



Cynulliad
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National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

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[The Public Accounts Committee](#)

26/09/2016

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Rhun ap Iorwerth Bywgraffiad Biography	Plaid Cymru The Party of Wales
Mohammad Asghar Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Neil Hamilton Bywgraffiad Biography	UKIP Cymru UKIP Wales
Mike Hedges Bywgraffiad Biography	Llafur Labour
Rhianon Passmore Bywgraffiad Biography	Llafur Labour
Nick Ramsay Bywgraffiad Biography	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Lee Waters Bywgraffiad Biography	Llafur Labour

Eraill yn bresennol
Others in attendance

Anthony Barrett	Swyddfa Archwilio Cymru Wales Audit Office
Dr David Blaney	Prif Weithredwr, Cyngor Cyllido Addysg Uwch Cymru Chief Executive, Higher Education Funding Council for Wales
Nikki Lawrence	Cyfarwyddwr Adnoddau, Gyrfa Cymru Director of Resources, Careers Wales
Bethan Owen	Cyfarwyddwr Ymgysylltiad Sefydliadol, Cyngor Cyllido Addysg Uwch Cymru Director of Institutional Engagement, Higher Education Funding Council for Wales

Meilyr Rowlands	Prif Arolygydd Ei Mawrhydi dros Addysg a Hyfforddiant yng Nghymru, Estyn Her Majesty's Chief Inspector of Education and Training in Wales, Estyn
Richard Spear	Prif Weithredwr, Gyrfa Cymru Chief Executive, Careers Wales
Phil Sweeney	Cyfarwyddwr Gwasanaethau Corfforaethol, Estyn Corporate Services Director, Estyn
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru, Swyddfa Archwilio Cymru Auditor General for Wales, Wales Audit Office
Nick Williams	Pennaeth Gwasanaethau Corfforaethol, Cyngor Cyllido Addysg Uwch Cymru Head of Corporate Services, Higher Education Funding Council for Wales

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

Fay Buckle	Clerc Clerk
Claire Griffiths	Dirprwy Glerc Deputy Clerk
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

*Dechreuodd y cyfarfod am 14:00.
The meeting began at 14:00.*

**Cyflwyniadau, Ymddiheuriadau, Dirprwyon a Datganiadau o Fuddiant
Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **Nick Ramsay:** Can I welcome members of the committee to this

afternoon's Public Accounts Committee meeting? Headsets are available in the room for translation and sound amplification. Can I remind Members to turn off any electronic devices? In the event of an emergency, an alarm will sound and please follow the ushers. No apologies have been received from Members.

14:00

**Papurau i'w Nodi
Papers to Note**

[2] **Nick Ramsay:** Item 2 on the agenda is papers to note. All we have there are the minutes from the meeting held on 19 September 2016. Are Members happy to agree those minutes? Yes, great.

14:00

**Craffu ar Gyfrifon 2015–16: Gyrfa Cymru
Scrutiny of Accounts 2015–16: Careers Wales**

[3] **Nick Ramsay:** Item 3, scrutiny of the accounts 2015–16 of Careers Wales. You have in front of you the Careers Wales annual report of 2015–16. Can I thank very much our witnesses for agreeing to be with us today? It's really helpful. We do have quite a few witnesses from different organisations with us during the course of the afternoon, so if at any point I'm moving things on, it's purely so that we can keep to time and get through things. But it really is appreciated by the committee that you're here today. Would you like to give your name, position and organisation for the Record of Proceedings?

[4] **Mr Spear:** Certainly. Good afternoon. Richard Spear. I'm the chief executive and accounting officer for Careers Wales.

[5] **Ms Lawrence:** Nikki Lawrence, director of resources from Careers Wales.

[6] **Nick Ramsay:** Thanks. Okay. I'll ask the first question. Do you have any plans to produce a public-facing document bringing together the key information contained in your 2015–16 accounts, business plan and long-term strategy?

[7] **Mr Spear:** Not at this stage, Chair. Our priority to date has been to produce two documents primarily with different audiences in mind. With the accounts, our focus has been very much on making sure that we comply with the statutory requirements set out that we have to meet. We've had to make some progress over the last few years in terms of responding to recommendations from the Wales Audit Office and improving our working papers internally. So, that's been our priority—to get that document tied down. The annual report has a slightly different audience for us. That goes into far more detail as to how we spend the money—less focus on the accounts but highlighting the impact that we make as an organisation and how we discharge our duties in regard to the remit set for us by the Welsh Government. So, they have a slightly different audience. They are linked. Our annual report includes a link to our full set of accounts. In the future, obviously, we could review that and we'll be happy to take back to the board any recommendations, for example, that this committee may have on it. But that's not been our priority, to date, in terms of pulling the two documents together. I certainly think that they've got a slightly different audience, but we do connect them as clearly as we can.

[8] **Nick Ramsay:** But, in future, you'd be open to looking at different ways that they could be publicised.

[9] **Mr Spear:** Definitely, Chair. We've had a lot to do in terms of our accounts over the last few years. We've merged seven organisations into one, and there have been a lot of issues with closing down the old companies. That's been a priority: to make sure that we get the accounts produced accurately to a standard that, obviously, our board are comfortable with, and our external auditors are comfortable with. Going forward, I think we're open to any thoughts or suggestions as to how we can increase the transparency of the whole range of documents that we produce for public reasons, to demonstrate proper use and regularity of the funds that we discharge.

[10] **Nick Ramsay:** And how will you balance the implementation of your strategic plan for 2015–18 with the priorities set for Careers Wales in the Welsh Government's annual remit letter?

[11] **Mr Spear:** They're very much linked. So, we get an annual remit letter from the Welsh Government and then we're invited to respond in the form of a strategic plan covering three years and a business plan covering one year. So, in effect, our strategic and business plans are the company's response to

the remit letter. Those plans are reviewed by, obviously, the board. They sign them off, and they go through to the Welsh Government, and then Welsh Ministers agree our plans, and, in doing so, they would seek assurance from their officials that what we're doing does discharge the requirements set out in the remit letter.

[12] **Nick Ramsay:** Great. Thank you. Rhun ap Iorwerth.

[13] **Rhun ap Iorwerth:** Prynawn da. A gaf innau ddiolch yn fawr i'r ddau ohonoch chi am ddod gerbron y pwyllgor heddiw? Mae'r ffigurau sydd o'n blaenau ni yn dangos yn glir iawn sut mae dyraniadau cyllideb Llywodraeth Cymru ar gyfer Gyrfya Cymru wedi gostwng yn sylweddol dros y blynyddoedd diwethaf, ac mae'r cyfrifon yn datgan mai un o'r prif risgiau wrth ichi symud ymlaen ydy unrhyw ostyngiadau pellach yn eich dyraniad chi. Pa effaith yr ydych chi'n credu y byddai cwtogiadau a thoriadau pellach yn eich cyllideb chi'n ei chael ar eich gallu chi i gyflawni'ch amcanion chi fel corff?

Rhun ap Iorwerth: Good afternoon. Could I also thank you both for appearing before the committee today? The figures before us show clearly how the budget allocations from the Welsh Government for Careers Wales have reduced significantly over the last few years, and the accounts state that one of the principal risks as you move on is further cuts to your budget allocation. What impact do you believe further cuts in your budget would have on your ability to achieve your objectives as a body?

[14] **Mr Spear:** Thank you, Rhun. Yes, like many organisations in the public sector, we've faced some challenging budget settlements over the last few years and that hasn't been without impact. So, our priority has been to try and mitigate any negative outcomes as a consequence of that significant reduction in the budget. In doing so, we have changed our delivery model, and so we are far more reliant on digital technology to try and extend the reach and impact of our services, and we have focused our face-to-face resources—our expert professional, impartial advisers and other staff—on younger people. So, there have been some consequences as a result in terms of the type of client that we can support and the ways in which we can support them. But in terms of your question, Rhun, obviously, any further cuts in the budget will have an impact. I think we almost take that for granted; we can't avoid that, despite doing the best that we can to mitigate that.

[15] We are currently in the process of submitting a new strategic vision for the organisation, which we hope to send to Ministers at the end of this month. Our board is again looking at that document on Wednesday at the board meeting; they've done so throughout the year, and that contains our advice to Welsh Government in terms of the case for investment, because obviously the Welsh Government continues to be under tremendous budgetary pressures, and all organisations need to demonstrate their worth. So, I think the document clearly sets out the returns the Welsh Government gets for investing in our service. We certainly feel that we make the far bigger investment in education and training, which is a figure of £4.3 billion a year. We feel we make that investment more efficient through our services.

[16] So, we'll be setting that out quite clearly, but in that, we are also setting out options, Rhun. So, if the budget isn't available to the level that we require, we will be advising the Welsh Government as to which services that we withdraw. I think we're at the point now where we've got to take those strategic decisions rather than continue to cut everything across the board in order to minimise the impact of any further cuts.

[17] **Rhun ap Iorwerth:** Can you just confirm that that document that is close to being ready to be handed in is the one that was originally earmarked in the report to be submitted in April this year? Are we talking about the same strategic vision document?

[18] **Mr Spear:** There's a connection between the two. Back in April before that, we brought in PricewaterhouseCoopers to help us undertake a strategic review of the organisation and, really, to help us with some of the very difficult decisions that we have to take in terms of cuts to the budget. So, that piece of work was very helpful to us. It made 16 recommendations and it was a very weighty and detailed document that took into account stakeholder analysis and consultation with the key stakeholders across Wales. This document that I'm referring to now builds upon that PwC strategic review, but it's our strategic vision as an organisation. So, it's been informed by that PwC work and other work that we've undertaken over the summer.

[19] **Rhun ap Iorwerth:** Okay, thank you for the clarification on that. Can you give us some ideas of the options that you are considering moving forward in the circumstances of your funding being cut further?

[20] **Mr Spear:** Yes, certainly. There are three broad features in the strategic vision going forward. The first is to have an even stronger focus on young

people and in particular, but not exclusive to, young people in key stage 4. All the evidence that we gathered demonstrated that, to a certain degree, that's when young people have the greatest range of options available to them in terms of their future and that's where they're at risk of taking the wrong decisions. So, we will focus more strongly on that age group and that will involve broadening our services, not just to young people who are in danger of becoming NEET, to use that phrase—in danger of dropping out of education, training or employment—but any young person who needs that impartial professional advice and guidance to help them make those incredibly important decisions. So, that's the first feature: a stronger focus on young people. That's not exclusive, but that's where we'll be putting more of our resource if the Welsh Government accepts our strategic vision.

[21] The second element is a stronger focus on digital services, and we have made significant developments and improvement in our digital services over recent years. Obviously, digital technology continues to develop and we will be looking at all sorts of avenues to exploit the technologies that are currently available to us.

[22] The third aspect of the strategic vision is to have a stronger focus on supporting other organisations and stakeholders, particularly schools, to help those organisations better support young people with their career development. Particularly there, we're looking at the new curriculum for Wales coming in, which we think is a very exciting change. It'll put a far stronger emphasis on preparing young people for the world of work, and we see that we have a key role in supporting schools through that transition, and, in doing so, it's helping clients indirectly.

[23] **Rhun ap Iorwerth:** Presumably, much of that work, due to constraints on resources, will involve more online forums being used, rather than face to face. You highlight as another risk the need to update your website. We can see from your key performance indicators that there's been a reduction, I think, rather than an increase in contact via your website. What kind of changes do you foresee will be needed on that website and the wider online area?

[24] **Mr Spear:** A few things. First, even though we are recommending a stronger use of digital services, the key is to make sure that we deliver all our services in a blended manner. So, it's not a case of digital versus face to face. It's using all the tools and the media that we have to help young people with their career management decisions.

[25] In terms of the website statistics that you referred to in the annual report, there are a few things to flag up there. The two years aren't like for like. We rebased our statistics in the year that we're looking at, 2015–16. So, that just shows unique individuals who have accessed our website. Previously, there would have been an element of—they would have been counted twice if somebody'd logged on twice. So, the statistics aren't necessarily like for like. Another factor to highlight to you is that the Jobs Growth Wales programme was suspended for a period of time during this year, and that's one of the most popular sections of our website.

[26] But, back to the question in terms of what challenges we face, we've inherited, as a new organisation, a website that has a number of different resources and tools built upon it. The architecture of that website now is getting old, and it's quite complex, so we brought, back at the end of 2014, Gartner in as independent consultants to help us come up with a digital road map to address some of those issues. The next step in the process will be to get some data architects in to help us plot through the various options that we have. What I should say, however, despite having these challenges, in the last couple of years we've implemented a lot of new services that have been well regarded by clients. Indeed, if you've had the opportunity to have a look at the full version of our annual report, client feedback is still relatively strong on the website, but we know there's lots to do in terms of, primarily, the data architecture and the technology upon which it's based. Again, our board is looking at a paper on developing the website on Wednesday at its board meeting.

[27] One of the issues that we've had, or challenges, which isn't a technical one, is clarity of purpose. So, we hope that if the Welsh Government supports our new strategic vision for the future of the organisation, that will then give us the clarity of purpose to establish a clear digital strategy that drives the organisation forward in the same direction.

[28] **Rhun ap Iorwerth:** A couple more in this area, if that's okay, but one's a one-word answer, I guess. Are you confident that there is going to be standardisation of the way that you measure access to your websites from now on so that we won't have an anomaly between figures of one year and the next?

[29] **Mr Spear:** I am. I think the changes that we've implemented in terms of the way we measure, using Google analytics, gives us a far better insight

now into the actual use of the website.

[30] **Rhun ap Iorwerth:** Secondly, have you considered, in light of tightening purse strings, means of co-locating, bringing together back-room functions with other organisations in Wales?

