answer to that. Perhaps Nicola has—.

[128] **Darren Millar:** Feel free to send us a note on the performance versus the anticipated performance in the business part. I think it would be of interest to Members, unless you wanted to add anything, Nicola, very briefly.

[129] **Ms Callow:** I'm more than happy to do that.

[130] **Darren Millar:** Okay. Excellent. That brings us to the end of our evidence session, then. If I can thank you, Deputy Presiding Officer, chief executive and Nicola Callow for your attendance. You will receive a copy of the transcript of the proceedings. If there are any factual inaccuracies, please don't hesitate to get in touch. Of course, the clerks will liaise with you regarding the further information that you've said that you will send on. Thank you very much.

[131] **David Melding:** Thank you and the committee, Chair.

09:53

Craffu ar Gyfrifon 2014–15: Chwaraeon Cymru Scrutiny of Accounts 2014–15: Sport Wales

[132] **Darren Millar:** We'll move on, then, to item 4 on our agenda, continuing with our scrutiny of accounts for 2014–15. I'm very pleased to be able to welcome to the table Sarah Powell, chief executive officer of Sport Wales. Welcome to you, Sarah.

[133] **Ms Powell:** Bore da.

[134] **Darren Millar:** And Peter Curran, finance director at Sport Wales. Welcome to you, Peter. Just to give a little bit of background, the Public Accounts Committee decided a couple of years ago, as part of its changes in working practices, to invite a number of different taxpayer-funded organisations in to the committee on an annual basis in order to undertake some scrutiny of their annual accounts. We've obviously had a copy of your annual accounts, sent in advance of today's meeting. Naturally, Assembly Members have a number of questions on those. Did you want to say, Sarah Powell, anything in advance of us starting with our questions?

[135] **Ms Powell:** Well, if I could just say: good morning—bore da to you all—and thank you for the opportunity in coming to speak to you today. Sport Wales has a clear vision. We have a vision to unite a proud sporting nation. I hope we went some way to achieving that on Saturday with a fantastic rugby result. Long way to go yet. We also have two very bold ambitions. We have an ambition to get every child hooked on sport for life, and we also have a vision—an ambition—of a nation of champions, which relates to our medal success.

[136] We have a budget of £26 million. That's £24.3 million from the Welsh Government's sport section, and £1.6 million from education, which we focus on physical literacy. We also then, as you already alluded to, have £17 million in terms of lottery.

[137] **Darren Millar:** Thank you for that, Sarah. I'm going to bring Jocelyn Davies in in just a moment, but you mentioned there the fact that you have a strategy and a clear plan. Obviously, the report that you've provided tells us a little bit about your strategy, but it doesn't match up, necessarily, the expenditure against those elements of the strategy that it very clearly identifies. Is that something that you think that the report could benefit from in the future in order to allow for more transparency, perhaps, in the way that you present information?

[138] **Ms Powell:** In terms of our strategy, I think we have, as I say, the two clear aspirations—to get every child hooked on sport for life—and we obviously put £17 million of our investment into community sport, which is based around 'every child hooked', and then we use our lottery funds for our nation of champions. In terms of our documentation, obviously, we produce statutory accounts, and we also produce, and are producing currently, a future document that will look at our next five years; that will set out our targets and strategies for the next five years, alongside how we plan to invest. You can see our current strategies from our results; if I may allude to some of the impact that we've seen to date, we've gone from 27 per cent of our young people taking part in sport five times a week to 40 per cent; that's a 50 per cent increase. We've also gone from 29 per cent of adults taking part to 39 per cent in total, so, a 33 per cent increase. Very crucial in this is the volunteering workforce. We know that volunteers are the very lifeblood of sport, and we've seen a doubling of the numbers volunteering in sport from 5 per cent to 10 per cent. I alluded to our international success in 2010; we went to Delhi and delivered 19 medals. We went to Glasgow and set an

ambitious target of 35 medals, and we achieved 36 medals, the most successful games we've ever had as a Welsh nation, putting us No. 1 per capita in terms of our population. We take that quite seriously in elite sport, because ultimately we get a smaller budget than those across the nation, and to achieve that for the size of the nation is something we should be very proud of.

[139] **Darren Millar:** Can you tell us—you obviously get an annual remit letter from the Welsh Government that sets out your funding and what the Welsh Government wants in return for that funding; how well does that align with your long-term plans?

[140] **Ms Powell:** It aligns very well, I think. The key measures for us are our population-level outcomes, so those are the numbers of young people that are taking part actively, the number of adults that are taking part, and again, the volunteering and coaching workforce, the outcomes of which I've just highlighted there. We also have our statutory commitments around the Welsh language, poverty, and we're doing a lot of work that I'm sure I'll maybe talk about a little bit later around tackling the inequalities.

[141] **Darren Millar:** Thank you for that. I'm going to bring Jocelyn Davies in, and then over to Gwyn Price.

[142] **Jocelyn Davies:** I think I ought to say that my daughter is a sports coach at this point, because we've got the new rules, and it may very well be a declaration of interest I should have mentioned.

[143] I wanted to ask you about governance and strategy. What's your involvement in the appointment of board members? I see that your report says that you've got a chair, vice-chair and up to 12 other members, all appointed by the Welsh Government. So, what's your involvement in terms of appointment to the board, to make sure that you get the right skills and the right mix of people on the board?

[144] **Ms Powell:** Well, we've done a lot of work around our board, and our chair and vice-chair have been great ambassadors and leaders in this field. I'm pleased to say that we have a very diverse board; we're at a 57 per cent female-male split, and we also have 18 per cent black minority ethnic. I think the target was 50:50 by 2020, so, I suspect we're leading the way a little bit here. We've taken every opportunity, looking at a skills matrix—so, in terms of our involvement in Sport Wales, we pull together a skills matrix of what we

needed for the governance of our board. We also identified where we needed to improve our diversity, and we worked with the public appointments unit around, let's say, changing the language of our adverts, and looking at how we could encourage a much more diverse field. We used social enterprise, and we used a buddying system within the board, where we had board members, if somebody was interested, go and talk to them around a perception that maybe sport wasn't for them. If we're to achieve our targets, then sport has to be for everyone, and not for those that maybe have a very sporting CV, because they're already hooked. It's the ones that maybe don't have the sporting CV that we need to encourage. So, to have that diversity now on the board, let's say it brings its challenges, because it brings different viewpoints, but that's exactly what we've been seeking.

[145] **Jocelyn Davies:** I notice that you've had a lot of churn within the board—you've had some people retiring, you've had new people—but I notice that only one of your audit committee members attended all four meetings last year.

10:00

[146] **Ms Powell:** I'll pass the specific to Peter, but if I can—

[147] **Jocelyn Davies:** So, has attendance been a problem for you?

[148] **Ms Powell:** It hasn't. I think those refer to—and I'll pull out the exact page—we've had a number of changes during the year, so I think it was 71 per cent attendance of those that could attend every meeting, and the change is in those. So, it hasn't been for an issue for us. We've also done video links—

[149] **Jocelyn Davies:** So, 71 per cent is okay?

[150] **Ms Powell:** Seventy one per cent of attendance—. It's because some of those—and I'll look at the specifics—couldn't attend all of them because they actually weren't appointed during that period.

