



**Y Pwyllgor Craffu ar Waith y Prif Weinidog
Committee for the Scrutiny of the First Minister**

Carwyn Jones AM
First Minister
Welsh Government

7 March 2014

Dear First Minister

The Welsh Government's relationship with the Third Sector and the Private Sector

Thank you for your letter of 18 December providing additional information on issues raised by Members of the Committee for the Scrutiny of the First Minister at the meeting held on 20 November.

The focus of our scrutiny session was on the Government's relationship with the Third Sector and the Private Sector. The Committee would like to thank you and your officials for appearing before the Committee and for responding to our questions, particularly those that were submitted via social media by members of the public. I hope you agree that this form of engagement is worthwhile and should continue.

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The Third Sector

The Committee fully supports the involvement of the voluntary sector in helping to develop and implement Government commitments and public services more generally. This is particularly important when Government resources are themselves under considerable pressure.

Your paper to the Committee before our meeting outlined a change in strategic direction with a greater focus on outcomes and particularly outcomes that are Welsh Government priorities.

“21. The main shift in strategic direction is to make it clear that while the Welsh Government values the Third Sector for the contribution it can make to the long term economic, social and environmental wellbeing of Wales, its people and communities, the focus needs to move to the outcomes that the sector can help to achieve. A strong Third Sector should contribute to long term wellbeing in its own right but it should also be able to show how it contributes to the outcomes which the Welsh Government has identified as priorities.”

The Committee was made aware of a number of Government initiatives that aimed at bringing about that change in strategic focus and which may have a considerable impact on the voluntary sector in particular. These include:

- Changes to the funding arrangements for ‘infrastructure’ organisations such as the Wales Council for Voluntary Action (WCVA), County Voluntary Councils (CVCs) and volunteer centres;
- New regional third sector infrastructure arrangements so that and larger charities will engage directly with the Welsh Government rather than through umbrella bodies;

- Detailed guidance on local compacts to be developed in 2014 (although legislation to make these compacts statutory will not be progressed);
- The revised code of practice for the funding of the third sector includes a more developed set of principles including around monitoring and making complaints;
- Substantial changes to the Third Sector Partnership Council;
- A review of how the Welsh Government supports volunteering.

The Committee is not opposed in principle to any of these changes individually. However, Committee Members were concerned about the possible collective effect of these changes on the voluntary sector in particular.

Although many voluntary organisations employ professional staff the voluntary sector primarily relies on a large number of motivated people working as unpaid volunteers. Many factors motivate volunteers but we suspect that the desire to help implement Welsh Government priorities is rarely the main motivation.

It is, therefore, important that the voluntary sector be encouraged to operate in a nurturing and supportive environment that recognises genuine partnership and shared aims, rather than as simply another delivery agency of Government. The independence of the voluntary sector is also very important and care needs to be taken to ensure that it is not compromised by the desire to use the sector to help implement Government priorities.

The majority of volunteers work at a very local level. Indeed, local issues are often high among the motivating factors for volunteers. The move towards 'regional' funding and engagement mechanisms runs the risk of separating local volunteers from the structures that are meant to help reflect their views

and priorities. There is a danger of disconnecting the priorities of volunteers on the ground and those agreed in regional and national structures.

On this basis, we are not convinced that the Government's vision for the strategic partnership with the voluntary sector is as clear as it should be.

Recommendation 1:

We would like you to explain further the Government's vision for a strategic partnership with the Third Sector and in particular, how the competing strands of valuing voluntary work while ensuring the voluntary sector remains independent and not just another branch of Government, will be addressed.

The Private Sector

The Committee was pleased to hear your support for the continuation of the Council for Economic Renewal and its current membership. It is clear to us that while the Council is viewed as useful, regular direct access to Welsh Ministers is highly valued by the private sector in Wales. **We hope that will continue.**

We also discussed with you the role of the various Advisory Boards and Task and Finish Groups that have been established by various Ministers. You outlined the role and scale of these at the meeting and particularly the difference between those groups advising Ministers and those that have specific tasks to carry out. The Committee accepts that the responsibility for implementing policy lies with Ministers and that scrutiny should be aimed at Ministers.