[31] **Mr Spear:** We have indeed. Very quickly, before I go into that, one thing I did overlook on the digital services front is that it's not just our website. So, we've made massive developments in the use of social media and Facebook—I can give the committee details on that.

[32] In terms of our estates strategy, again, we inherited an interesting estate, with 54 properties. You probably know, over the last five years, our staff numbers have reduced roughly by half, so we didn't necessarily need that estate that we inherited, but we are committed to various lease arrangements on the properties that we hold. We've already reduced the number of properties that we have down to 42.

14:15

[33] Last year we developed a very comprehensive estates strategy, which I predicated on reducing that number further, probably down to 25, and making a saving of 25 per cent in our estates cost, which is £0.5 million. In terms of co-location, we do that. We always have, to a certain degree. We are in every school, where we deliver our services for free. We're in every Jobcentre Plus office across Wales, where we deliver our services, again, without necessarily incurring any expenditure, other than where—and Brecon is an example—we've closed our office and we formally co-locate with the jobcentre. We've recently closed our office in Pontypridd, and we are co-locating with the local authority library there. So, co-location's always been a big feature of our estates approach, but we've been open with the fact that we've got an estate now that isn't necessarily fit for purpose for the organisation going forward, and we're trying everything that we can do to address that, but that will take some time and it does involve some upfront costs in terms of dilapidations, where we get out of a property that we no longer require.

[34] **Nick Ramsay:** Okay. There's a lot of interest and quite a few supplementaries, so, if Members could be succinct, that would help me enormously. First of all, Rhianon Passmore, then Lee Waters.

[35] **Rhianon Passmore:** You've already touched upon some of the challenges that are facing yourselves as an organisation in terms of the change agenda, and in terms of duality of effect of the cuts to the Welsh block grant and also in terms of European structural funding. In terms of moving forward, you've discussed the strategic vision quite in detail, but I'm slightly needing clarity in terms of your internal report on that strategic vision and the timescale for Welsh Government's response in terms of that being published. So, I'd like a little bit more detail on what has actually dropped off in terms of your agenda compared to the past period. So, for instance, in terms of adult unemployed aged under 25, could you give me something that's dropped off that long list of a portfolio of workstreams that you've got, and also the date of publication?

[36] **Mr Spear:** The date of publication of our strategic vision with Welsh Government?

[37] **Rhianon Passmore:** With Welsh Government, yes.

[38] **Mr Spear:** Okay. That will be submitted to the Welsh Government at the end of this month.

[39] **Rhianon Passmore:** Right, okay.

[40] **Mr Spear:** So, in a few days' time. Publication—we're not planning to publish that document at this stage. It was requested by Welsh Ministers, so Welsh Ministers are the audience for that at the moment. Now, obviously, the timescale then goes slightly outside of our control. Welsh Ministers will no doubt consider the strategic vision. We anticipate getting a response back certainly this calendar year, which would fit in line with the normal time frame for issuing us with our remit letter, and we would expect the Welsh Government's response to our strategic vision to be articulated to us through our remit letter before Christmas. So, I don't know if that answers the timescale.

[41] In terms of the impact, if you look at the annual report, and certainly the accounts as well, they do highlight where some of our services have decreased in terms of scale in light of the cuts. So, we've seen a pretty significant reduction over the last couple of years in the number of guidance interviews that we deliver to young people. The biggest impact has been on the number of guidance interviews that we have delivered to adults over the age of 25, and that has dropped from 12,701 in 2014–15 to 5,479 in the

year that we're looking at through the accounts. So, that's where the biggest brunt has been. But, again, I know it's sometimes difficult when we talk in terms of different currencies. Traditionally, we've always measured for guidance interview, and that has been the thing that the Welsh Government has looked at most closely. As we respond to the budgetary challenges that we face, that standard delivery mechanism has changed and is changing significantly. So, what is hidden in some of these figures that are in the accounts, which look a bit alarming at face value, is the fact that we're doing a lot more group work. We're doing a lot more short interviews with young people. So, we're trying to tailor our services to meet the needs of individuals in a far more flexible manner to still try to retain some of the impact that we make, but not relying on the traditional means of doing so.

[42] **Rhianon Passmore:** Very, very briefly, then, in terms of income generation, where do you see the organisation moving to?

[43] **Mr Spear:** In terms of income generation?

[44] **Rhianon Passmore:** Yes.

[45] **Mr Spear:** Outside the Welsh Government?

[46] **Rhianon Passmore:** Yes.

[47] **Mr Spear:** Okay. We are relatively constricted in our capacity to secure commercial income due the status with which we were set up. We're something called a Teckal company, which the Welsh Government set up for the purpose of discharging ministerial priorities. So, we are able to secure some commercial income: up to 20 per cent of the budget that we secure from the Welsh Government, subject to the approval of the Welsh Government. At the moment, our non-Teckal income is only 3 per cent; commercial income has not been an avenue that we've explored aggressively. It is very difficult to get people to pay for things that the state used to pay for. So, our primary focus has been aligning our service delivery with the resources and remit set for us by the Welsh Government.

[48] **Rhianon Passmore:** Okay, thank you.

[49] **Nick Ramsay:** Lee Waters.

[50] **Lee Waters:** Thank you. I just want to explore a little bit more your

digital strategy, because you've said several times that you're focusing now on young people, and obviously this is a way to amplify your message to that audience. You identified some time ago there's a problem with your current website. You've explained how you've got data architects and route-maps. Can you give us a little sense of the timescale here, because this doesn't seem terribly urgent?

[51] **Mr Spear:** Right. Okay. If you've had a chance to look at the full version of the annual report, you'll see that we've implemented about eight new services over the last 18 months. We've updated the labour market information that we have on our website: we now have the most comprehensive source of labour market intelligence in Wales. Now, we've always had labour market intelligence to a certain degree. What we've got now is far more up to date and robust, and what we've also done is make it more accessible. We've produced something called a 'career search tool', which is on the website, and, if you click into that, it covers 1,400 different job areas, and it'll tell you everything you need to know about every job available. It will give you a snapshot of key information on the front page, and, if you want more detail, you can drill into that. There are videos on there from people in that industry or young people going into that sector through apprenticeship routes. It'll even give you a little graphic to show you what the likely demand for that job/occupation is in the future. It will also draw in all the courses and training that's available. So, whilst there are some issues that we need to address with the website going forward, I wouldn't want the committee to have the impression that this hasn't been an issue that we've been dealing with urgently.

[52] We've made significant progress on our website over the last 18 months, and that is reflected by the very positive client feedback on the website and our range of digital tools, as highlighted through an independent evaluation of our services. The challenge we face is that, until we have clarity on the purpose of the organisation going forward, it is difficult for us to commit significant resource to address some of these technical data architecture issues, because we don't know whether that's the direction the Welsh Government wants to take us in. Hopefully, lots of these issues will be resolved through the strategic vision, which the Welsh Government did ask us to put together to try and help us all address some of these issues. That'll give us the clarity with which we can move forward. But I wouldn't want the committee to think that we haven't done anything on our website or our digital services over the last few years; I think we've made significant strides.

[53] **Lee Waters:** It just strikes me that there's some more work to be done to make it user-friendly. I'd imagine the majority of young people accessing your site do so by mobile phone, and it looks terrible on a mobile phone. It's very complex and clunky. So, that seems to me to be a clear barrier to young people having easy and understandable access to the services.

[54] **Mr Spear:** Yes, you're right, most young people do access digital services online, and the challenge about getting the site mobile-able is to do with the technology that underpins it. Again, I've highlighted some of the challenges that we've faced in changing that.

[55] **Lee Waters:** So, what's the time frame for that?

[56] **Mr Spear:** Well, it depends. Let's get the response from the Welsh Government in terms of our strategic review, and then I can be a bit clearer on the time frame for addressing all the priorities that we'd like to set out against the website. We are looking at mobile-isation of the site as we speak at the moment, but I'm a little bit reluctant to commit expenditure until I've got clarity on the purpose of the organisation going forward.

[57] **Lee Waters:** So, assuming you get clarity by Christmas in your remit letter, when do you think you might have a mobile-friendly website?

[58] **Mr Spear:** Okay. By next summer.

[59] **Lee Waters:** Okay, thank you.

[60] **Mr Spear:** What I should say, though—I agree with all your points there, Lee—is, when you look at the annual report, 96 per cent of clients find the information easy to access on our website. What we have done in the absence of a nice, clean front page and mobile-accessible pages is to direct clients there using our social media. And we've pushed out far more content through social media in the last few years—

[61] **Lee Waters:** Yes, your total presence is good, it's just I think your site is clunky.

[62] **Mr Spear:** Yes, I agree with you.

[63] **Nick Ramsay:** Okay. Oscar, very briefly, before we move on.

[64] **Mohammad Asghar:** Thank you very much, Chair, and thank you, Mr Spear, for telling us three areas—young people, digital services, and organisations like schools—you're targeting, but has Careers Wales considered working more closely with business providers in Wales to achieve your objectives, especially with these budget cuts within four years—half of your budget—£36 million to £18 million, it's coming down to? So, harnessing the expertise of Welsh businesses to support jobseekers in Wales, that's the area you have to—.

[65] **Mr Spear:** Again, our work with businesses has been one of the casualties of the cuts that we've faced over the last three years, but it is an issue that we've tried to address over the last year. We've been working in partnership with an organisation that I'm sure you're familiar with—Business in the Community—to roll out their Business Class model across Wales, and we've made huge progress in doing that over the last year. We've established 60 different partnership clusters across Wales, and that programme does bring businesses directly into contact with schools in order to support the career development of young people. The advantage of that programme, perhaps, over what we've done in the past, is that it's a more sustainable programme. It very much is based on a needs-analysis of the school, so employers come in and then they agree a very structured programme through which they will support the school over a three-year period. I've certainly been very encouraged by the progress that we've made there. You're right: businesses have a key role to play in supporting the career development of young people.

[66] What I would also say, however, is that that needs to be part of the blended range of services that we deliver and co-ordinate. What we've seen across the border is a big emphasis recently on enterprise and getting business involved, which is great—it's what young people remember—but they haven't backed that up with the professional impartial careers advice and guidance to help young people make sense of those experiences with employers. We're not falling into that trap here. The work that we're doing with businesses very much runs alongside the work of our careers advisers in terms of supporting young people, as I said, in helping them understand the world of work in a better way.

[67] **Nick Ramsay:** On to staffing issues now, and Rhianon Passmore.

[68] **Rhianon Passmore:** How are you actually managing core delivery,

bearing in mind the staff redundancies and voluntary redundancies that have taken place?

[69] **Mr Spear:** How are we managing core delivery?

[70] **Rhianon Passmore:** Yes.

[71] **Mr Spear:** Okay. Again, as I said earlier, the targets that we achieve for the Welsh Government have been reviewed and revised in line with our reduced resources. We've tried to be more transparent and open in the way that we deploy those resources to deliver our core services. So, we've developed a methodology to allocate the resources we have across all schools, so all schools know that they're being treated fairly. They may not be happy with the total resource available, but the way that we distribute it is fair. And we've developed a tailored menu for each school, because each school's different—some schools are brilliant at careers and the world of work, other schools less so—so we tailor our package of services to meet the individual needs of the school.

[72] **Rhianon Passmore:** Okay, thank you. In terms of the £2.5 million that has been given in terms of voluntary redundancies, how has that delivered value for money?

[73] **Mr Spear:** Okay. When we looked at undertaking that voluntary early release scheme—that was back towards the end of 2014—we designed a scheme firstly and we negotiated it with the recognised union, Unison. We think that it was a fair scheme, but it was less generous than other schemes that apply across public services. One of the key tests that we applied to the requests that we had was the payback period, and we were confident that the payback period on average was less than one year. And, in making those redundancies—it cost us £2.5 million—we saved £2.7 million in the following year through reduced staffing costs. Now, obviously, that's added to the pressure that colleagues who remain face in delivering these services, but we're trying to address that through some of the means that I mentioned earlier about making sure we've got a fair mechanism for distributing that resource, certainly across our schools.

[74] **Rhianon Passmore:** Okay, thank you. How does your average sickness rate compare to last year's?

[75] **Mr Spear:** Okay. Compared to last year's—again, I don't want to be

talking of changed currency—we did introduce a new absence management policy back in October last year, and we've got lot better data now than we did previously. But, in very headline figures, our average sickness has reduced from 14 days a year down to 11. We recognise that that is still higher than where we'd like it to be, so we've introduced a number of mechanisms over the last year to try and reduce that. So, we have a very clear management absence policy. Everybody that goes off sick has a meeting with their line manager when they come back, and it's about a balance, obviously.

14:30

[76] Some people, most people, are facing genuine issues when they go off sick, so you want to support colleagues back in. We've implemented the use of something called the Bradford factor, which is a refined mechanism of highlighting where the challenging issues are in terms of absence management. Effectively, individuals get more Bradford points if they take a number of short absences rather than one long period. That helps us target our resources. Everybody gets told what their Bradford factor is during the year, and we also publicise the cost that sickness includes to the company, which is just under £700,000 a year.

[77] Just to put that figure into context for colleagues, who are all under pressure trying to deliver services with restricted budgets—sometimes quantifying it helps people realise the scale of the challenge that we're facing. We will shortly be introducing a nurse-led triage system, again to try and support people to come back to work as soon as they're able, and we are implementing a new health and well-being strategy for staff to try and address some of the issues that our staff face when they go off on sick, and by far, the biggest issue is stress.

[78] **Rhianon Passmore:** Okay. Thank you.

[79] **Nick Ramsay:** Mohammad Ashgar.