[151] **Jocelyn Davies:** As I say, you've had some retirement and you've had some—. So, the 71 per cent, when we look at that page, I can't tell if that person could have been invited to four but only attended one, or whether only one was available to them. So, maybe you could improve that a little bit, so that when you present that to us again, we can see how good the

attendance is from the board members, because 71 per cent doesn't tell me anything if we've had people finishing and new people starting, and actually I was only invited to one.

[152] **Ms Powell:** I agree, and what we've done is put little starts at the bottom, which doesn't refer back. So, if we put in brackets 'one of two' we will know they attended.

[153] **Jocelyn Davies:** I think that that—. So, 71 per cent—. Okay, so you feel that you've got a good board, you've got a diverse board and that you've got the right skills mix. Can you summarise for us, then, the internal governance framework and how this provides you, as accounting officer, with the necessary assurance for the approval of the annual accounts?

[154] **Ms Powell:** We have a governance framework, as you alluded to. So, this sets out our governance structure. If I just highlight our governance structure. We obviously have a board. We have two standing committees, which are our audit and risk committee and our remuneration board. We also have three sub-groups which are split into our aspirations. So, we have a sub-group for our community sport, we have a sub-group for elite sport and we have a sub-group for our high-performing organisations. These all have terms of references, they are chaired by our board members and we also augment them with some additional expertise as we see fit.

[155] We also, then, within the framework, have clear delegations of authority and we have a risk strategy plan, which relates back to our risk register. I also then gain additional assurances from our internal auditors, external auditors as well, and I attend all of the audit and risk committees. They provide additional scrutiny to the accounts, so I feel that provides me with the assurances you allude to.

[156] **Jocelyn Davies:** Okay, then, so the internal audit work programme—did that identify any significant control issues for you?

[157] **Ms Powell:** It didn't identify any significant control issues. However, it did identify some enhanced ones that we needed to put in place, and that's exactly what I'd expect from our internal audit; we identify where we may have risks and we ask our internal audit to go and have a look at these. Peter may want to highlight some of those.

[158] **Mr Curran:** Bore da; good morning. Three specific issues are raised,

and one is generic, and I'll start with the generic. What we have developed is a management tracking system for outstanding recommendations. So, all recommendations are followed up on and reported to senior management in terms of assessing progress. So, we do pick up all recommendations. There are three specific ones worth drawing to your attention. The first is project management arrangements. We had an audit that identified certain issues to do with our framework arrangements for project management, and since that report we have strengthened our project management arrangements to bring in PRINCE2 and that kind of more robust framework.

[159] The second example is the grants system, where we had a number of issues that needed to be brought together, and the audit report culminated in us procuring a new online grants management system that has addressed many of the issues, not least of which was the bilingual issue that we didn't have before. So, we've captured that and improved on that.

[160] The third area is procurement, where we now procure more smartly. We've introduced procurement cards across Sport Wales with controls. So, in terms of administrative efficiencies, we've improved significantly on procurement. Those are just three specifics.

[161] **Jocelyn Davies:** What's a procurement card, sorry?

[162] **Mr Curran:** A procurement card is a Welsh Government initiative whereby—before, when people used to claim, even for a £5 cup of coffee, there was a receipt and a transaction. Now, we trust staff, if you like, to have procurement cards, so the administration in terms of accounting for that expenditure is far, far leaner.

[163] **Jocelyn Davies:** So, they have a card that they can use to pay for things instead of paying themselves and claiming back.

[164] **Mr Curran:** That's correct.

[165] **Jocelyn Davies:** Okay. Fine.

[166] **Darren Millar:** Aled, you wanted to come in on this, didn't you? Then I'll bring Gwyn in.

[167] **Aled Roberts:** Rwyf eisiau **Aled Roberts:** I'd like to return to the mynd yn ôl at y ffordd rydych chi'n way in which you manage the

rheoli'r gymdeithas, a sôn am gydraddoldeb. Rydych chi wedi cyfeirio at ryw aelodau eich bwrdd a hefyd faint ohonyn nhw sydd o leiafrifoedd ethnig, ond faint ohonyn nhw sy'n medru'r Gymraeg?

association, and talk about equality. You have talked about the gender of your board members and also how many of them are from an ethnic minority, but how many of them are Welsh speakers?

[168] **Ms Powell:** Within our board? One of our current board—sorry, two of our current board are Welsh speakers.

[169] **Aled Roberts:** Ocê. Hefyd, roeddech yn sôn am eich cyfrifoldebau statudol tuag at yr iaith Gymraeg, ac rwy'n meddwl bod yna sôn eich bod chi'n gwario rhyw £17 miliwn ar ddarpariaeth gymunedol. Pa drefniadau ydych chi'n eu gwneud ynglŷn â'r ddarpariaeth yna ar lefel gymunedol drwy'r iaith Gymraeg, wrth ystyried bod yna nifer o siroedd yng Nghymru lle nad yw'n bosibl i blant sy'n siarad Cymraeg gartref i dderbyn gwersi—dywedwch gwersi nofio—? A gaf i hefyd ofyn i chi, o ran eich grantiau, rydych chi wedi dweud rŵan eich bod chi'n cynnwys dwyieithrwydd o fewn yr asesiad o grantiau; o ran rhai o'r mudiadau cenedlaethol ar hyn o bryd nad ydynt yn delio â'r ddwy iaith yn gyfartal, yn cynnwys Undeb Rygbi Cymru, pa bwysau ydych chi'n rhoi arnyn nhw wrth ystyried bod gennych chi'r cyfrifoldeb statudol yma?

Aled Roberts: Okay. You also mentioned your statutory responsibilities towards the Welsh language, and I think that there is mention that you spend around £17 million on community provision. What arrangements do you make in relation to community provision through the medium of Welsh, given that there are a number of counties in Wales where it is not possible for children who speak Welsh at home to receive lessons—swimming lessons, for example—? Can I ask you, as regards your grants, you said that you include bilingualism within your assessment of grants; as regards some of the national organisations that do not currently deal equally with both languages, including the Welsh Rugby Union, what pressure are you bringing to bear upon them, considering that you have a statutory responsibility towards the Welsh language?

[170] **Ms Powell:** We take our commitment to the Welsh language very seriously. I think you can see that sport can unite through the Welsh language. We've been working very closely with the Welsh Language Commissioner around our own Welsh language scheme, and we've recently responded to the Welsh language standards, and we're waiting for the

response back to that, when we'll compile our action plan.

[171] Specifically on national governing bodies, we held a joint conference with the commissioner last year, bringing together the governing bodies and asking them to look at their own commitment. You're right, they don't have the statutory commitment that we have, but as a funder of those organisations, we wanted to know what their commitment was. Some of these were around their website being bilingual—positive steps that we expected them to put forward that they could work on. They've put together an action plan themselves, as a group of national governing bodies. That is a vision up to the next Commonwealth Games, to use role models, to look at the number of Welsh speakers within their own organisations, and how they present their sport through the Welsh language. Alongside that, we work very closely with the Urdd, making sure that we develop more coaches, more leaders, and develop more confidence for young people to use the language, which they use mainly in school but don't then use when they come out of school, to use that through sport. So, we've been encouraging that through the Urdd and through the work that we do with them.