You agreed at the meeting to provide us with a note on the reporting timetable for some of these task and finish groups and your letter of 18

December reiterates that point. Given the number of the Groups that you outlined (and others that Members referred to) the Committee thinks it would be a useful starting point if **you could provide us with a statement setting out for each of the groups when they are currently expected to report to Ministers.**

The number of these groups does, however, raise questions about how the Welsh Government as a whole maintains a strategic overview of their work. It also makes it difficult for the Assembly to know how best to scrutinise the policies that these groups are advising on when there is no overview available of their work. For this reason the Committee believes it would be helpful if an annual statement could be provided to the Assembly setting out the key facts about the number of groups that have been set up, an outline of their purpose and when they are expected to report.

Recommendation 2:

We would like you to agree to lay before the Assembly an annual statement of the number, role, reporting arrangements and membership of all of the Welsh Government's private sector led Advisory Boards and Task and Finish Groups. We would also like the report to outline how each of the boards or groups has directly influenced the activities of Welsh Government departments in the preceding year and to set out any planned changes in approach for the following year.

We discussed with you the role of Regulatory Impact Assessments (RIA) in ensuring that the effect of policy changes and legislation on the private sector is properly assessed. We also discussed whether RIAs pay sufficient regard to the cumulative effect of policy changes and legislation. We accept that RIAs are carried out according to rules set out by HM Treasury and that there would have to be good reasons for Wales to act alone in taking a different approach on RIAs. However, we remain concerned that there does

not seem to be any clear mechanism for assessing cumulative effects of policy and legislation on the private sector.

Recommendation 3:

We would like you to provide us with a statement setting out how, within the current RIA process, the Welsh Government assesses the cumulative effect of policy changes and new Welsh legislation on the private sector.

Finally, we are grateful for the information in your letter of 18 December about evaluation of the Wales Social Partners Unit, which you say will be independently evaluated during the third year of its contract. **It would be helpful if you could indicate when that is likely to be and what the main criteria for the evaluation will be. We would also like to be provided with a copy of the evaluation once it has been completed.**

We look forward to receiving your response to the points we have raised. Both our letter and your reply will be published on our website.

Major Infrastructure Projects in North Wales

We have also considered your letter of 8 October responding to the Committee's recommendations following our meeting in Wrexham earlier in the year at which we discussed major infrastructure projects in North Wales.

The Committee has considered your response and would be grateful for your further comments in relation to the following points:

Recommendation 1

My letter of 20 August asked for an explanation of how the various plans and programmes fit together, particularly the role of the Wales Spatial Plan

which was last updated five years ago before the Programme for Government and the introduction of initiatives such as Sector Plans/Enterprise Zones. I also mentioned the 'Delivery Pipeline' that you referred to in your evidence.

One example of this is the National Transport Plan. This was reprioritised in 2011 and is based on the Wales Transport Strategy prepared by the previous coalition government, which gave greater priority to north-south transport links than the current Welsh Government.

The 'Delivery Pipeline' is not explained or included in the diagram in Annex 1 to your letter.

Recommendation 2

Your response appears to miss the point made in the Committee's letter. The discussion at the meeting and referred to in the letter was about the private sector involving local communities in decisions and providing financial and other benefits to these communities, particularly for those affected by energy infrastructure projects. The Committee was asking about what you referred to as 'broader thinking' on this issue and the Welsh Government's role in this. The response mostly concentrates on the Welsh Government's own procurement arrangements rather than this wider perspective - there is no reference at all to the energy sector or the recently adopted Community Benefits Declaration.

Recommendation 6

Your response isn't clear about the timetable for when any improvements are likely to be implemented.

Recommendation 7

The Committee requested a note on the Welsh Government's plans to improve other road and rail improvements in north Wales – in particular the Committee was interested in links between the Aberystwyth area and north Wales. While the statements you mention refer to north Wales, the Committee requested an update on plans specifically in north Wales and it would be helpful if you could provide a more detailed and focused response.

I would be grateful for your response on the points above in due course.

Yours sincerely

A handwritten signature in black ink that reads "David Melding". The signature is written in a cursive style with a long, sweeping tail that extends to the right.

David Melding AM
Chair, Committee for the Scrutiny of the First Minister