[80] **Mohammad Ashgar:** Thank you very much, Chair. My question will be around sustainability. You have assets in your department. Would you please explain the main priorities of the next five years, or the five-year estate strategy in your department?

[81] **Mr Spear:** Okay. I covered it briefly earlier, but our main priority within the estate strategy is the reduction of costs, and we will be aiming to reduce

our costs by 25 per cent, or £0.5 million, over the five-year period of the estate strategy by reducing the number of properties that we have from 42 down to 25.

[82] **Mohammad Ashgar:** And what impact has the office closure had on service provision during 2015–16?

[83] **Mr Spear:** Okay. Again, there obviously has been an impact, primarily on our adult services, of reducing the number of offices that we have. We've tried to make best use of the resources we have by aligning opening hours to key demand in areas, to mitigate the risks of impact on the services, and we've looked at all co-location opportunities available to us, as I said delivering through job centres, outreach premises, in community venues, and in schools, to try and minimise the impact on services of closing offices.

[84] **Mohammad Ashgar:** I think you mentioned earlier that you've got 55—. How many properties do you own and lease?

[85] **Mr Spear:** Okay. We've got 42 properties and Nikki's just pointing me in the direction of how many we own—

[86] **Ms Lawrence:** Nine.

[87] **Mr Spear:** We own nine of them. So, we did inherit an interesting portfolio in terms of lease—

[88] **Mohammad Ashgar:** And because of this closure, how much of a saving have you made in 2015–16?

[89] **Mr Spear:** In 2015–16—we haven't made a saving in that year, because where we have closed offices, that has been offset by dilapidations. Our target is over the five-year period, to save the £0.5 million by the end of that five-year period.

[90] **Mohammad Ashgar:** Thank you.

[91] **Nick Ramsay:** Neil Hamilton.

[92] **Neil Hamilton:** I just wanted to follow up on the question of co-location. Are there any cost implications when you share premises such as a school or a library, or do you get that free of charge, or on somebody else's

budget, or what?

[93] **Mr Spear:** In theory, in schools we're not charged, so we often have a room, or certainly a facility in schools to deliver for free. Then it depends on the formality of the other arrangements. So, in most of the job centres that we work within, we do not get charged. In Brecon, however, we've got a formal lease arrangement with them, so we get charged in that circumstance.

[94] **Neil Hamilton:** Thanks.

[95] **Nick Ramsay:** Thanks, Neil. Lee Waters.

[96] **Lee Waters:** You've made quite a few changes to your internal governance, both in terms of the structure of your management and in terms of your committees. I just wonder if you'd explain to us briefly what form that's taken and why you did it?

[97] **Mr Spear:** Yes, certainly. In terms of the committee structure for the board, the board had an away day back in the summer of 2015, just to review the committee structure, because it was still a relatively new organisation, and what board directors found was that, at that time, there was an overlap between the finance and the audit committee. The same issues seemed to be coming up in both committees. So, we looked to see if we could try to bring that together under the new audit risk and finance committee. The previous employer service's remuneration committee has, to a large extent, continued, under the guise of what's now called 'people matters', but that takes a broader approach than the previous committee, looking at issues of sickness in far more depth than the former committee did, and supporting the company on implementing its health and well-being strategy. So, a slightly broader but similar role. And we also introduced then a new committee, which is performance and impact, because we didn't feel that we were, or the committee structure—we didn't feel that we were looking in as enough detail as we should have been doing on the key performance of the business, and the impact on clients. That's why we established that new committee. It's still relatively early days, but, you know, certainly, the initial feedback is that the meetings are far more substantial, in terms of the agenda that they are working through, and the challenge for the executive is a lot stronger under those new committees, with their new terms of reference, than it was previously.

[98] **Lee Waters:** And that's giving you the sufficient tracking and data

mechanisms to manage performance, is it?

[99] **Mr Spear:** It is, and it's adding another layer of challenge, because, in terms of our performance, our senior management team, the executive, will look at performance regularly, and our senior managers across the organisation will look at key performance figures—those footfall data and offices. We produce quarterly what we call lines-of-inquiry reports, where we try to pull together all the data that we have, and see what questions they pose to the organisation, and we go through a process of answering those. So, we had very robust arrangements in place at the executive level, and, add into that, we used to submit, and we still do, quarterly performance reports to the Welsh Government, and they are subject to scrutiny by officials. But we didn't have a strong enough connection with the board through its committee structure on that issue, which is why that new committee was formed.

[100] **Lee Waters:** To take the example you were just discussing about sickness absences, where you recognised you have some significant issues, how are you monitoring that? You said you'd negotiated with the main union an agreement to tackle that. Are they part of the monitoring framework on the people matters committee?

[101] **Mr Spear:** They're not part of the committee structure, the union, even though we are in discussions with the union on how we increase the openness and transparency of committee dealings. One option that we're looking at is an annual opportunity for the union to present to that particular committee. The union, by the way, are certainly very much on board with all the things that we're trying to achieve as a company, not least tackling absence management. But, back to the question, that committee just helps scrutinise our health and well-being strategy, it helps challenge the executive on the things that we're doing, to try and address absence management in a stronger way than the previous committee structure would have allowed for.

[102] **Lee Waters:** But in terms of openness and transparency, will you be publishing figures on sickness absence in your annual report?

[103] **Mr Spear:** We certainly could do. As I said at the outset, our priority to date has been on making sure our accounts are compliant with the statutory requirements that we face, and publishing sickness absence isn't part of that requirement. That's not to say—

[104] **Lee Waters:** It's a fairly standard thing to do, isn't it?

[105] **Mr Spear:** Yes. As I said, our priority has been getting the accounts right within the context of statutory requirements to date. Going forward, openness and transparency are two principles that underpin the organisation, so I'd have no problem whatsoever in recommending that to the board.

[106] **Lee Waters:** As you have a challenge there, I think it would be useful for us to track your progress by seeing that figure.

[107] **Mr Spear:** Yes, that would be fine.

[108] **Lee Waters:** Just a final question: in terms of your internal audit work, have you identified any significant control issues during the year?

[109] **Mr Spear:** No significant control issues. We've had a number of internal audits during the year. Those internal audits always make recommendations that add value to the organisation, but we remain a low-risk-status organisation in the view of our internal auditors.

[110] **Lee Waters:** Thank you.

[111] **Nick Ramsay:** Neil Hamilton on key performance indicators.

[112] **Neil Hamilton:** The latest data available publicly relate to 2014-15. I gather you're going to produce updated figures for the subsequent year quite soon. But on the basis of what we know already, the key performance indicator 1 and 2 targets have been met, but you don't propose to do any work on key performance indicator 3 until 2016-17. So, can you perhaps tell us something about why that is so?

[113] **Mr Spear:** I can indeed. The first thing I should say is that it's not a case of us not planning to do any work in that area, it's just the fact that, to measure key performance indicator 3, which is all about having a strong school/employer engagement programme, it's reviewed on a biennial basis, because it's subject to lots of external evaluation that goes on. And the Welsh Government thought it sensible to do it over that two-year period to give us, and the other organisations involved, the opportunity to demonstrate progress.

[114] In terms of the other key performance indicators, the reason that they weren't covered in the accounts is purely a timing one. All those areas are now covered in our annual report, which was signed off by Welsh Ministers last week, and I'm pleased to let you know that we have, yet again, achieved all the key performance indicators set for us by the Welsh Government.

[115] **Neil Hamilton:** Will you be able to produce any kind of interim assessment of KPI3 in the next document?

[116] **Mr Spear:** Yes. We've got one. It's in our annual report.

[117] **Neil Hamilton:** Very good. I'd like to follow up also your use of web chats. I see here there's been a 43 per cent increase in the number of web chats in the latest publicly available figures. This is ascribed to change in the way people can access this: instead of going through a link on the 'contact us' page, you've now got something on every web page, which makes it easy for people to get in touch with you. How well do you think this is working in the event? The figures are that 7,634 accessed in the latest figures. Is there scope for a substantial increase in the use of web chats? Are they providing the same level of service in quality terms as face-to-face meetings?

[118] **Mr Spear:** We do think there is significant scope to further increase our web-chat capability. Some of the increases, as you've rightly flagged up, are to do with some of the technical changes that we have made to the website, despite some of these other issues that we face. So, it is far more accessible now and we point people towards our web chats or our other social media as well. In terms of the service that is provided, primarily we're offering an information service through our web chat. We can deliver information, advice and guidance—it is not comparable to face to face, but, nonetheless, it's a lot cheaper and it allows us to extend our reach, certainly on those queries where the young people or adults—because you know we do remain an all-age service, despite our stronger focus on young people—who perhaps need that key bit of information can contact us and we can direct them to the appropriate site or the appropriate source of information. If, through the course of that web chat, we identify the individual needs perhaps more intensive support, we'd always offer a follow-up guidance interview, either face to face or over the phone.

[119] **Neil Hamilton:** So, your services are available to us for our future career prospects as well, then, are they? [*Laughter.*]

[120] **Mr Spear:** As long as you were at the moment—. If you were unemployed, they would be.

[121] **Neil Hamilton:** A lot of people think we are, of course. [*Laughter.*]

[122] **Mr Spear:** Our digital services are available to all. So, there are some really key tools on there. What we need to do is make the website less clunky to put greater exposure on to those new tools because they are tremendously powerful.

[123] **Nick Ramsay:** Okay. A couple of quick supplementaries now. First of all, Oscar, then Rhianon.

[124] **Mohammad Asghar:** Thank you very much indeed. I'm just noticing these key performance indicators that you mentioned. In 2014–15 to 2015–16, there was a £9.5 million reduction in your budget, and now £2 million for 2016–17. So, the indicators show, out of eight objectives, that only one was in the balance, the last one—the rest were all below par. So, how can you achieve your objectives while the budget is still less the next year and your indicators, as Neil mentioned, for 2016–17 are not there yet?

[125] **Mr Spear:** In terms of the volumes that we've been delivering, they have reduced in line with the budget. But the way our key performance indicators are set involves us working with a range of partners and other agencies to address those. We make a significant contribution, and I guess the fact that we have been able to meet those key performance indicators is testament to my colleagues in Careers Wales who, despite facing significant challenges and change, have continued to focus relentlessly on supporting the needs of clients, and I'd like to formally thank them for their efforts on that front.

[126] **Nick Ramsay:** And Rhianon Passmore.

[127] **Rhianon Passmore:** Very briefly, in terms of the radical change agenda that you're moving through, and recognising that and the need for that digital agenda to move forward, what mitigations have you put in place for those, potentially, I would have thought, adults and young learners who are really not able to access the internet and are not able to access digital technology?

[128] **Mr Spear:** That is an important issue. Digital tools have tremendous potential, but we know there's a digital divide in Wales and we know that there are accessibility issues in terms of internet connectivity. We focus our services to those in greatest need—our face-to-face services—so there is still that capability to have face-to-face services for either young clients or, indeed, unemployed adults or those who are facing redundancy through a face-to-face intensive mechanism. Just to give you an example on that, despite the challenges being very significant, we were very pleased to play our small part in supporting staff who have been made redundant at Tata. In those circumstances, the need is such that we send our colleagues in. So, we had six careers advisers on site for a number of months, trying to support the adults who were obviously facing that very challenging situation. So, we've retained our face-to-face capability, and we do still deploy that, but we try to deploy it very much according to those who are in greatest need of support.

14:45

[129] **Rhianon Passmore:** So, how do you identify that?

[130] **Mr Spear:** It depends on the nature of the client. For adults, we identify it by the characteristics—simply being, if they're unemployed or facing redundancy they are a priority for us for face to face. Within schools—a bit more complex—we have something called an online career check tool, which helps us give an idea of the level of support that young people need. We also work with other professionals, primarily those in the school, and have a discussion with them. We do a case review to identify those young people in school who, again, have greatest need of our support, and we try to support others through various means, whether it's digital services, group work or our new, exciting links with employer work.

[131] **Nick Ramsay:** Do you make use of social media—Facebook and Twitter accounts?

[132] **Mr Spear:** We do. Just on Facebook, the number of 'likes' that we have went up last year by 858 per cent.

[133] **Nick Ramsay:** Oh, gosh.

[134] **Mr Spear:** The number of the contact—

[135] **Nick Ramsay:** That's more than ours, isn't it?

[136] **Mr Spear:** I was trying to understand some of these figures just this morning—3.2 million views of our resources, tools and other documents have gone out through Facebook.

[137] **Nick Ramsay:** I'm thinking with younger people, particularly, that's the area where they chat and they could be using.

[138] **Mr Spear:** Not being one, I'm not sure, but even Facebook is, apparently—young people pass us. We use Twitter, we use the whole gambit of social media and I think sometimes when you look at just the website you need to look at it in the broad range of digital services that we provide. The website will always be key, it'll always hold a lot of content—but we are using these other services, whether it's Twitter, Facebook or the other social media outlets, to try and get our messages and advice and guidance out to young people and adults.

[139] **Nick Ramsay:** Time has whizzed by and we're into the last five minutes. A couple of final questions now from Mike Hedges and then a supplementary from me.

[140] **Mike Hedges:** Can I ask some questions on the pension scheme? Obviously, you came out of the old county councils many years ago—some of us regret that you came out of the county councils many years ago, but that's water under the bridge. What I was going to say is that you are members of seven of the local government schemes, but there were eight previous county councils. The former West Glamorgan you no longer appear to be a member of—can you explain why?

[141] **Mr Spear:** I can't, I'm afraid. I think that may be lost in the mists of time. We've got seven different company pension schemes because we've merged seven organisations into one, so I can only imagine that some of the former organisations, which I didn't work for, consolidated their pension funds into one of the local authority schemes.