[172] **Aled Roberts:** Os nad yw'r cyrff cenedlaethol yma yn llwyddo o ran yr amserlen rydych chi wedi ei gytuno efo nhw, beth fydd y canlyniad o ran eu grantiau nhw? A ydych chi wedi dweud wrthyn nhw eich bod chi'n ystyried a fyddan nhw'n parhau i dderbyn grant, wrth ystyried, wrth gwrs, bod eich arian chi yn dod oddi wrth y Llywodraeth?

Aled Roberts: If these national governing bodies do not succeed with regard to the timetable that you agree with them, what would be the outcome as regards their grant funding? Have you told them that you would consider whether they should continue to receive a grant, bearing in mind, of course, that your funding comes from the Welsh Government?

[173] **Ms Powell:** We don't put it as a condition of grant, currently, we have it as an expectation. So, there are expectations as to how they would use the Welsh language.

[174] **Aled Roberts:** Felly, os nad yw'ch gobeithion chi'n cael eu derbyn, beth fydd yn digwydd? A fydd Undeb Rygbi Cymru dal yn disgwyl i dderbyn arian gennych chi?

Aled Roberts: So, if your expectations are not realised, what would the outcome be? Will the Welsh Rugby Union still expect to receive funding from you?

[175] **Ms Powell:** As we do with all of our areas where we have expectations,

that would mean we sit down and have a conversation with them around what steps they are taking, is it realistic to have expected them to do things and, if it is, then I think we do then have to have a strong conversation around what the implications of that would be. But, at the moment, we don't have it as a condition of grant funding.

[176] **Aled Roberts:** Nid yw'n **Aled Roberts:** It is not realistic for the realistig i Undeb Rygbi Cymru Welsh Rugby Union to offer provision ddarparu trwy'r ddwy iaith ymhen in both languages in four years' time, pedair blynedd, felly, nac ydy? therefore, is it?

[177] **Ms Powell:** I think the Welsh Rugby Union are committing to looking at how they can encourage more of the Welsh language, both in their website and in their programmes, and in how they present rugby to the wider nation.

[178] **Aled Roberts:** Océ. **Aled Roberts:** Okay.

[179] **Darren Millar:** Gwyn Price.

[180] **Gwyn R. Price:** Thank you, Chair. Good morning to you both. Just touching on the key risks, the annual report states that the most significant strategic risk to Sport Wales is the impact of ongoing cuts to public expenditure. What impact do you believe the cuts will have on Sport Wales's ability to deliver its objectives?

[181] **Ms Powell:** If I can take this in two elements, I think there are obviously the cuts that we will face ourselves, but, I think, more fundamentally to us are the cuts that others may face, as well as the implications around how they prioritise sport within the work going forward. All of our work is done with and through others, so if I just allude to—. If we want to get every child hooked on sport for life, one of the most captive audiences is in schools. We have a real opportunity now with the new Successful Futures programme, and the new curriculum that is being brought forward, to make sure that physical education and physical literacy is at the heart of that new curriculum. If we don't develop the skills and confidence of young people to take part in sport and develop those habits for life, then we will not be able to achieve our objectives in the long term, because it makes it very, very difficult if young people don't believe and have the confidence.

[182] Secondly, I think we have to look at the cuts that are being faced by local authorities. We know that there are very, very difficult decisions having

to be made. We are trying to support these decisions by giving advice and guidance around what could be done, but I think the main concern is the scale and the pace that these decisions are having to be made to and consideration for the long term—whether these decisions that are being made now will actually be the right decisions in the long term and will relate to some of the issues we face around health. We see childhood obesity increasing. If we don't have the leisure provision or the education provision, then, actually, these could become more difficult objectives to achieve. So, what we're looking for is a real team Wales approach to how we take forward this area.

[183] In terms of ourselves, obviously, I've brought this in secondly because we can, in some ways, control this. In terms of the cuts that we face, we will have to find innovative solutions. We will have to look for greater collaboration. We will have to look to work with others. We will need to look at how we generate greater partnerships, and I will just highlight some of them now. We've already started the journey with health; we have a tripartite agreement between Public Health Wales, ourselves and Welsh Government to get a physical activity director in place. We have some good partnerships out there with the Wales Council for Voluntary Action. We're considering, with the arts council, a joint post around events, because we do similar events. So, these are the types of things that we will need to do in the future if we are going to face cuts and further cuts.

[184] **Gwyn R. Price:** Could I just touch on this: what's the financial cost of meeting pension deficit payments?

[185] **Ms Powell:** If I may pass to Peter, who'll have the specifics on that.

[186] **Mr Curran:** Thank you. Just a little bit of background: we're actually part of a multi-employer defined benefit scheme. So, this is not uncommon in the public sector. We're actually a very, very small part of the Cardiff and Vale scheme. The one thing to say is that you can see the actuarial assumptions that go into the calculation make a significant difference. So, we've got a £9 million deficit on the balance sheet; that's not a cash liability—that's a notional liability based on the actuarial assumptions for the longer term. What I would say is that we're alert to it; we're actually paying in to the pension fund not just our contributions, but what the actuary is recommending we pay over and above that to clear the deficit. So, in 2013–14, we put an extra £1 million in, and in 2014–15, we put £0.5 million in, over and above the employer contributions.

[187] So, I think it's something that we're aware of. We're looking at different options that we may adopt. When auto enrolment came around in 2014, we set up a separate defined contribution scheme that staff may elect to join. We're keen that we don't promote a two-tier pension system. We're mindful of equalities in terms of pension, but, in summary, I think, we've got it on our radar, but I think the important thing to realise is that that liability is not due immediately; it is a long-term actuarial valuation.

[188] **Gwyn R. Price:** Thank you very much.

[189] **Darren Millar:** Mike Hedges and then Oscar.

[190] **Mike Hedges:** Two points. The first one is that need to declare an interest: I'm involved with a large number of football, cricket and rugby clubs, many of which have had grant funding from the sports council, or via the sports council from the lottery, but none of which I know of at the moment are applying for anything. So, I'm sure they will be shortly. [*Laughter.*] Can I ask you about working with other organisations, such as the Welsh Rugby Union, the England and Wales Cricket Board and the Welsh Football Trust? Hopefully, after Wales beat Andorra, the Football Association of Wales will have money to give out to support sport organisations as well. How closely do you work with them, and perhaps more importantly—and this came from something we investigated some time ago; nothing to do with sport, but with the arts et cetera—do you do your own checks on it, or do you—? The Welsh Rugby Union are giving £200,000; you are only giving £50,000—do you sort of rely on their due diligence? Because we found that, with another organisation, they were relying on due diligence of others, and everyone was relying on due diligence of others, so there was no due diligence actually taking place. [*Laughter.*] I don't want to go into the details, but it was something we looked at last year.