[142] **Mike Hedges:** If you could just send us a note on that it would be helpful. If that's the case, why don't you merge them all into one?

[143] **Mr Spear:** We've certainly explored the option of merging them into one. It would be our preference to do that. We had discussions with pension

schemes back in 2014—Dyfed, I think, were keen to accommodate a merged pot, but that required a bond from the Welsh Government of £10 million and that bond was not forthcoming. So, without that, we couldn't facilitate a merger of the pension funds.

[144] **Mike Hedges:** Are you, as part of any other pension funds, in an actuarial deficit? Because, as you know, different members of the pension funds pay different amounts into the actuarial risk response—are you in an actuarial deficit in any of them?

[145] **Mr Spear:** In some of them, yes, with a total balance to the deficit of £20.8 million.

[146] **Mike Hedges:** Thank you for the questions on pensions. My last question: the European social fund's Activate your Potential was delayed—the Welsh Government gave you £1.4 million to support you in that gap. Was that the required amount and, more importantly, do you have to repay it or will you have that money anyway? And what happens if the ESF funds end?

[147] **Mr Spear:** Right, okay—a number of questions there. Firstly, on the £1.4 million that we were very grateful to receive from the Welsh Government, we do not have to repay that. By allocating us that funding, it allowed us to retain the capability and capacity of the organisation going forward in light of the delays with the project. Five of the six projects have now been approved. We're expecting the sixth to be approved shortly, so I'm delighted to say that we've started to deliver against those projects and initial feedback is very positive from the clients that we've been supporting. Our exposure to ESF income is relatively low as a proportion of our overall budget. So, in the strategic vision document I've mentioned on numerous occasions, which we'll be submitting to the Welsh Government, we've projected £1.2 million of ESF income for the next two years and zero beyond that.

[148] **Nick Ramsay:** Lee Waters has a question, and then Rhianon.

[149] **Lee Waters:** It's on something else.

[150] **Rhianon Passmore:** Mine is relevant to this.

[151] **Nick Ramsay:** Okay, Rhianon first.

[152] **Rhianon Passmore:** In terms of the £20.8 million pension deficit, how does that compare and contrast to other deficits across the—?

[153] **Mr Spear:** Most public sector organisations, unfortunately, have a deficit.

[154] **Rhianon Passmore:** Yes, but how does it scale, in terms of comparison?

[155] **Mr Spear:** I don't know whether we've done any benchmarking on that. It's difficult to make a direct comparison.

[156] **Ms Lawrence:** The liability for us alone was £27 million last year and £20 million this year, so the fluctuations can be great.

[157] **Mr Spear:** It's an issue that we and most public bodies have. We can certainly try to benchmark it. It only becomes an issue if the pension deficit gets crystallised. Hopefully, we won't be in that position and we will continue to try to manage our pension deficits to the best of our ability in the meantime.

[158] **Rhianon Passmore:** Thank you.

[159] **Nick Ramsay:** And Lee Waters.

[160] **Lee Waters:** I'll just ask a question about the Welsh language. You mention in your annual report that the standards haven't been signed off and so you aren't compliant with them, but you are following a scheme.

[161] **Mr Spear:** Yes.

[162] **Lee Waters:** So, I was just wondering how you are getting on with that and what issues that presents you with as an organisation.

[163] **Mr Spear:** Okay. You are right: there's a degree of ambiguity over the application of the standards to us. I understand that's subject to discussion between the commissioner and the Welsh Government. In the meantime, we are working successfully towards our Welsh language scheme. The main issue that we face is one of availability of Welsh language speakers, given the reduction in resource that we've had over the last few years. Again, we are trying to be creative in how we respond to that by supporting staff to

develop their Welsh language skills. Back to digital technology—using that to gain access to Welsh-speaking advisers where we need them—if an individual comes into one of our offices and requires a guidance interview through the language of Welsh, and we don't have any staff available at that time, we can arrange that to be delivered over Skype.

[164] **Lee Waters:** Do you have figures of how often your services are accessed in Welsh?

[165] **Mr Spear:** I don't have any figures with me. I can certainly get that and report back to the committee.

[166] **Nick Ramsay:** If you could provide that to the committee in writing, it would be very helpful.

[167] **Lee Waters:** You say, obviously, you have some capacity problems there. Clearly, it's not ideal for somebody to have to ask for an interview to be done through Skype. It's likely that they'll just say, 'well, never mind, we'll carry on in English'. So, that's not an ideal situation to be in. Given the constraints you have and the resource implications, what things do you have in place to improve the service?

[168] **Mr Spear:** Our options are limited there. Our resource and capacity are vastly reduced from what they used to be. We cannot afford to employ new staff with the Welsh language skills that we would like to have. So, that seems to be the most reasonable option, in the circumstances, if that does happen.

[169] **Lee Waters:** Okay.

[170] **Nick Ramsay:** I'm going to drop the word 'finally' as I bring in Rhianon Passmore, because it's just developing into a tennis match between Lee and Rhianon.

[171] **Rhianon Passmore:** This is a very tiny one, but it's very important. In terms of this as a theme, then, of questioning, how do you deal with young people and adults who come to you speaking Hindi, Urdu or any other of the languages that we are now using frequently in our cities, towns and villages in Wales? Is it the same?

[172] **Mr Spear:** Obviously, the Welsh language has special and legal status,

so that's been the focus of our efforts, where we try to make sure that our services are delivered bilingually. We have extremely limited capacity to go beyond those two languages.

[173] **Rhianon Passmore:** So, if somebody came to you needing careers advice, and was Polish, Czech or whatever, would we be able to deal with them?

[174] **Mr Spear:** We would struggle to deal with their needs through their preferred language.

[175] **Rhianon Passmore:** Okay, so there's nothing to back that up at all.

[176] **Mr Spear:** Again, I can find out how many instances of that we've—

[177] **Rhianon Passmore:** I'd be interested to find out, as far as the committee is concerned, in terms of how we deal with people who speak non-English and non-Welsh languages.

[178] **Mr Spear:** I guess that what I could reassure the committee on is that that has not been raised as an issue by any of my delivery colleagues. Again, we can look into it in more detail.

[179] **Rhianon Passmore:** I think it's important. Thank you.

[180] **Nick Ramsay:** Last, but by no means least, and very, very briefly, and a brief answer, please—Oscar.

[181] **Mohammad Asghar:** Thank you for this great endeavour. Has Brexit had an impact on Careers Wales?

[182] **Mr Spear:** It's not had an immediate impact. It's obviously a question that I get asked, or have been asked, by staff. For the time being, we've got five of the six European projects agreed. We are continuing to deliver in line with those projects. We're not taking any particular actions to anticipate and respond to the unknown scenario of Brexit.

[183] **Nick Ramsay:** Great. Thank you. Can I thank Richard Spear and Nikki Lawrence—our witnesses—for being with us today from Careers Wales? That's been really helpful to the committee in our deliberations. We will send you a transcript of today's proceedings before we finalise it. If you see any

glaring errors or omissions, let us know. Thank you for being with us today.

14:56

Craffu ar Gyfrifon 2015–16: Cyngor Cyllido Addysg Uwch Cymru
Scrutiny of Accounts 2015–16: Higher Education Funding Council for
Wales

[184] **Nick Ramsay:** As you can see, item 4 on today’s agenda is the scrutiny of the accounts for 2015–16 of the Higher Education Funding Council for Wales, HEFCW. I’ll just give our witnesses time to settle into their chairs. Would you like to introduce yourself for the Record of Proceedings?

[185] **Dr Blaney:** I’m David Blaney, chief executive of HEFCW.

[186] **Ms Owen:** I’m Bethan Owen, director of institutional engagement.

[187] **Mr Williams:** And I’m Nick Williams, head of corporate services.

[188] **Nick Ramsay:** Great. Thank you for being with us today. I’ll kick off with the first question. Do you have plans to produce a shorter public-facing summary document that brings together the key information contained in your accounts, annual report and corporate plan?

[189] **Mr Williams:** I’ll take that one, if I may. Despite some streamlining of our notes—to the accounts where we were able to omit certain disclosures made in the previous year—unfortunately, the impact of the requirements of the Treasury’s new format for the annual report and accounts has, in fact, resulted in a 20 per cent increase in the length of our document for 2015–16. This is largely due to meeting the requirements of the performance report, which tells the story of our accounts for the year, but certainly, in terms of future years, we’ll be looking to be far more ambitious to streamline the accounts as far as we possibly can.

[190] **Nick Ramsay:** And the same question I asked the last witnesses: how is the publication of your annual report and accounts publicised?

[191] **Mr Williams:** Apart from making the statutory submissions for our accounts, we place them on our website. We hold an annual general meeting, and the accounts are made available to all. All members of the public are free

to attend that. We also use Twitter to publicise the publication of any of our documents, including the annual report and accounts.

[192] **Nick Ramsay:** Thank you. That's forward-looking use of Twitter. The next question is from Rhianon Passmore.

[193] **Rhianon Passmore:** Thank you, and welcome. Can you summarise for me the internal governance framework? I'll have a number of follow-ups on that.

[194] **Dr Blaney:** Okay, I'll start off on that. There are two main strands to this. I'm the designated accounting officer, as indicated in our accounts, so I'm personally responsible, in the standard way, for accounting officers in government accountability. Then the second strand is our council, which is the decision-making body for HEFCW. So, there are 12 members of council. The actions of the executive are taken in the context of decisions made by the council. In fact, there are relatively few areas where I can act without council engagement. There's a scheme of delegation, but it's quite restricted and we don't often use it. Actually, we do use our council. I am a member of the council, but we do use the council because they have the expertise, and that's why they're there. So, there are those two. Essentially, my responsibility is running the office, managing the staff and delivering the decisions that the council makes. But even in terms of managing the staff, there's a human resources committee of the council—there are various committees. So, we use the council and its committee structure extensively in the governance. Then, of course, beyond all of that, our budget is voted by the Assembly and we are subject to monitoring on a quarterly basis. Both the chairman and I meet the Minister on a quarterly basis, but there's official monitoring as well, separate from that but in parallel to it.

[195] **Rhianon Passmore:** So, in terms of the latter, that points to it in some way, but in terms of how you can explain the assurance that then provides to the accounting officer in terms of your accounts—.

[196] **Dr Blaney:** In terms of production of the accounts, the operational responsibility for that sits with Nick. And in terms of his production of the numbers in it, there's a very small accounting team—there's about two full-time equivalent accounting finance people.

15:00

[197] **Rhianon Passmore:** So, how does it provide that assurance?

[198] **Dr Blaney:** Then, secondly, there's other machinery. So, the accounts are considered by the executive, by our management team, but also there's an audit and risk assurance committee of the council, and that has some external members who are qualified accountants or auditors, or some of them both. So, they also help us to gain assurance. And then there's an internal audit function as well within HEFCW, so the internal auditor provides me with assurance in terms of everything we do, actually, but particularly the accounts as well.

[199] Finally, I should mention the Wales Audit Office. Clearly, they have a statutory role in terms of our accounts and they form their own view of them, and so on, but, actually, we do benefit from, and we value the engagement we have with, our audit team at the Wales Audit Office, because it's another external touchstone against which we can test both our processes, but also the risk assessments that we make about them as well. So, all of those provide assurance.

[200] **Rhianon Passmore:** Thank you. What, if any, significant changes have been made following your self-assessment effectiveness review in 2015–16?

[201] **Dr Blaney:** There were very few changes. One of the things we are looking at as an organisation is the way in which we undertake our risk-assessment process. So, we have a risk machinery. One of the things we've been looking at there is a combination of how we arrive at the judgments, so the mechanics of it, but also we're revisiting our risk appetite as an organisation as well. That is something that is picked up by the executive, but, actually, it starts from that sort of review of what we do and how we do it at the committee levels and at council. So, the audit and risk assessment committee, in particular, has been encouraging us to think again about our risk processes. That's an example.

[202] **Rhianon Passmore:** And are they suitably robust, do you think?

[203] **Dr Blaney:** I think they're robust. I mean, one of the issues for us—and it's the same with all risk-assessment processes—is the way in which you calibrate your judgment of probability and impact. HEFCW is not a wild organisation—it's relatively conservative—and I think that reflects itself in the risk assessment that we make of the various challenges we face. We tend to be slightly on the pessimistic side, and so one of the challenges that's

coming back to us from our council and from the audit and risk assurance committee is, 'Don't you think you're slightly over-egging some of these risks?' particularly, I think, in terms of impact. What we think of as, 'Well, we don't want that to happen', actually, in the grand scheme of things, the world keeps turning and we just need to get that calibration right. That's something that you need to engage with continually, but we're going through a particular exercise at the moment.

[204] **Nick Ramsay:** Rhun ap Iorwerth.

[205] **Rhun ap Iorwerth:** Prynawn da iawn i'r tri ohonoch chi. Os gallaf i edrych ar y cwmp amlwg sydd wedi bod yn y gyllideb i chi dros y blynyddoedd diwethaf a thrio gweld i beth y gallwn ni briodoli y gostyngiad hwnnw. Yn gyntaf, y polisi grant ffioedd dysgu: pa effaith, yn gyffredinol, a ydych chi'n meddwl y mae hynny wedi ei gael ar y cyngor cyllido ei hun, ac wedyn ar ddarparwyr addysg uwch yng Nghymru?

Rhun ap Iorwerth: A very good afternoon to all three of you. If I could now turn to the clear reduction that there's been in your budget over the past few years and try and see how we can appropriate that reduction. First of all, there is the tuition fee grant policy: what impact, generally speaking, do you think that that has had on HEFCW and on HE providers in Wales also?

[206] **Ms Owen:** Fe wnaethom ni ymateb i ymgynghoriad y Pwyllgor Cyllid ar ddechrau'r flwyddyn pan roedden nhw yn ymgynghori ar *budget* y flwyddyn diwethaf, ac fe wnaethom ni ddod o flaen y *committee enterprise* a busnes i roi manylion. Mae'r manylion ar y gwahaniaeth mae'r gostyngiad yn ein harian ni wedi ei wneud fel y dyweddom ni yn y fan honno. Felly, ddim i fynd i'r un manylder fan hyn, ond yr effaith mae o'n gael ydy bod o'n rhoi lot llai o gyllid i ni a lot llai o allu i ni allu rhoi arian tu ôl i flaenoriaethau'r Llywodraeth, fel lledaenu argaeledd prifysgolion,

Ms Owen: We responded to the consultation of the Finance Committee at the start of the year when they consulted on last year's budget, and we came before the Enterprise and Business Committee to provide details. The details of the difference that the reduction in our budget has made are as we said there. So, not to go into the same detail here, but the impact that it has is that it gives a lot less funding to us and a lot less ability for us to be able to put money behind the Government's priorities, such as widening access to universities, studying part-time, studying through

astudio'n rhan amser, astudio yn y Gymraeg, y Coleg Cymraeg Cenedlaethol, ac ymchwil ac agweddau ar ymchwil, hefyd ein gallu ni i ariannu'r pynciau sydd yn costio mwy na £9,000 mewn ffioedd i'w hariannu, yn enwedig meddygaeth glinigol, deintyddion ac astudiaethau *conservatoire* fel yng Ngholeg Brenhinol Cerdd a Drama Cymru.

the medium of Welsh, the Coleg Cymraeg Cenedlaethol, and research and aspects of research, and also our ability to fund subjects that cost more than £9,000 in fees to fund, particularly clinical medicine, dentistry and conservatoire studies such as those in the Royal Welsh College of Music and Drama.

[207] Hefyd, mae'r cwmp yn ein harian ni wedi rhoi lot llai o hyblygrwydd i ni ar ddiwedd blwyddyn, lle rydym yn cael dal 2 y cant o'n harian ni. Mae'n amlwg bod 2 y cant o *budget* llai yn rhoi lot llai o hyblygrwydd. Felly, rydym ni fel cyngor cyllido yn ariannu dros flwyddyn academaidd, sydd yn mynd ar draws y flwyddyn gyllidol rydym ni'n gorfod delio â hi. Yn nhermau'r sector, mae gan y sector incwm cymharol uchel, fyny o £1.3 biliwn, ond—maddeuwch fy Saesneg i—mae'r *margins* maen nhw'n gweithio arny'n nhw yn gymharol isel, ac maen nhw'n bendant, yn y ffigurau diweddaraf, yn is na'r prifysgolion a'r sectorau eraill yng ngweddill Prydain, yn enwedig yn is na phrifysgolion yn Lloegr. Mae'n amlwg yn bwysig bod ein prifysgolion ni yn gallu cystadlu yn effeithiol iawn am fyfyrwyr, am staff, ac felly rwy'n meddwl mai dyna fuasai yn ein poeni ni—yr impact o'r cyllid.

Also, the drop in our funding has given us far less flexibility at the end of the year, where we can hold 2 per cent of our funds. So, 2 per cent of a smaller budget obviously gives us a lot less flexibility. So, we as HEFCW fund over an academic year, which goes across the funding year that we have to deal with. In terms of the sector, the sector does have a relatively high income, upwards of £1.3 billion, but the margins that they work on are quite low, and certainly in the latest figures they're lower than those of the universities and other sectors in the rest of Britain, particularly the universities in England. It's obviously important that our universities can compete effectively for students, for staff, and therefore I think that's what our concern would be in terms of the impact of the lower funding.

[208] **Rhun ap Iorwerth:** Ac rwy'n siŵr bod cwestiynau pellach i ddod gan aelodau o'r pwyllgor ar hynny.

Rhun ap Iorwerth: And I'm sure there'll be other questions from other committee members on that. One

Un newid arall a ddigwyddodd oedd y penderfyniad gan y Llywodraeth i gyllido hyn drwy'r Cwmni Benthyciadau Myfyrwyr yn hytrach na dod drwoch chi. Pa wahaniaeth wnaeth hynny i chi, ac hefyd pa drafodaethau a gafwyd efo'r Llywodraeth cyn i'r penderfyniad gael ei wneud ynglŷn â beth fyddai goblygiadau hynny i chi ac i'r sector?

other change that happened was the decision taken by Welsh Government to fund this through the Student Loans Company rather than it coming directly through you. So, what difference did that make to you, and also what discussions took place with Government, before the decision was taken, on the impact of that on you and the sector?

[209] **Dr Blaney:** So, on the positive side, it removed from us the burden of my being accountable for the funds that were going through our accounts, but were being expended on the basis of decisions being made by local authorities in terms of eligibility for tuition fee grants—local authorities that we had no relationship with. So, there was an interesting couple of years of debate between us and the Wales Audit Office about how we dealt with that accountability, and that issue was removed, although I think we were beginning to get to grips with it in terms of getting a sense of the scale of the risk.

[210] On the less positive side, in that particular year, it caused us a bit of perturbation because when we found out we'd already almost finished our calculations for the funding for the next year and kind of had to start again. So, that was an issue of timing although we obviously survived that.

[211] In terms of the process there, once the issue about the accountability problem had become clear, we had conversations with Government colleagues on that. I think the last exchange I can recall was in the summer of 2013, when we had indicated that, on balance, we didn't think we wanted them to do that, and the reason was that, although you've got the benefit of not being accountable for funds that you weren't fully controlling, there was the disbenefit of having a much smaller amount of money to deal with and all the issues that Bethan has already described. After that exchange, it all went a bit quiet. The Minister, I think, made a decision in December 2014. We learned about that decision in January 2015. So, we weren't fully in the loop on that.

[212] **Rhun ap Iorwerth:** Explain the circumstances around that unfortunate course of events, and what it meant for you that the decision had been made without you being a part of it.

[213] **Dr Blaney:** Operationally, as I indicated a moment ago, it was a bit unfortunate, in that we were a long way down the road in our annual cycle before we heard. So, that was a hassle—we had to do some work that we'd already done. But as for how we got there, I'm afraid you'd have to ask the Government; I don't know.

[214] **Rhun ap Iorwerth:** And that suggests that you haven't had an explanation of what actually happened and why you weren't kept in that particular loop.

[215] **Dr Blaney:** That's correct.

[216] **Rhun ap Iorwerth:** Okay. Thank you. We have a £10 million reduction in budget ahead of us in 2016–17—a substantial amount, but substantially less than it might have been at one point during those discussions. Give us a sense of what that £10 million reduction will mean for you, and the wider sector as well.

[217] **Ms Owen:** The £10 million reduction in 2016–17 is already reflected in our academic year budget, and it's meant that we've no longer been able to fund postgraduate study. We had reduced the full-time postgraduate support; we had to remove the part-time postgraduate support as well. The funding that we did have available for strategic development, supporting the sector in reconfiguring, that funding has also reduced, and in our assessment of strategic funding, and in our academic year allocation at the moment, we are working hard to protect, as best we can, the funding for research, part-time, expensive subjects, and Welsh medium, but that is, essentially, what remains in our funding. And it remains to be seen the extent to which we can continue to safeguard that.

[218] **Rhun ap Iorwerth:** Are you able to look for savings in your operations in order to offset some of the reductions, for example, on co-locating, sharing backroom functions with other organisations, perhaps?

[219] **Mr Williams:** We've explored these options on a number of occasions in recent years. We had a significant organisational restructuring in 2012, when our staff numbers were reduced by around 20 per cent. We've taken the view, however, that when it comes to outsourcing, this would not lead to any significant savings, because, in the first place, our staff numbers are very low. In some cases, we just have one person for each role. And so, therefore,

we don't feel there are savings—or significant savings—that can be made. However, prior to the launch of Qualifications Wales, we did hold discussions with them about sharing office space and back-office resources, with the new body, but that didn't go ahead in the end. We've recently moved to Welsh Government offices and we now share those offices, in Bedwas. We've just been there for a few weeks.

[220] And, further, I'd say that we do attempt to collaborate with other bodies within Wales. In terms of Welsh Government sponsored bodies, we meet on a regular basis in many areas, such as finance, human resources, IT, to share ideas and to collaborate where we can. Similarly, we also share and collaborate with our English counterpart—the Higher Education Funding Council for England—and, as a result, have managed to achieve some economies of scale.

[221] **Rhun ap Iorwerth:** Okay. And one more question from me; it might set up some further questions later on. How do you marry the requirements as set out in your own corporate plan with the remit letter that you receive annually from Welsh Government?

[222] **Dr Blaney:** We produce an annual operating plan, and that, as you imply, responds to the things that we would otherwise do, because it's in our three-year corporate strategy. But, every year, that operational plan always includes the actions that we will take to deliver the tasks that come to us in the remit letter, and then we're monitored, in terms of the delivery of those, both by our council and, clearly, we monitor it executively, but our council see it, and also we discuss that in the quarterly process of monitoring by the officials from the sponsor division. So, you can go through the remit letter, and our operational plan identifies where in the remit letter the various actions have come from, so you are able to see that there. And, in terms of delivery, we have a good track record of delivering on those.

[223] **Rhun ap Iorwerth:** But meeting the challenges of the remit letter becomes greater the tighter the budget constraints that you face.

[224] **Dr Blaney:** Absolutely. I can't argue with that.

[225] **Rhun ap Iorwerth:** Thank you.

[226] **Nick Ramsay:** Mohammad Asghar.

[227] **Mohammad Asghar:** Thank you very much, Chair. I would like to ask a supplementary on the previous question to the panel. Given the continued failure of Welsh universities to break into the world top-100 higher education institutions, in contrast to England, could you please outline how the current system of Welsh Government tuition fee support is hindering the progress of Welsh universities?

[228] **Dr Blaney:** Okay. There are a couple of issues, really, which inform the way in which individual institutions perform in league tables, generally. They come into two main areas. One is reputation and the extent to which an institution is known about, and that tends to be one of the features that's more prevalent in the international league tables. In the UK league tables, the predominant feature, actually, is resource base, in the end, because they include elements such as staff-student ratios, which, in the end, is about money. They include elements such as expenditure on learning and teaching resources, which, in the end, is about money. They also include things, of course, like student satisfaction, but student satisfaction itself, in the end, is very often a product of the amount of resource that is put around their learning experience. So, if you have a situation where a sector is less well-resourced than a competitive sector, then they're less well-placed to be able to perform well in those league tables. So, that has been, I think, one of the factors for the Welsh higher education sector.

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[229] We've been able to provide material in the past to other committees that demonstrates that the amount of resource available in Wales is less than the equivalent resource in England. There's quite a long history of that material. That, in the end, is something you can sustain for a relatively limited period of time. But what you do is store up difficulties for later on. So, one of the areas we're seeing now is, increasingly, we're seeing Welsh institutions struggling a bit with some bits of their estate. That is something that you can patch up for a while, but, actually, fundamentally, you need more resource to be able to deal with it. By contrast, and this is more anecdotal, if you go and visit institutions in England, you can see the impact of the greater resource base there, which looks more attractive to students and which gives more equipment and so on. So, it's something you can cope with for a relatively short period of time, but, in the end, it becomes problematic and that starts to reveal itself in performance league tables.

[230] **Mohammad Asghar:** I'll come to my question: what are your views on

the Hazelkorn review's recommendation that a single autonomous agency be established to co-ordinate and oversee the post-16 education sector in Wales?

[231] **Dr Blaney:** We take the view that there's considerable scope for a more co-ordinated approach between higher and further education to take a post-compulsory perspective. And, indeed, we submitted our views to that extent to Ellen Hazelkorn when she was doing her work. We're not convinced about absolutely all of her recommendations. So, for example, she included recommendations about intervention in curriculum choices. I'm not sure that that really would work very well. But the idea that you could have a more coherent system that is post-compulsory, I think, has a lot of appeal to it, and we are interested in that. We're interested in seeing how far you can get without legislation as well. I think you could get quite some way because, one way or another, about half the FE sector comes within our regulatory ambit now, either because they're part of university groups or because they're delivering full-time higher education and therefore have fee plans with us and are regulated by us. So, it's kind of happening already in some respects. We think there's scope for going further with that. We see it happening in Scotland. I sit as an observer on the Scottish funding council, which is FE and HE, and it's been very interesting to see the membership of that council, who come from either HE or FE, but, actually, over time have started to understand each other's worlds far more effectively, and it works. So, it could be done.

[232] **Mohammad Asghar:** Do you feel that the Welsh Government is fully engaging with your department in relation to the Diamond and Hazelkorn reviews?

[233] **Dr Blaney:** So, we've been having some useful conversations. I sat as an observer on the Diamond panel, so I was fully engaged with that process. We know where the Government is intending to go with Diamond, but I don't want to say any more about that, because that's a tomorrow announcement, not today. Hazelkorn—we also know where they're at at the moment, but I think there is some more thinking to be done by them over the next couple of months or so before we get the slightly clearer picture on that. At the moment, we're having perfectly productive conversations around both of these areas.

[234] **Mohammad Asghar:** Finally, what impact do you think the developments in the higher education sector in England could have on the

sector in Wales?

[235] **Dr Blaney:** I think the important feature—. There's been a lot of change in England, and there's a lot more going on. Some of it is changes to UK-wide machinery, and some of it is England only. But I think one of the important aspects from our perspective is that the Welsh higher education system has to be able to play within a UK-wide framework. That's very important. It's important to be able to attract talented students and staff, both from England and also from wider afield in the rest of the world. So, that means that, however the machinery is developed, we need to be able to, if we can, construct it so that the Welsh system is able to play with it.