10:15

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

[192] **Ms Powell:** Okay. If I talk specifically about our relationship with some of the big sports organisations, you're maybe aware that there's a lot of requests for 3G and 4G facilities—Astroturf. We now have an innovative, I would say, solution, in that we've brought rugby, football and hockey together, to look at a strategic map of Wales's requirements in terms of 3G and 4G pitches. What we were finding is we were having applications coming

left, right and centre, and actually you were looking at those applications in isolation. What we now have is a strategic map across Wales to look at all of the applications, in the round, and of where they are needed. We are now also able to put down—because of the technology—a pitch that can be used by all three. So, we've now put a £3 million capital pot aside for football, rugby and hockey to work together, so we don't get three applications, we get one application, which can now be brought forward.

[193] In terms of how we also bring in twenty-first century schools, the twenty-first century schools investment is also aligned to these moneys, because, otherwise, we were having schools putting 3G pitches and local authorities putting 3G pitches. We've now brought all of that together.

[194] On rugby, we're involved; we also sit on their grants panel. So, they give grants to rugby clubs. So, again, we are part of that decision making. Similarly, we sit and talk with the FAW trust around where they're giving grants for facility improvements. What we don't want is the public purse funding a facility that's also being funded by another.

[195] In terms of due diligence, yes, we do a project completion form, and a project review form, for any grant that we give of a significant capital spend. So, even if we're only a £50,000 contributor to a £2 million investment, we would still do the project completion form.

[196] **Darren Millar:** Okay. Mohammad Asghar, and then I'm going to come to Keith.

[197] **Mohammad Asghar:** Thank you very much, Chair. [*Inaudible.*]—Sarah, because sport is, actually, directly linked to the mental and physical health of a child, and we know that if we invest in this—. You know, the Bahamas, and all of those, are the best for cricket players and runners; Africans—very poor nations—are long-distance runners; Indians, playing in the slum areas, are the best cricketers. And we are the richest nation in the world—I know there's rugby, and one or two others—but the fact is, money is not everything. Accessibility and opportunity is not here. Our grounds are getting so expensive for youngsters to go and play these days, and safety nets are not there, that our children are running away from sports, rather than getting into sports. That is a sad scenario.

[198] I mean, last year, it was £30 per match, per ground, in the Newport area, for cricket; now, it's nearly £70 per match. So, these sorts of

unbelievable expenditures, where children, who have got talent—. You know, they are not rich people, and we know that one thing outlined in the research work is that ethnic minorities are not participating enough. So, what are you doing, then, to encourage those people who've got natural talent to come into sports, apart from rugby and others, because there is a lot of talent there? And, finally, could you explain, in 2014–15, why you failed to reach six out of 11 key performance indicator targets in Wales?

[199] **Ms Powell:** If I take those as two questions, so if I start with the equalities, because we take this very seriously. We've seen the gap of around about 10 per cent between black minority ethnic, disability—. We know that we've got to tackle that. That will require—and we say this quite openly—an inequitable investment strategy. So, we will need to invest more, probably for less returns, but they're the right returns, because we see we have an absolute responsibility to that. We just launched some research that we've undertaken into the barriers why people from BME communities may not be taking part. We held that recently here—it wasn't in the Senedd—but we recently announced that, and our recommendations. What we have done is we've invested £2.3 million, through a call for action programme, which is now working only on the equality strands. We've had 38,000 participants who will be going through that £2.3 million investment. Those are from BME, they have mental health issues—out of that 38,000, something like 28,000 of those also will be female. So, we really are taking the equality strand seriously. We also, at local level—your point around real junior club activity—we have a community chest scheme, which is just £1,500 for local communities, and decision making by the local community as well. We've doubled this, so we've said, 'If you're from any of the equality strand areas, you can apply twice.' We've seen 118 additional applications through that area to get local community clubs tackling those BME issues. Similarly, we've just heard that we have the 'Cricket without Boundaries' project, which is a cricket initiative from the ECB. We've been doing a joint project with Glamorgan Cricket and Cricket Wales, and we've just been nominated for one of the most successful schemes, and that's an Asian cricket scheme being run out of Cardiff. We also have a link with Positive Futures in Newport, with the crime and police commissioner there, to really tackle this agenda, so it's very high on Sport Wales's mind.

[200] In terms of why we didn't hit the targets, I go back to the fact that we are an ambitious organisation. We set ambitious and bold targets—we know that—but what we are seeing from our population-level outcomes is that the trend data from our population official statistics are showing that people are

participating. So, we are seeing the trends. What we're not seeing, and I think this does come back to some other research that we did through our advisory group is that young people are consuming sport in a different way, and similarly adults, but we're definitely seeing it in young people. They want more recreational, they want more informal: the park run, the cycle, the five-a-side football or the touch rugby. So, we're seeing an increase in that, and that's potentially fewer, then, joining as specific club members.

[201] Free swimming was another one where we didn't hit the targets. We've sat down with the Welsh Government and we've revised our free swimming model. We now have a free swimming model that is very much focused less on unstructured, 'just turn up and swim', to linking 'learn to swim' with the school swimming programme; because, if you can't swim, you can't access free swimming. So, we've put a real focus on the 'learn to swim'. We want every child to be a swimmer. We've also changed the model, so it is weighted to those areas of deprivation, and we will obviously be monitoring the outcomes of that now.

[202] **Darren Millar:** If I can come across now to Keith Davies—

[203] **Keith Davies:** I ddilyn lan ar yr un trywydd, dylwn i fod yn dweud fy mod yn aelod o glwb rygbi, bod mab gyda fi yn hyfforddi tîm rygbi yn ardal Caerdydd, a fy mod i ar fwrdd llywodraethwyr ysgol.

Keith Davies: Following up on that, I should say that I'm a member of a rugby club, that I have a son who coaches a rugby club in the Cardiff area, and that I'm a member of the board of governors at a school.

[204] Roeddech chi'n sôn yn y fanna am weithio gyda'r WCVA, ond yn eich adroddiad, rŷch chi'n dweud nad yw menywod a merched yn cymryd digon o ran. Rŷch chi wedi ateb Oscar a'r cwynion oedd ganddo ef. Ac wedyn, o ran y cefndiroedd llai cyfoethog, rŷch chi'n sôn nad oes digon ohonyn nhw. Y cwestiynau sydd gen i yw—. Fel rŷch chi'n gwybod, mae grant amddifadedd mewn ysgolion, grant sylweddol, so nid wyf i'n gwybod a ydych chi'n gweithio gydag ysgolion—. Mae un

You mentioned there about working with the WCVA, but in your report you say that women and girls don't take part enough. You responded to Oscar on the complaints that he had. And then, in terms of people from underprivileged backgrounds, you said that there isn't enough of them. The questions that I have—. There's a deprivation grant in schools, quite a significant grant, so I don't know whether you work with schools—. There's one school in my area, for example, there are 300 children

ysgol yn fy ardal i, er enghraifft, lle mae 300 o blant, yn cael dros £900 am bob un ohonyn nhw, so rydym ni'n sôn yn y fanna am £300,000 mewn un ysgol. So, faint o waith ydych chi'n ei wneud gydag ysgolion yn yr ardaloedd yna? Faint o waith ydych chi'n ei wneud wedyn gydag asiantaethau fel yr Urdd neu Wobr Dug Caeredin? Ac a ydych chi wedyn yn penderfynu y dylai eich cynllun 5x60 chi fod yn yr ardaloedd difreintiedig hyn? Dyna i gyd.

there, and they receive more than £900 for each of them, so we're talking there about £300,000 in one school. So, how much work do you do with schools in those areas? How much work do you do, then, with agencies such as the Urdd or the Duke of Edinburgh Award? And do you then decide that your 5x60 planning should be in those disadvantaged areas? That's all.