[236] So, what does that mean in reality? A couple of examples: the English funding council determined that it would renew the quality-assessment machinery that was being used across the whole of the UK higher education system. So, we've been intimately involved in that, in trying to make sure that it is designed in a way that would allow there to be a UK-wide approach to this, but actually also to allow particular nuances to meet the needs, in our case, of Wales—but the same would be true of Scotland and, indeed, to an extent, but to a lesser extent, just because of scale, Northern Ireland.

[237] The same is true for the research excellence framework, which is again about to be out for consultation for the next round. Again, that's been developed on a four-nations approach. So, we all have an overarching framework and, where necessary, we make sure the needs of the individual countries are reflected. And, of course, in Wales, there's always a Welsh-language dimension to that as well, which we have to be very aware of. I think some of the developments, such as the teaching excellence framework, which is actually a Government issue rather than a funding council issue—it's slightly harder for us to get alongside that, but we have been working again with our HEFCE colleagues on that in some of the design aspects and we are now in a position where we know that the assessment panel and the overarching body will have some Welsh voices on it and there will be briefing materials that contextualise the Welsh system for people who are involved in assessing people for TEF outcomes. That really tends to be our approach. We work very well, particularly with the English funding council and with the Scottish funding council—we work collectively to make sure that these developments don't go at such a tangent that actually we can't keep a UK-wide brand, which is important to all three of those countries.

[238] **Mohammad Asghar:** Thank you.

[239] **Nick Ramsay:** Rhianon Passmore.

[240] **Rhianon Passmore:** You've already mentioned the elephant in the room around sustainability and I think you've answered most of my queries so far, so, thank you.

[241] **Nick Ramsay:** Lee Waters.

[242] **Lee Waters:** Yes. It does seem something of a vice, because you've got declining grant income on the one hand and a university sector more reliant on raising its own income on the other, and your ability to influence it, obviously, is then diminished. On top of that, you've got to implement the Higher Education (Wales) Act 2015. So, do you think as an organisation you're well placed to be able to do that?

[243] **Dr Blaney:** I think 'yes and no' is the answer to that question. I think we're well placed in the sense we have a well-established pool of expertise and staff who are well respected by the sector and who understand the sector and are therefore able to engage effectively with them. We have a council, again, which has good expertise. It's a strong council, it's the strongest I've known, and that's always helpful, particularly when we have conversations with institutions and admonish them for not necessarily always having the strongest councils. So, it's great to have a strong council behind you when you're doing that.

[244] When the 2015 Act was a Bill and going through its process, we contributed to the impact assessment at the time, and one of the things you have to answer is, 'What are the resources required to deliver this?' Our assessment at that time was that we would need an extra nine staff to be able to deliver the totality of the implications of that Act, and largely because—there are nuances around this, but, essentially, it's relatively easy, with sums of money, to alter a formula and secure institutional changes in behaviour in order to keep getting at the money. That's relatively efficient, you know; I'm not belittling the process. But, actually, when you haven't got money, you have to go and persuade, and persuasion takes a lot more time and requires people with expertise, with knowledge, people who are respected. At the moment, we haven't seen any of those nine extra staff so we're absorbing that pressure at the moment and that is a pressure that is being met, essentially, by substantial damage to the work-life balance of my colleagues, which is sustainable for only a relatively short time. So, that

would be the 'no' part of the answer. I'm happy to say, though, that we are having constructive conversations with our sponsor colleagues in respect of that, at least insofar as we think we're going to be able to avoid having any further downward pressure on our resource. There are still issues to deal with about how we deliver the totality of the requirements.

[245] **Lee Waters:** You are an organisation under strain, by the sound of it.

[246] **Dr Blaney:** We're very busy.

[247] **Lee Waters:** The language you use to characterise the relationship with the Welsh Government is—well, it sounds like a fractious relationship at times.

[248] **Dr Blaney:** Any body that is a buffer body is necessarily and structurally in tension with the sponsor division and with the sector. Tension can be healthy or it can be unhealthy and most of the time it's fine. There are times when we forget to tell them things or they forget to tell us things, and, you know, when you've got organisations that are busy that's more likely to happen more frequently. I don't wish to characterise this as a fundamental problem of relationships—it's a problem of people being very busy more than anything else. There are times when they could—and we explored one earlier—keep us in the loop better. Doubtless, there are things we do that irritate them—doubtless. In some sense it's actually inevitable because we're different organisations and the interface between organisations is always an area where there is work to be done. But we're having good conversations with them at the moment. These things come and go a bit as well, according to the pressures that people are under as well.

[249] **Lee Waters:** But you do have a guillotine hanging over your head in the form of the Hazelkorn review.

[250] **Dr Blaney:** Well, potentially. You know, it's at the behest of any Minister or the Assembly to do away with us. We're there for as long as people consider we're useful. So, that gives us a little bit of pressure to continue to be useful, which is probably good.

[251] **Lee Waters:** You mentioned the impact on the work–life balance of your team. The sickness absence rates at the minute are about average with the rest of the public sector. Is that a challenge—managing that and keeping that at that rate?

[252] **Mr Williams:** Yes, it certainly is. David has alluded to the problems that we're facing. The absence rate was higher in 2015–16 compared to the year before. Although it's the highest it's been for five or six years, we've been very fortunate in managing staff in that way. But we do have good support packages in place in terms of employee assistance programmes. Any instances of long-term absence we're able to address through our occupational health contacts, and we would, in those cases, help staff to return to work as soon as they possibly can. So, yes, we are looking to keep on top of the situation and hope that we can ensure that our staff do cope with the stresses that they are undoubtedly under.

[253] **Lee Waters:** Finally, we've covered your move to Bedwas and the reason for that, but is that having any impact on travel time and pressure on your team? Is it affecting morale? I'm sure Bedwas is a perfectly nice place to be—

[254] **Mr Williams:** It was a long process in terms of finally managing to get up to Bedwas. We've looked at the analysis of staff journeys, and we reckon it has a neutral effect—some have longer journeys, some have shorter journeys. So, in that respect, we're hopeful that it won't have a detrimental effect on staff at all.

[255] **Lee Waters:** But you're monitoring the situation, it's fair to say.

[256] **Mr Williams:** Indeed.

[257] **Dr Blaney:** My journey time is five times longer than it used to be, but it's only 15 minutes now, so I can't complain. [*Laughter.*]

[258] **Lee Waters:** Okay, thank you.

[259] **Nick Ramsay:** Gosh, it was quite a short journey time before then, wasn't it?

[260] **Dr Blaney:** I could've walked it in a few minutes.

[261] **Nick Ramsay:** Sustainable. Mike Hedges.

[262] **Mike Hedges:** You talked about yourselves as being a buffer organisation. I've heard you described as an intermediate organisation. I

think both actually mean the same thing. How do you measure the effectiveness of an organisation that is a buffer organisation or an intermediate organisation and the overall value for money of HEFCW as such and the benefits of having HEFCW rather than direct funding?

[263] **Dr Blaney:** One of the ways in which you can manage the effectiveness is the way in which you are perceived by the people who are your stakeholders. So, we have routinely run stakeholder surveys, and the results of those are positive always. We had a substantial review of our role and the associated structures undertaken by Ellen Hazelkorn for the Government last year, as we've already touched upon. Again, if you read that report, the overwhelming response that she received in respect of HEFCW, and the role it undertakes, is that there's strong support for us, and I'm very pleased about that. The value for money, really, is, 'Is this organisation, resourced in the way it is, delivering something that the stakeholders value?' And they value it, so that's our primary measure.

[264] In terms of trying to do things more efficiently, which is another approach to looking at value for money, we have in the past examined—and we continue to examine—the way in which we do things. So, for example, one of the things we try to avoid is parcelling up our funding into relatively small 'jam jars' for which people have to bid, because that bidding process has an overhead to it, both for the people who bid and for us. It's generally more cost-effective to have larger pots of money that people don't have to waste time bidding for, but they do have to demonstrate to us through strategic plans or particular plans what it is they're going to do, and then we monitor that. That's the sort of thing we can do to try to become less burdensome, both on ourselves and on the sector. Of course, the pressure on our funding that's been over the last few years, actually, even our big pots are relatively small, but maybe things will change in the future on that one.

[265] **Nick Ramsay:** Neil Hamilton.

[266] **Neil Hamilton:** You expect not to meet two of your targets in the year 2016–17: target 3, which is about retention of part-time first degree students still in higher or further education two years after commencement and, secondly, in relation to those studying through the medium of Welsh—those studying at least five credits, and, also, amongst those, as a sub-group of that, those taking more than 40 credits all together. Can you tell us why it is that you expect not to meet those targets?

[267] **Dr Blaney:** The very simple answer is, in terms of the monitoring we're doing, that it looks like the trends are such that we're not going to get there. What causes that? I think there are a couple of things to say. First of all, I think these targets were not easy to achieve.

15:30

[268] We didn't set soft targets. So, we're challenging them. In the nature of setting challenging targets, you have to accept that sometimes they won't be met. I think, in respect of both of these areas, the targets were set some years ago in our last corporate strategy, and we're just on the cusp of rewriting our corporate strategy. So, we'll revisit these. But what has happened in the interim, particularly in respect of part-time, has been a massive drop on the amount of demand for part-time study across the UK—England substantially worse than Wales. So, in some senses, Wales has held up pretty well, by comparison. That's partly to do—and largely to do, I think—with economic pressures. If you think, part-time students either have to pay their own fees, or they're supported by employers who are finding it harder. In Wales, the large employers—largely, the public sector—have had some pressure in terms of resources and lowering resources in terms of being able to pay fees, in terms of being able to release people to be able to do this study. So, I think it's an economic consequence, really, and it's just fed through in terms of performance here. So, that's the sort of pressure.

[269] On Welsh medium, the 40 credit target is relatively new. We previously were pleased to have anybody do anything through the medium of Welsh, virtually, and having done quite well on that, we've introduced the 40 credit target to try and increase the volume of study that an individual is doing through the medium of Welsh. It might be that that was too ambitious. It's quite hard to get this right because what we're talking about, in the main, is supply-side interventions but, actually, it's a demand-side problem. It's about: do those people leaving school who speak Welsh actually want to go to a Welsh university and study through the medium of Welsh? Some of them do, but not all of them do. So, it's a question of addressing those motivational factors, and that's not straightforward.

[270] **Neil Hamilton:** The figures are actually quite modest, aren't they? Because those studying five or more credits is just over 5,000, and those studying 40-plus credits in the medium of Welsh is just about 2,500 students altogether. There's been roughly a 20 per cent increase in those studying five-plus credits, but only 10 per cent or so, broadly speaking, are

doing 40-plus over the last five years. So, it's very slow progress indeed.

[271] **Dr Blaney:** It is, but it's important. It's important to Wales as well. So, we'll keep plugging on with it. We've been making interventions through the Coleg Cymraeg Cenedlaethol, which has been providing and trying to co-ordinate the provision of Welsh-medium higher education across Wales in ways, hopefully, to maximise the amount of coverage, minimise duplication and therefore maximise choice for people who want to study through the medium of Welsh. But, you know, it was a relatively low starting base, and it's quite hard work.

[272] **Neil Hamilton:** Well, presumably, now that the Government has this aspiration of a million Welsh speakers by 2050, you'll get some help from other departments as well to make those targets more ambitious and to meet them.

[273] **Dr Blaney:** We look forward to that.

[274] **Neil Hamilton:** Has the one-year extension to your corporate strategy helped you, in this respect, to meet your targets?

[275] **Dr Blaney:** Not hugely because, really, the sort of economic pressures that I've described are still there. The reason we extended that for a year was essentially because, otherwise, we would have been launching our new corporate strategy right on the eve of the Welsh Assembly elections. We might expect the elections to generate changes in Government policy, and the programme for government was only released last week. So, it just didn't seem to us to make any sense to be putting a new strategy out a week before the Government disappeared into an election. So, that's why we extended for a year.

[276] **Neil Hamilton:** Right. My second question relates to the Wales Audit Office report, which questioned whether the targets that you set for higher education in the 2013-16 corporate strategy are actually consistent with the aims set out in the Welsh Government's policy statement on higher education, and, for part-time study and part-time students, HEFCW seeks to incorporate measures that better reflect the intended outcome that improved part-time learning opportunities are offered. Following on from that, have you had any discussions with the Welsh Government about measures that will help to make those targets more consistent with those outcomes?

[277] **Dr Blaney:** There are a couple of things to say in respect of that. First is that we will revisit those measures when we redo our corporate strategy, which will happen after Christmas. At the moment, we are engaged in preparing a higher education strategy, which will essentially be a Government strategy for higher education. Our corporate strategy will need to respond to that. So, there's a sequence to these things. So, we will revisit those.

[278] On the broader issue about how we achieve better performance in respect of part-time, well, we've made some further interventions in the intervening years in terms of things like putting out a part-time policy statement, and so on. But, fundamentally, what you need to be able to do is to create an environment in which part-time learners are better supported than is currently possible. And, you know, here's another plug for Diamond: let's see what happens with the Diamond report that's published tomorrow and see how the Government responds to that. But, at the moment, we are rather limited in the amount of resource we are able to put into this.

[279] **Nick Ramsay:** We seem to have been saying, 'Wait for Diamond' for a very long time now, for good reason. And a question from Rhianon Passmore.

[280] **Rhianon Passmore:** In regard to those discussions, and obviously without speaking outside of your mandate, how optimistic do you feel about those discussions? Obviously, we're waiting on information in terms of the provision for part-time students.

[281] **Dr Blaney:** I feel reasonably optimistic at the moment. As I say, I don't want to pre-empt announcements about Diamond that will come tomorrow, and there will be issues about how that gets implemented, and so on, but what I know of it is that it's a tidy package and should be quite useful.

[282] **Rhianon Passmore:** Thank you.

[283] **Nick Ramsay:** And Mohammad Asghar.

[284] **Mohammad Asghar:** Thank you, Chair. I have one question about the parents, actually. Have they got information when their children go away for education, especially when they've got to for boarding separately and getting money for funding separately? And their income is so much, as to whether funding is available to them—means-testing. Have you got any system in place where parents are informed pre these children going into higher

education?

[285] **Dr Blaney:** The student support arrangements are handled by Student Finance Wales, which is not us, so it's not our machinery which provides that, but our website does point people to the Student Finance Wales website if they come to us by mistake. I can answer that anecdotally as someone with a child who's just entering second year of higher education. I think you can find the information quite clearly from the Student Finance Wales website, so I think it's okay. That's just how I experienced it; I can't speak for other people.

[286] **Mohammad Asghar:** Thank you.

[287] **Nick Ramsay:** Thank you, Oscar. Any final questions? No? Are Members happy? Can I thank our witnesses from HEFCW, Bethan Evans—Bethan Owen, sorry; it's that time of the afternoon—David Blaney and Nick Williams for being with us today. That's been really helpful. Before we finalise the report, we will provide you with a transcript so you can check for accuracy. Thank you for being with us today.

[288] You've all been very good, and we've finished that session with five minutes to spare, so an extra five minutes in the tearoom. We will reconvene at 3.55 p.m.

*Gohiriwyd y cyfarfod rhwng 15:37 a 15:54.
The meeting adjourned between 15:37 and 15:54.*

Craffu ar Gyfrifon 2015–16: Estyn Scrutiny of Accounts 2015–16: Estyn

[289] **Nick Ramsay:** Welcome back to this afternoon's meeting of the Public Accounts Committee. Item 5 on our agenda is the scrutiny of accounts 2015–16 of Estyn. Can I welcome our witnesses to the session? Thank you for being with us today. Would you like to give your name and position for our Record of Proceedings?

[290] **Mr Rowlands:** Meilyr Rowlands, **Mr Rowlands:** Meilyr Rowlands, chief prif arolygydd Estyn. **Mr Rowlands:** Meilyr Rowlands, chief inspector of Estyn.

[291] **Mr Sweeney:** I'm Phil Sweeney. I'm corporate services director.

[292] **Nick Ramsay:** Great. Thank you for being with us today. I'll kick off with the first question. Can I ask, with this report representing the first full financial year that Her Majesty's chief inspector has been in office, what were the priorities during the financial year 2015–16?

[293] **Mr Rowlands:** When I joined the inspectorate, 15 years ago, I was very aware of the good name of Estyn. So, when I became chief inspector, I wanted to build on that good name, and, in particular, I feel that the rigour and consistency of our inspections system is the most important part of—it's the bulk of our work, but also it's the basis for the rest of our work—the evidence base for our policy advice, for example. So, I thought that the main priority would be to review our inspection arrangements, to make sure that we met the basic accountability function of inspection, but also to make sure that we, wherever possible, could contribute to building the capacity of the education system through that inspection system. So, we started a consultation period. I'm very happy to go into the details of that project. The intention is to pilot inspections, this term and next term, and then roll out the new inspection arrangements in September 2017.

[294] Our other main statutory duty is to provide policy advice to Welsh Government, and it was clear from our involvement in the Donaldson review that the amount of advice that we would need to give Welsh Government in future would be of a completely different order of magnitude, going forward. So, the other main priority was to set up a project that would be able to deliver that policy advice on what is more than just curriculum reform, but the impact of the Donaldson report affects nearly all aspects of education. So, I'd say that those were the two main priorities for the years you're talking about, and also going forward.

[295] **Nick Ramsay:** And you say that you're expecting to have to give a lot more advice and assistance in the wake of the Donaldson review?

[296] **Mr Rowlands:** Yes. We've already planned that, and that is, in part, why the regulations for inspections have been changed, to make it a seven-year inspection cycle, rather than a six-year inspection cycle, because that will release resource to do that.

[297] **Nick Ramsay:** Great. On the subject of regulations—oh, first of all, Rhianon Passmore.

[298] **Rhianon Passmore:** On that particular point, in terms of that increasing

mandate and, obviously, that planned forward work programme that you've got in place, do you anticipate there to be any challenges within that increasing mandate around Donaldson?

[299] **Mr Rowlands:** There are challenges for us as a body to give that very wide-ranging advice. As you know, the remit letter that we get from the Minister identifies different working groups that we'll be part of, but the number of working groups we're already part of, as part of that Donaldson agenda, is very, very large. So, co-ordinating all of that internally is a challenge, and I think it's also a challenge that we've got to be aware of that we don't go over the amount of resource that we've been given to do that job. But, if you're asking about the nature of the Donaldson curriculum reform more generally, then, clearly, there are all kinds of challenges for the education system more widely.

[300] **Rhianon Passmore:** Okay, thank you.

[301] **Nick Ramsay:** Neil Hamilton.

[302] **Neil Hamilton:** Huw Lewis's statement, when he was the Minister, implies that Estyn's going to become more involved in the creation of the new curriculum. And, as regards the statement on the new review period to allow you to do that, what are the resource implications of this for you? Will it impact the number of inspections carried out every year, for example?

16:00

[303] **Mr Rowlands:** Yes, it will impact on the number of inspections. Instead of doing one sixth of all providers in a year, we'll be doing one seventh of all providers in a year. I think we have actually argued, Estyn, for a long time, to actually to go to a longer period of inspection, because I think that makes the inspection process more proportionate. There's been a lot of discussion about making inspection more proportionate over the years, and actually, the way to do that is to extend the inspection period. That means that the more able—the better providers—get inspected less often, but it does then release resource to actually be used where it's most needed. So, I think, in the longer term, we would argue to maintain that longer period for inspection, but in the short term, I think it was introduced in order to release resource, in order to give advice on the curriculum developments.

[304] **Neil Hamilton:** I suppose I can see a logic to it, because it covers a

seven-year period, as it does in secondary education, for example—whether that has any implications. The annual remit letter sets a large proportion of your work every year. Can you tell us how the content of this remit letter is decided? How much scope is there for negotiation in its terms?

[305] **Mr Rowlands:** There's considerable scope for negotiation. Formally, obviously, it comes from the Cabinet Secretary now, but prior to that, it's drafted, and so forth, by Welsh Government officials. But there's plenty of opportunity for Estyn to contribute our ideas. The actual format of those negotiations have changed quite a lot over the years. They've always been done in a good spirit and with good relationships between ourselves and officials. We've always felt we've had an opportunity to contribute. But I think the process has actually improved over time, because now it actually starts with Estyn giving a strategic overview of what we think are the main issues that should be part of the remit. Also, I think it is important that we are part of that process, because we know not only what the topics, we think, should be, but also what our capacity and capabilities are.

[306] **Neil Hamilton:** Thank you.

[307] **Nick Ramsay:** Mohammad Asghar.

[308] **Mohammad Ashgar:** Thank you, Chair. Before I ask my question, I will ask another one. Whilst the net operating cost has reduced 2 per cent in 2015–16, the actual number of completed inspections was 8 per cent lower than proposed. So, is the cost-cutting promoted by a failure to carry out proposed inspections in Wales?

[309] **Mr Rowlands:** I think, every year, we do, if you like, overestimate how many inspections we need to complete because we know that we won't be able to complete them all. I think we completed 95 per cent of them, actually—

[310] **Mohammad Ashgar:** It's 23 less.

[311] **Mr Rowlands:** Yes. That's about five per cent less, isn't it, I think. That is about typical for the average year for Estyn. I have to say that our completion rate actually compares very well with other inspectorates. It's quite difficult to benchmark ourselves against other inspectorates because what they do and what we do is quite different. How they report in their annual reports is quite different. But generally, when I kept an eye on this,

other inspectorates manage about 80 per cent—in the 80s per cent. But this year, for example, Ofsted only completed 67 per cent of their maintained school inspections that they were intending to do.

[312] **Mohammad Asghar:** Okay. Estyn delivered on all its performance indicators this year. How are you ensuring that the indicators are robust enough to promote continuous improvement in the organisation?

[313] **Mr Rowlands:** It's a good question. We tweak those every year. We try our very best to come up with a set of performance indicators that does exactly what you suggest. So, you can probably see from our annual plan for this year that we have actually introduced two new performance indicators that we think add to that picture and make it a more robust set of performance indicators moving forward. You know, I'm very open to constructive suggestions on how we can improve on the performance indicators. I'm sure there is more work we can do on them. But as I say, we are working on them and we've added two new ones this year—one on the impact of our national policy work to see how many of those recommendations we make are taken on board by Welsh Government, and another one then to look at how effective our training of peer inspectors is.

[314] **Mr Sweeney:** May I just add as well—? We do a review each year to see what we actually hit in a particular year, and we make sure that, if we've exceeded a previous target, we raise that target, if it's possible, for the next year.

[315] **Mohammad Asghar:** The number of inspections, as you mentioned earlier, included in the annual plan was 399, and the number completed in the annual report and accounts is 376—so, as I said, 23 less. What is the reason for the difference in the inspections carried out and what impact does this have on the resourcing of your department?

[316] **Mr Rowlands:** We do slightly overestimate the number we do need to complete. Our statutory requirement is to complete inspections of all providers within a certain inspection period. Actually, you're probably right; it would be better if we said quite explicitly in the annual report that we are on target to—and I think that's an improvement we can make moving forward—is to say that that figure means that we are actually on target. So, the actual completed number of inspections means that we are on target to meet our overall target. The reason why inspections don't happen is, quite often—usually, the providers close. There might be some other reasons as

well, but the main one is amalgamations or closures of the actual provider.

[317] **Mohammad Asghar:** Thank you.

[318] **Nick Ramsay:** Okay. Rhun ap Iorwerth and then Lee Waters.

[319] **Rhun ap Iorwerth:** Dim ond cwestiwn sydyn: sut ydych chi'n taro cydbwysedd rhwng eich parodrwydd chi i addasu a mireinio dangosyddion a'r angen i sicrhau bod yna gysondeb rhwng dangosyddion gwirioneddol greiddiol, fel bod pobl fel ni yn gallu gwneud y gymhariaeth yn deg o un flwyddyn i'r llall?

Rhun ap Iorwerth: Just a quick question: how do you strike a balance between your willingness to adapt and refine indicators and the need to ensure that there is consistency between core indicators, so that we can make the comparison from one year to the next?

[320] **Mr Rowlands:** Wel, nid ydym yn newid y dangosyddion yna yn ormodol o flwyddyn i flwyddyn. Er enghraifft, beth rydym ni wedi ei wneud eleni yw ychwanegu dau, felly medrwyd chi dal i ddefnyddio'r rhai creiddiol o hyd. Pan fyddwn ni'n newid y targed, gwneud y targed yn fwy uchelgeisiol yr ydym ni, nid ei wneud yn llai uchelgeisiol. Rydym ni yn cymharu efo dangosyddion gwledydd eraill ac arolygiaethau fel yr Alban, Lloegr a Gogledd Iwerddon. Mae ein system ni yn weddol debyg i un yr Alban.

Mr Rowlands: Well, we don't change those indicators too much year on year. For example, what we've done this year is to add two indicators, so you can still use those core indicators. When we do change the target, we make it more ambitious rather than the reverse. We do compare with indicators in other nations and other inspectorates, such as those in Scotland, England and Northern Ireland. Our system is relatively similar to that used in Scotland.

[321] **Rhun ap Iorwerth:** Diolch.

[322] **Nick Ramsay:** And Lee Waters.

[323] **Lee Waters:** Diolch. I just have a couple of questions on the choice of targets. I note the change to the inspection framework, so from this term you're no longer planning to inspect local education authorities. Given that there have been problems with LEAs in the past, I wonder why you've done that.

[324] **Mr Rowlands:** We completed a cycle of inspections of local authorities, and then, as you know, several of them went into special measures—significant improvement, they were causing concern—and by now all of them have come out of those various categories. In the meantime, of course, regional consortia were established and Welsh Government asked us to inspect regional consortia. So, in the first instance, we did a thematic report on regional consortia, as was requested, and the idea there was we were setting a benchmark for all the regional consortia to know what they needed to do, and the Wales Audit Office actually did a parallel study at the same time. Then, we were requested to inspect each of the four regional consortia, and we've only finished those in the summer term—we've only just published the last one of those. The agreement that we have with the Welsh Government is that we will now follow up each one of those inspections. Following that, we are now working on the framework for the next round of local authority inspections—no easy task, I have to say, because we don't actually know what powers and duties those local authorities might still have, going forward. So, we're looking forward to seeing what Government policy is on that. Once we know what powers they have, we will immediately develop a local authority inspection framework so that we can carry on with that.

[325] **Lee Waters:** But there'll be a gap.

[326] **Mr Rowlands:** There will be some sort of a gap in terms of inspection of local authorities, but in that gap we're inspecting and following up regional consortia, which are doing the bulk of the school improvement work. But I think you do raise an important point. We are consulting with local authorities, ADEW and SOLACE currently on something we can do in the meantime, as well, with the local authorities.

[327] **Lee Waters:** So you're not overly concerned, especially given the issues there've been recently, that standards will slip in the meantime.