[205] **Ms Powell:** Okay. If I go back to schools and education, to make the point again—. The key thing for us is the Sam Warburtons, the Gareth Bales, the Frankie Joneses—who came away with six medals at the Commonwealth Games—are sat in the classrooms right now, therefore they're the next generation. So, if we don't get it right in schools, we have a real concern in Sport Wales that that would make it very difficult for us to get every child hooked on sport for life. In terms of our work with schools, we have a very successful 5x60 and Dragon Sport scheme. These have been running now for 10 to 12 years, and we're still seeing the increases in numbers. So, I suppose that says that the strategy is working.

[206] In terms of linking it to the deprivation grants, we are exploring that. We don't have a clear link at the moment, and it is something that we should consider. As I say, we have a much better link now with the twenty-first century schools investments to make sure that those are—making sure the schools are open. The last thing we want is schools shutting at 3.30 p.m., the gates closed and nobody can go in and use the fantastic facilities. So, one of our objectives around twenty-first century schools is not only the right facilities but making sure those facilities are open to the community. So, schools, as I say, are very, very important to the future of us achieving our objectives.

[207] **Keith Davies:** Ie, ond roeddwn yn gofyn hefyd am y gwasanaethau ieuencid. Mae yna bwyllgor yng Nghymru, CWVYS—Council for Wales of Voluntary Youth Services—rŷm ni'n **Keith Davies:** Yes, but I was also asking about the youth services. There is a committee in Wales, CWVYS—the Council for Wales of Voluntary Youth Services—we're

sôn fan hyn am yr Urdd, rŷm ni'n sôn am y *Guides*, ac rŷm ni'n sôn fan hyn am yr holl asiantaethau gwirfoddol. So, faint o waith ydych chi'n ei wneud gyda nhw? Rŷm ni'n sôn, hefyd, am Wobr Dug Caeredin, er enghraifft.

talking about the Urdd, we're talking about the Guides, and we're talking here about all of those voluntary agencies. So, how much work are you doing with them? We're also talking about the Duke of Edinburgh's Award.

[208] **Ms Powell:** Sorry, I didn't pick that up; it was your second point in the question. Yes, we currently work with WCVA, as I've mentioned, around the BME network. We have new partnerships now with the Girl Guides, so that's the first time we've ever worked with the Girl Guides; we've also been working with the Scouts. So, we're trying to make sure we have a much wider network of delivery. We've had a long-standing relationship with the Urdd, and we continue to invest in, and, actually, we've increased our investment in, the Urdd over the last few years. Similarly, we have a very strong relationship with, and, again, have increased investment in, StreetGames, in which we're seeing significant growth, and that is aligned to some lottery funding that they've also had to work in the most deprived areas of Wales. So, I think that, if we're to achieve our objectives, particularly around 'Every Child Hooked on Sport for Life', we are going to need to do that through wider networks. Sport Wales has a relatively small budget, and a declining budget. We recognise that, if we're going to achieve our objectives, we have to do that through and with others.

[209] **Keith Davies:** Diolch.

[210] **Aled Roberts:** Rwy'n datgan fy mod yn aelod o Ymddiriedolaeth Cefnogwyr Wrecsam, er nid wyf yn meddwl eu bod wedi derbyn unrhyw fath o gymorth, ac rwyf hefyd yn llywodraethwr ysgol. Rwyf eisiau jest parhau gyda'r cwestiynau yma ynglŷn â darpariaeth o fewn ysgolion. Rydych chi wedi cyfeirio unwaith neu ddwywaith, rŷan, at y ffordd yr ydych chi'n ymwneud â chynllun ysgolion yr unfed ganrif ar hugain. Un cwestiwn sy'n codi: a ydych chi, felly, yn cael rhyw fath o gytundeb â'r awdurdod

Aled Roberts: I should say that I am a member of the Wrexham Supporters Trust, although I don't believe that they've received any kind of financial assistance, and I'm also a school governor. I just wish to continue with the line of questioning on the provision within schools. You've alluded a couple of times now to the way in which you are involved with the twenty-first century schools scheme. One question that does arise is: do you have some kind of agreement with the local authority

lleol o ran bod yn rhan o'r rhaglen yna ac yn gweld rhyw fath o gyswllt rhwng cymorth ariannol gennych chi a chymorth ariannol y Llywodraeth o ran cynllun ysgolion yr unfed ganrif ar hugain? Beth sy'n digwydd i'ch cytundeb chi â'r cyngor lle mae'r cyngor yn trosglwyddo cyfrifoldeb ar gyfer darpariaeth ar ôl ysgol i'r corff llywodraethol yn yr ysgol, achos nid oes gennych, felly, unrhyw fath o berthynas cytundebol â'r ysgol unigol? O beth rwyf i yn ei weld, os nad yw'r ysgol yn barod i dderbyn cyfrifoldeb, bydd y meysydd yma ar gau ar ôl 3.30 p.m.

from the point of view of being part of that programme, and do you see any kind of link between financial assistance from yourselves and the Government's financial assistance as regards the twenty-first century schools scheme? What happens to your agreement with the council when the council transfers responsibility for after-school provision to the governing body, because then you don't have any contractual relationship with the individual school? As I see it, if the school isn't willing to take the responsibility, then these fields will be closed after 3.30 p.m.

[211] **Ms Powell:** It's probably a bit of a straightforward answer to that: we don't actually have any financial commitment to the twenty-first century schools programme, currently. All we have is a seat at the table. So, at the moment, we have a strategic influencing position on the twenty-first century schools investment. So, we don't actually have a risk of that investment being transferred over to another provider at the moment.

[212] **Aled Roberts:** So, there's no financial input from you, whereby you might say, 'Well, we're going to put the funding towards a 3G pitch in this school as part of the twenty—'; you're not talking about that situation, then?

[213] **Ms Powell:** In those situations, we're talking about the relationship with the local authority. So, the relationship is between us and the local authority; it's not necessarily with the school directly. So, it would be a community-use facility, then. We don't tend to—I'll make sure we get this checked, but we don't tend put investments directly into a school facility, only if it's a wider community-use facility.

[214] **Aled Roberts:** What clawback arrangements do you have with those local authorities if—. For example, I'm aware of counties across north Wales where those community-use facilities are now being transferred to the governing body of a school and, if the governing body of a school is unwilling to take over the community use, it's just closed.

10:30

[215] **Ms Powell:** In terms of our clawback—and we can check the specifics—as far as I’m aware, if we invest in capital grants for a facility, then we have a 15-year clawback agreement. Therefore, if there’s a change of use, or that is not to be used for the purposes that we invested in, we have a 15-year clawback agreement in place.

[216] **Aled Roberts:** A gaf i ofyn hefyd ynglŷn ag amddifadedd achos rwy’n meddwl bod Mohammad Asghar wedi gwneud pwynt teg ynghylch lle mae costau rŵan ynghylch clybiau ieuenctid yn rhentu maes pêl-droed yn creu sefyllfa lle mae’n rhaid i’r clwb godi tâl eithaf sylweddol ar rieni ar gyfer aelodaeth blynyddol? Rwyf yn sôn am gannoedd o bunnoedd erbyn hyn. A oes gennych unrhyw bryderon ynghylch y ffaith bod plant o deuluoedd difreintiedig hwyrach yn mynd i golli ar y cyfle achos bod eu teuluoedd nhw yn methu â fforddio aelodaeth clwb erbyn hyn, bydded hynny’n bêl-droed neu rygbi?

Aled Roberts: May I also ask about deprivation because I think that Mohammad Asghar made a fair point about where costs now in relation to youth clubs renting a football pitch create a situation where the club has to charge parents quite a significant amount of money for annual membership or subscription? I’m talking about hundreds of pounds by now. Do you have any concerns about the fact that children from deprived families might lose out on the opportunity because their families now can’t afford the club subscription, whether that be football or rugby?

[217] **Ms Powell:** Obviously, we don’t control the local authority facility grant or their pitch hire. What we are concerned about is that the ongoing scale of the cuts that are being faced by local authorities is putting additional pressure on the costs, but also significant closures within the facility asset management, let’s say. That will have concerns, because I think local communities need those facilities. They also need them locally, because transport also adds additional concerns for those from the most deprived areas. So, I think I go back to my original point. A lot of our work, and a lot of our objectives, are achieved through and with partners, and an absolutely vital partner in that is local authorities. Therefore, we need to see local authorities being able to prioritise, invest in and make accessible their facilities to the local community. So, when we have, let’s say, a non-mandatory service in local authorities, such as sport, that does make it very,

very difficult for them to prioritise the investment that we would like to see.

[218] **Aled Roberts:** A ydyw'n dod i unrhyw bwynt, lle—. Mae eich adroddiad chi yn sôn am yr adnoddau yr ydych yn eu rhoi i fewn i'r system elitaidd. Wrth ystyried yr holl feirniadaeth sydd wedi bod o rygbi a phêl-droed, bod yna gymaint o arian yn mynd erbyn hyn i'r haen uwch, felly, a oes yna le, hwyrach, lle mae arian y Llywodraeth a'ch harian chi yn gorfod cael ei anelu'n fwy at ddarpariaeth gymunedol yn hytrach na'r arian hwn? Sut ydych yn mynd i gydbwyso, wrth ystyried, hwyrach, bod y sefyllfa ariannol yn mynd i waethygu yn ystod y pedair neu bum mlynedd nesaf?

Aled Roberts: Does it come to a point where—. Your report talks about the resources that you're putting into the elite sport system. In considering all the criticism that there has been of rugby and football, that so much investment is now going into the higher tier, therefore—the elite tier—is there perhaps scope for Government funding and your funding to be more targeted towards the community provision rather than this funding? How are you going to balance the two, bearing in mind that the financial situation is probably going to deteriorate over the next four or five years?

[219] **Ms Powell:** Community is absolutely our focus. As I say, we've put around £17 million into the community, compared to £7 million into the elite element, but they're not mutually exclusive. Obviously, elite success—the talent pathway, the inspiration that people get from seeing those international rugby players and the success on the weekend, as well as the success we've seen with gold medallists at the Commonwealth Games—does inspire the next generation, and we need to make sure that there is a link from community to elite. So, what I wouldn't say in Sport Wales is that we see one against the other. We see them absolutely connected, and we want every child to reach their potential. Their potential might be that it's a personal best for them, but, if they can get through and perform for Wales, then we want to make sure that they have every opportunity to do that. So, we balance that investment. Obviously, the majority of that goes to community, because that's where we're going to hit every—*Inaudible*].

[220] **Keith Davies:** A gaf i jest dilyn lan ar hynny?

Keith Davies: Could I just follow up on that?

[221] **Darren Millar:** Well, I've got Jocelyn Davies who wants to come in first with a supplementary. I'll bring you in, Keith.

[222] **Jocelyn Davies:** It is on the community sport because, obviously, a lot of the community assets are being transferred. You won't be working with local authorities then because the transfer of the asset, the local bowls pavilion or the cricket pavilion—. So, how are we going to maintain this equality strand then when these assets are not actually in the hands of the local authority but in the hands of the local bowls club or the local cricket club, who, quite honestly, might not care all that much about the language? They might not care all that much about gender. They certainly won't perhaps care about sexuality; perhaps disability won't be one of their priorities. So, how are we—. I ought to say that I've washed a lot of kit. I've got three rugby-playing children and a husband that used to play. So, I've washed a lot of kit.

[223] **Aled Roberts:** You haven't played, though.

[224] **Jocelyn Davies:** No. I don't even watch it, actually. How are we going to ensure that that equality stuff doesn't just go phut—forget it—because this club is going to be in the management of people who just like other people exactly like themselves.

[225] **Ms Powell:** As you can see from our strategy, we are absolutely committed to the equality level. So, one of the things that we can do is approach our strategic investment from the point of equalities, which is what we're doing in terms of calls for action and our community chest. So, clubs are—

[226] **Jocelyn Davies:** Yes, but they're not going to come to you for it. They're going to say, 'Do you know what? I don't like the conditions that's attached to your grant. We're just going to have this as our own little private fiefdom and we're going to carry on doing it just like we've always done, and we're not going to bother with that equality stuff, because we're not going to ask you for anything'. But that asset is owned by the public.

[227] **Ms Powell:** I suppose the only other route in is if they are a member of the governing body. So, if they are a member of the Welsh Bowls Federation, then the bowls federation does have a commitment to equality as well. So, they have the equality strand for sport, so the Welsh Bowls Federation would have a responsibility to make sure their bowls clubs take on their equality commitments.

[228] **Darren Millar:** But you accept that there may be a need to look at your

grant conditions so that those can be extended to successor organisations that may inherit some of these properties in particular, in terms of the capital investment that's going in, do you? Yes. Okay. Keith Davies.

[229] **Keith Davies:** Rwy'n gweld Jocelyn nawr; byddai'n edrych ar y teledu'r wythnos hon a gweld menywod o Ffiji yn golchi *jerseys*, a byddai'n meddwl am Jocelyn. [Chwerthin.] Yng Nghaerfyrddin, yr un peth ag roedd Oscar yn sôn amdano yng Nghasnewydd, mae prisiau i fynd i chwarae criced neu fowls wedi codi dros 1,000 y cant; mae'n ofnadwy. Sefydlodd grŵp o bobl yn sir Gâr bwyllgor i ymladd â'r awdurdod, ac maen nhw wedi cael nawr gynllun tair blynedd ac mae pawb yn hapus. Nid yw'r clybiau rygbi eisiau arian; maen nhw'n cael digon o arian achos roedd Undeb Rygbi Cymru—beth oedden nhw wedi ei wneud llynedd, £64 miliwn neu rhywbeth? Ond mae clybiau pêl-droed, clybiau criced a chlybiau bowls wedi cael trafferth mawr, ac roedd yna batrwm yna. Ac roeddwn i'n meddwl: a ydych chi yn helpu grwpiau fel yna yn y siroedd yng Nghymru i ymladd yn erbyn yr awdurdod, a dweud y gwir, fel eu bod nhw'n gallu cael costau teg? Achos roedd beth roedd Caerfyrddin wedi ei ddodi ymlaen i'r gwahanol grwpiau yn hollol annheg, roeddwn i'n teimlo. Faint o help yr ydych chi'n ei roi i glybiau yn yr awdurdodau dros Gymru?

Keith Davies: I see Jocelyn now; I will be looking at the tv this week and watching the Fijian women washing jerseys, and I'll be thinking of Jocelyn. [Laughter.] In Carmarthenshire, just as Oscar mentioned about Newport, the prices to play cricket or bowls have risen over 1,000 per cent; it's terrible. A group of people in Carmarthenshire set up a committee to battle the authority, and they now have a three-year plan and everyone's happy. The rugby clubs don't want money; they have enough money because the Welsh Rugby Union—what did they make last year, £64 million or something? But the football, cricket and bowls clubs have had a lot of problems, and there was a pattern there. And I was thinking: are you helping those kinds of groups in Welsh counties to battle the authorities, to tell you the truth, so that they can have fair costs? Because what Carmarthenshire had set for the different groups was very unfair, I felt. How much help are you providing for those clubs in the authorities across Wales?

[230] **Ms Powell:** We have a number of opportunities to help clubs. We have clubs' matters and clubs workshops, which advise them on governance

structures, social enterprise and new ways of working. We've been particularly successful with gymnastics clubs—talking to them about social enterprises, how they set themselves up to be less reliant on public funding and to have a different model. We've also worked with Welsh Government on an asset transfer advice and guidance note, which is available on the Welsh Government website, around the questions you need to ask when you are considering taking over. It is a considerable undertaking to take on a facility and to be able to manage a facility, so what we've been able to provide is advice and guidance on the questions you may need to ask yourself and the approaches to that. If I also bring Peter in, who may want to add to that—.

[231] **Mr Curran:** I think there's an important strategic longer term plan here. With our funding going down, what we're doing, under an umbrella of a commercialisation strategy, is looking at how effective our funding is, should it be reviewed and should we be looking at providing funding to enable governing bodies, clubs, to lever in more money. So, I think it's been, you know, quite traditional in terms of the way that we've previously funded, so I'm actually leading on—. I'm calling it modernisation and commercialisation, but a key strand of that is: how can Sport Wales's money help fund additional money for the sector? Because it's clear our money is going down, and we're passing on less. So, clearly, that has massive implications. What we're trying to do is say, 'How effective is our funding? Could it be used differently to encourage social enterprise schemes, social bonds—that kind of thing—to help local communities and local clubs raise more money?' So, that, I think, is a key strand going forward.

[232] **Keith Davies:** Thank you.

[233] **Darren Millar:** The clock has almost beaten us. Mike.

[234] **Mike Hedges:** Just two very brief questions. Jocelyn Davies raised earlier whether clubs would do things in order to raise money. My experience in Swansea is that anything you ask for, they will do with alacrity, because they're desperate for the money. Is that what you find?

[235] **Darren Millar:** Just a single-word answer to that will do.

[236] **Ms Powell:** I'm not sure of the question, sorry, Mike.

[237] **Mike Hedges:** It's about what Jocelyn Davies said about clubs saying, 'We're not really interested, we'll carry on as we are without asking for any

Sport Wales or lottery money'. My experience in Swansea with clubs is that they'll do anything you ask in order to get your money, because most of them are fairly desperate for it to make improvements to their facilities. Is that what you find?

[238] **Jocelyn Davies:** He's justifying—

[239] **Ms Powell:** Our commitment is to get the money to the front line—100 per cent.

[240] **Mike Hedges:** And my last question is: what we're seeing is a change in the sports that people play; we've seen a huge growth in five-a-side football and we've seen almost a complete collapse of squash, for example. So, we're seeing these changes. How do you reflect these changes in your support for organisations?

[241] **Ms Powell:** One of the things we measure through our surveys is the trends, and, as I think I mentioned earlier, the trend that we are seeing coming across now is much more around the informal, so we recognise in our new strategy that we will be focusing very much on the park run and the family cycles, for people who just want to get out and take part and maybe not want to join a club. So, that will be reflected in our new strategy.

[242] **Darren Millar:** Three very brief questions from me just to conclude. Obviously, you fund lots of different organisations, one of which, I notice, is the Welsh Canoe Association, which has been involved in some political campaigning in the past in terms of access to Welsh waterways. How do you ensure that the money that you receive does not fund political campaigning from some of the organisations that you extend support to?

[243] **Ms Powell:** In terms of the funding that we give to national governing bodies, we obviously have clear criteria of what that funding is awarded for. We also have six-monthly reviews and we sit in on their board meetings, so we have a very close relationship with the governing bodies to be able to not only monitor where our investment goes and where that investment is spent, but also, we've done a lot of work on culture and leadership within organisations. We've recently launched a new governance and leadership framework, which is very much developed by the sector for the sector, but a crucial element of that is that it's based on the code of good governance, but it has behavioural aspects. I think some of these issues come out of maybe behavioural and cultural things that aren't necessarily to do with the

finances, which we can monitor very closely, but we also want to set up the right cultural and behavioural attitudes within organisations.

[244] **Darren Millar:** Another question that's probably best addressed to you, Peter, is in relation to the fact that you're one of the few organisations that seems to have a trust that holds some assets. Most parts of the public sector that inherited trusts as part of their organisation seem to have moved on from that sort of model. Is that something that Sport Wales is intending to do in the future?

[245] **Mr Curran:** It's an interesting question, Chair. It goes back to our inception back in 1972, when we were set up by Royal Charter. Sport Wales doesn't have charitable status, but, at the same time, the Sport Wales trust was set up and which did have charitable status. So, our premises and our building costs are run through that, through which we get mandatory rate relief and whatever. We have looked at it recently in terms of—. I mentioned before about a commercialisation strategy, and we have seriously considered whether we should activate the trust, because, essentially, it's not dormant, but there are very few transactions that go through it. But, given the imperative to develop a more commercialisation strategy, we have actually asked our lawyers whether this could now become more living. The simple answer is that it's kind of enshrined in very legalistic terminology and refers to all kinds of standing committees that no longer exist. So, the advice we're getting is that Sport Wales itself can set up wholly owned subsidiary companies and that might be the better way, going forward—to set up a clean company with clean, new governance arrangements, wholly owned by Sport Wales. So, that's the route we're likely to take, but will keep the trust under review.

[246] **Darren Millar:** Okay. So, you're actively considering that. And, one final question: are you going to be supporting bridge as a sport in the future? It's just an interesting aside after all the hotly debated issue in the press.

[247] **Ms Powell:** We'll wait for the judicial review to come out with the answer.

[248] **Darren Millar:** David, are you a keen bridge player?

[249] **David Rees:** Well, I've played in the past, yes. But, can I just ask one small question?

[250] **Darren Millar:** Yes, of course, very briefly.

[251] **David Rees:** You've mentioned and alluded very much, all through this morning, to the difficult times we face ahead of us. Many Members have mentioned the transfer of assets that is likely to happen. Some of those assets are less complex than others that are far more complex, and I'll take swimming pools as an example, and declare an interest because the one in my constituency is under threat, and, obviously, the needs for communities are greatly different because of different complexities.

10:45

[252] Are you prepared to look at the strategy that you have to support those types of communities who want to take on those assets, which are far more complex and have greater demands upon health and safety issues? If it is difficult to achieve that, what strategies do you have in place to ensure that those communities, which are sometimes up in remote areas of the Valleys, are able to benefit from participating in activities that are no longer available to them locally?

[253] **Darren Millar:** Right. That's a very long, question, really. You've touched on some of the issues. Do you want to just sum up, in a nutshell?

[254] **Ms Powell:** If I just quickly say, within, I think, the next three weeks, we will be launching a new facilities framework document that isn't around what facilities are where, but is around advice and guidance, specifically around asset transfer and facilities management. I think that is the issue that most are facing. We recognise, as the authority on sport, that we should be providing that. That will be launched in the next two weeks.

[255] **David Rees:** And that will include complex facilities as well, such as swimming pools.

[256] **Ms Powell:** It will provide advice and guidance. It won't have all the answers, because we wouldn't be able to take on that responsibility, but it sets out the questions you need to ask, which I think is the most important thing.

[257] **David Rees:** And this final point: if that happens, and these facilities close, for example, do you have strategies to look at how you can support people accessing those activities elsewhere—for the transportation?

[258] **Ms Powell:** The one thing we'd like to see is a health impact assessment undertaken of any closure. If that health impact assessment was undertaken and held by the Government, then I think we may see different decisions being made.

[259] **Darren Millar:** On that note, I thank you, Sarah Powell and Peter Curran, for your attendance. You'll receive a copy of the transcript of today's proceedings. If there are any factual inaccuracies, please feel free to share those with the clerks and we'll have the record amended. In addition, if there's any other information you want to share with the committee in relation to the issues we've touched on, we'd greatly appreciate it. Thank you very much indeed.

[260] **Ms Powell:** Thank you very much.

[261] **Mr Curran:** Diolch.

10:46

**Gwaith Caffael a Rheoli Gwasanaethau: Adroddiad Blynyddol y
Gwasanaeth Caffael Cenedlaethol 2014–2015
The Procurement and Management of Consultancy Services: National
Procurement Service Annual Report 2014–15**

[262] **Darren Millar:** We move on, then, to item 5 on our agenda, the procurement and management of consultancy services. We've had a copy of the national procurement service's annual report and a number of other pieces of information. Clearly, we don't have lots of time to look at this in any detail, but, auditor general, you have a suggestion on this.

[263] **Mr Thomas:** Yes, you have this report sent to you as a result of a recommendation in a report that you published in September 2013. I ought to say that my forward programme of studies has got some work on planned procurement and the national procurement service, and we're likely to look a bit wider in terms of the wider procurement environment in Wales, collaborative arrangements, and so on. Unfortunately, that work is now being scoped, and it will be carried out, but the report won't arrive in time for this PAC. But, you may wish to give a steer, I think, in your legacy report, that this is a subject that ought to be revisited by the next Assembly.

[264] **Darren Millar:** Are Members content with that approach? It seems sensible given that we've visited the subject during this Assembly already. Yes. Excellent. Thank you very much, Huw.

10:48

**Gwasanaeth Awyr oddi mewn i Gymru—Caerdydd i Ynys Môn: Ystyried
Ymateb Llywodraeth Cymru
Intra-Wales Cardiff-to-Anglesey Air Service: Consideration of the
Welsh Government's Response**

[265] **Darren Millar:** Item 6, intra-Wales, the Cardiff-to-Anglesey air service, consideration of the Welsh Government's response. We've also had some commentary on this from the Wales Audit Office. Are there any comments on those? There are two recommendations in particular, just to remind everybody, that the committee made, and we had the wider Welsh Government in our sights, not just this particular aspect of the Welsh Government's expenditure and work. So, recommendation 1 and recommendation 2—the first was in relation to external advice being commissioned, and the Welsh Government's response to that particular recommendation suggested that they would only take it on board when commissioning any external advice in relation to the intra-Wales service, rather than more widely across the department. Secondly, the flexibility to make timely and effective decisions about the three-yearly review of contracts, and when they're going to expire. Again, we had all Welsh Government contracts in mind when we made that recommendation, and, again, the Welsh Government's response seems to consider it just in respect of the intra-Wales air service. Are you content for us to take up that particular issue with the Welsh Government and some of the additional points that have been raised by the auditor general in the commentary? Are you content with that? Yes. We'll take those up with the Welsh Government, then, and report back.

10:49

**Ymateb i Ddiwygio Lles yng Nghymru: Ystyried Ymateb Llywodraeth
Cymru**

**Responding to Welfare Reform in Wales: Consideration of the Welsh
Government's Response**

[266] **Darren Millar:** Item 7, responding to welfare reform in Wales, consideration of the Welsh Government's response. This has been shared with the Wales Audit Office in order that we can get a commentary on this. I thought it was important just to get it on the record so that we can note it. One interesting aspect of this response is that it's from a Minister, as opposed to an accounting officer. This is an issue, obviously, that Members have considered to be inappropriate in the past, given that we only bring accounting officers in for scrutiny to give us oral evidence. Huw, did you want to add anything?

[267] **Mr Thomas:** Chair, I do want to write in to you with some comments on the report. I have to say that I have some concerns with the response received from the Welsh Government. If there are any particular points that Members feel that we perhaps should concentrate on in our response, I'd be happy to do so.

[268] **Darren Millar:** Okay. If Members have got any particular points, perhaps they can share those with the clerk and we will ensure that we can incorporate that into our discussion on the response when we consider it in more detail when the Wales Audit Office commentary comes in. Yes. Happy.

[269] **Aled Roberts:** Can I just say, on recommendation 17, there are two authorities in north Wales that clearly have assessed now the number of 18 to 21-year-old tenants they've got. So, I don't know why the Government is saying that they will continue to work with local authorities, when clearly some are aware—. I was quite surprised at the number of tenants in those two authorities who fell within this.

[270] **Darren Millar:** I think, again, if we discuss this in more detail, but, auditor general, perhaps you could help us just identify which local authorities are out of the starting blocks already and have come up with some figures. That would be helpful as part of our discussion.

[271] **Mike Hedges:** [*Inaudible.*] The number that you had yesterday will be different to the ones you have next week, because people keep having

birthdays.

[272] **Darren Millar:** Yes, but it's something that we identified quite early on as being on the horizon; this is going to have an impact and we need to be aware of it.

[273] **Aled Roberts:** They didn't even have a clue as to the global figure that they had.

10:51

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

Cynnig:

Motion:

bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in 17.42(vi).

accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[274] **Darren Millar:** Item 8, then—motion under Standing Order 17.42 to resolve to exclude the public. I'll move that motion. Does any Member object? There are no objections, so we'll move into private session.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10:51.

The public part of the meeting ended at 10:51.