[328] **Mr Rowlands:** I am concerned, and that's why we are thinking of a temporary arrangement. We're currently thinking of taking a kind of case conference approach, where we will meet with all the stakeholders related to a particular authority and discuss a way forward with them.

[329] **Lee Waters:** Right. Well, let's hope that's sufficient.

[330] I just have a question as well about pupil referral units. In 2014–15, you did four inspections of pupil referral units, but in 2015–16, you only did two inspections.

[331] **Mr Rowlands:** Yes. In general, there is a move towards amalgamation of providers. So, the long-term trend is of fewer inspections but of bigger, more complex organisations—that’s the long-term trend. On a year-to-year basis, the number of providers will change, particularly in certain sectors—in the non-maintained sector in particular. These are the sort of nursery-type providers. They’re very small and the inspection lasts two half days. They will open and close very often. The other sector where this happens quite a lot is the pupil referral units. They open, they close, they amalgamate and they disaggregate. So, the actual raw number often doesn’t mean anything, because some authorities, for example, will have one PRU that encompasses all the sites within that authority, while another will have separate satellites.

[332] **Lee Waters:** So, you’re satisfied there’s sufficient vigilance in the system to ensure standards are kept up in these units.

[333] **Mr Rowlands:** Yes, absolutely.

[334] **Lee Waters:** Okay, thank you.

[335] **Rhianon Passmore:** Just for clarity, you mentioned the local authority interim framework discussions that are ongoing at the moment. Obviously, in terms of attainment, now that the consortia are embedding and are here to stay, as far as I can tell, what is it that you would be thinking, while not pre-empting those discussions, that you would be inspecting for the local authorities? Is it the non-maintained sector, ALN or youth work? Could you just give me some meat on the bones as to what that thought process is from Estyn, in terms of what it is you will be looking at?

[336] **Mr Rowlands:** I think that would be on a case-by-case basis, depending on the authority—what the cause of concern is or what a particular strength in that authority might be so that we can usefully spread the good practice. The intention is not to—. Until we start the new, proper cycle of inspections, up until that point the intention is not to be systematic across everything but to pick out things that are of particular concern or are a particular strength.

16:15

[337] **Rhianon Passmore:** Okay, thank you.

[338] **Nick Ramsay:** This year, Estyn have appointed RSM as replacement auditors for Deloitte. What led to this decision and how were RSM chosen?

[339] **Mr Rowlands:** The second three-year period of Deloitte came to an end. This is no criticism of Deloitte—we were very happy with their performance—but we just felt that there is a danger that you can become too cosy with your own internal auditors. We'd had them for six years, they've come up with a lot of very useful suggestions on how we could improve, but we felt it was an opportunity so we went out to an open tendering process. We had, I think, five very strong candidates. The chair of our audit and risk assessment committee was the chair of the panel, and RSM was the successful company that came out of that process.

[340] **Nick Ramsay:** Were they streets and heads—heads and streets, whatever the expression is—ahead of the others or was it a close—?

[341] **Mr Rowlands:** They were—. They were clearly the standout group in that particular exercise we had. I don't know, Phil, if you want to add anything to that.

[342] **Mr Sweeney:** We had a range of criteria that the panel used to assess the bids. They did score higher on most of those criteria, and across the five submissions that we received there was very little price difference, so it all came down to the quality of the team that was being proposed and the experience and the added value service that RSM were putting forward as part of their bid.

[343] **Nick Ramsay:** And how long had Deloitte been with you? That was six years, did you say?

[344] **Mr Sweeney:** They had been appointed for two three-year terms, so they were successfully reappointed the last time.

[345] **Nick Ramsay:** And RSM are for three years initially?

[346] **Mr Sweeney:** They're for three years. It's a one-year contract reviewed at the end of the first year and extended the following two years on the satisfactory completion of the first year.

[347] **Nick Ramsay:** Okay. Rhianon Passmore.

[348] **Rhianon Passmore:** Thank you. In regard to being an almost £12 million organisation, I gather you've saved nearly £1 million for 2015–16. So, with that near 10 per cent saving on your budgeted expenditure, really, simply, how did you go about realising those savings?

[349] **Mr Rowlands:** I think to simplify things—Phil can correct me if I'm over-simplifying—there are three elements to that £1 million. One is depreciation, and I think that's £200,000 or £300,000 in itself. That's a kind of—. In a way, we're over-budgeted for depreciation. We don't have the kind of assets—. We're not allowed assets. We're a civil service department, so we don't have many assets. So, the depreciation is never going to be near the £400,000 that we're allocated. Another £200,000 was just down to good management. We're constantly trying to look for smart ways of working, so those were in-year savings.

[350] The more difficult area to explain is the staffing; there was about £500,000 saved on staffing. I think the difficulty we have as an organisation is that we work to a one-year budget, and for a small organisation that's not part of Welsh Government but has all the constraints of a civil service department, which means we have no reserves and we can't raise money, it's very, very difficult for us to set long-term commitments, particularly on staffing. So, we don't have as many permanent staff, particularly inspectors, as maybe we would like to if we had a slightly different framework to work in. That means that we fill the gap with secondees. So, we do have quite a high turnover of inspection staff in particular. That means that when they leave, there's quite often a gap before they are replaced.

[351] **Rhianon Passmore:** So, you would say those savings are targeted, or is it just a matter of natural wastage in terms of depreciation?

[352] **Mr Rowlands:** Yes—

[353] **Rhianon Passmore:** I suppose what I'm trying to ask you is in terms of the internal mechanisms that you've got in place that will measure your efficiency. If you could, perhaps, outline those for me to understand.

[354] **Mr Rowlands:** I think that that middle one I mentioned is a genuine targeted, if you like, saving. The staffing one—we would prefer to avoid that

one if possible.

[355] **Rhianon Passmore:** Okay, thank you. I've got one more. When there are changes to your budgeted expenditure, which, as you know, all public sector bodies are facing at this moment in time and will continue with the continuing cuts to the Welsh block grant, how do you communicate with Welsh Government when there's a negotiation to be undertaken? How would you encapsulate that?

[356] **Mr Rowlands:** Well, we have a lot of discussions with Welsh Government officials. Phil can tell you a little bit more about the detail of it. But, in broad terms, the discussion is either, 'Is there going to be a flat line?' or on the rate of cuts. I think we've made it very clear to Welsh Government that there is a limit to the amount of cuts that we can bear before it starts to affect our statutory duties.

[357] **Mr Sweeney:** There's an ongoing dialogue with the department that our funding lies in. It's currently within the local government main expenditure group, so we have discussions with finance officers in that directorate. It has been, over the last three or four years, 'How would you react to these scenarios: flatlined, 3 per cent, 5 per cent?' And it has been up to 20 per cent. So, what we do as a management team is we produce various scenarios at those budget levels and we discuss the implications of going to each of those scenarios with officials, particularly on the education side, and how we can protect the core service but what could go at the margins. And it's been that kind of dialogue, really—'You're not getting any more money. How would you cope with this level of reduction?'

[358] **Rhianon Passmore:** So, in terms of the internal mechanisms that you have in place as an organisation, how would you encapsulate that in terms of measuring your efficiency? I don't think I've fully twigged as to what it is you're saying to me is your process for doing that. Technical term—'twigged' [*Laughter.*]

[359] **Mr Rowlands:** Every year, we plan what we have to deliver, what our targets are and the number of inspections. Ninety-five per cent of our work is statutory. We've got three strategic objectives. The first is, effectively, inspection, the second is policy advice, and those two basically come to 95 per cent of our work. Nearly all of that is statutory. So, what's left, if you like, is 5 per cent currently, and we spend that on strategic objective 3, which is building capacity. Now, that encompasses all kinds of best practice work,

improvement work, which isn't statutory, but people would expect Estyn to do that. We have on our website all kinds of best practice case studies, we have all kinds of events and conferences—those sorts of things are covered there. That is the kind of soft stuff that could go if we had a cut. I'm not sure if that answers your question.

[360] **Mr Sweeney:** Maybe if I could give some examples of the type of efficiency initiatives that might help. So, for example, we'd set the training budget for the year and then we may have a scenario where we need to reduce that by 20 per cent, so one of the things that we've recently done is move to a blended approach to training, where it's not all face-to-face in a room—there's online training for our peer inspectors mixed with attendance on courses. That's the kind of area where we can actually target specific efficiencies.

[361] Similarly, with our school inspections, in the last year, we moved almost entirely from a paper-based questionnaire system for pupils and learners to an electronic, online version, and that saved around £25,000 in processing costs for that particular inspection area. So, those are the types of things that we target each year that are specific efficiency measures, and then on top of that we have natural underspends.

[362] **Rhianon Passmore:** That's fine. Thank you.

[363] **Mr Rowlands:** Over the last 10 years, our budget has reduced from £15 million to £11 million, so we've made a lot of savings over that period. One of the big elements of that is accommodation. We originally had four sites, now we're down to one site, and one floor on one site, rather than two floors. Part of that was all our inspectors are now homeworking. So, there are a lot of efficiencies we've made over the years.

[364] Phil is absolutely right in saying that one of the main ones is working electronically, more smartly, continuously. So, the system we brought in in 2010—. In 2010, we made the decision to in-house all of our inspections. At that point, our school inspections were contracted out, and in order to have control of the quality of those inspections, so that we had greater consistency and rigour, we decided it was important that we in-housed all of those inspections so that they were led mainly by HMI, and that we did all the quality-assurance work on it. We did that for quality reasons, but it did give us the opportunity to be in total control of the management of the bulk of our school inspections. So, we were totally in control of that.

[365] So, we had a new electronic system that integrated the outward-facing side of things—what we call the virtual inspection room: schools put their documents in there and inspectors put their documents in there. We're completely paperless in terms of inspection forms, and that's also linked to our deployment and planning, and our evidence bases as well. It's very, very highly regarded by other inspectorates, in particular by Ofsted. As you probably know, they've decided, five years after us, to in-house school inspections. So, we were five years ahead of them on that, and they were very interested in how we did the electronic side of things as well. So, we've helped them quite a lot in doing that work. In fact, we seconded one of our key corporate services people—

[366] **Nick Ramsay:** You've spurred interest here. We've got two supplementaries. First of all, Rhun ap Iorwerth, then Lee Waters.

[367] **Rhun ap Iorwerth:** Diolch yn fawr iawn. Mi oedd yna gwestiynau roeddwn i'n bwriadu eu gofyn nes ymlaen ynglŷn â'r pwysau ar eich gwariant chi, felly rwy'n meddwl ei bod hi'n briodol i symud at y rheini rŵan. Rydych chi'n adnabod, fel un o'r prif risgiau wrth symud ymlaen, y pwysau ar eich cyllidebau chi. Rydych chi wedi ateb y cwestiynau, yn glir iawn, yr oeddwn i wedi bwriadu eu holi yn hynny o beth, ond os caf i ofyn: i ba raddau mae'r arbedion rydych chi'n llwyddo i fod wedi eu delifro eich hunan rŵan—ac rwy'n meddwl y byddai pobl yn eich llongyfarch chi ar fod wedi gwneud hynny—yn effeithio ar y trafodaethau rydych chi'n eu cael â'r Llywodraeth ynglŷn â chyllidebau'r dyfodol? A oes yna deimlad fod yna lai o bwysau wrth y Llywodraeth i gyfyngu rhagor ar y gyllideb ynteu a ydych chi'n tynnu mwy o bwysau arnoch chi eich hunain?

Rhun ap Iorwerth: Thank you very much. There were questions I was going to ask later on about the pressure on your spending, so I think it's appropriate to move on to those now. You identify, as one of the main risks in moving forward, the pressure on your budgets. You've answered the questions, very clearly, that I intended to ask on those, but may I ask: to what extent are the savings that you've succeeded in delivering yourselves now—and I think that people would congratulate you on being able to do that—affecting the discussions you're having with the Government in terms of the budget of the future? Is there a feeling that there is less pressure from the Government to limit the budget further or are you putting more pressure on yourselves perhaps?

[368] **Mr Rowlands:** Mae hwnnw'n gwestiwn anodd i'w ateb. Byddai'n rhaid i chi ofyn hynny i'r Llywodraeth, rwy'n meddwl. Mae yn wastad pwysau ar y Llywodraeth i gwtogi cyllidebau. Felly mae'n ddigon posib y bydd yna bwysau ar gyllideb Estyn yn y dyfodol. Mae'n wir i ddweud ein bod ni'n gorff gonest. Byddwn ni'n ceisio gwneud arbedion bob ffordd medrwn ni, ac nid ydym ni'n ceisio gwario'r arian hwnnw. Rŷm ni'n dychwelyd yr arian yna i'r Llywodraeth os medrwn ni. Ar y llaw arall, rŷm ni'n dweud yn berffaith glir wrth y Llywodraeth, 'Fedrwn ni ddim cael llai na hyn a hyn o gyllideb, neu ni fyddwn ni'n medru darparu'r gwaith statudol mae'n rhaid i ni ei wneud.'

Mr Rowlands: That's a difficult question to answer. You would have to ask that of Government, I think. There's always pressure on Government to cut budgets. Therefore, it is quite possible that there will be pressures on Estyn budgets for the future. It is true to say that we are an honest organisation. We will endeavour to make savings wherever we can, and we're not trying to spend that money. We do return those funds to Government if we're able to do so. On the other hand, we make it entirely clear to Government that we cannot survive on less than a certain budget, or we will not be able to deliver our statutory responsibilities.

16:30

[369] **Rhun ap Iorwerth:** Achos mi allai hi fod yn demtasiwn, wrth gwrs, i gadw'r arbedion rydych chi'n eu hadnabod yn ôl tan fod pwysau'n dod arnoch chi i wneud hynny, oherwydd y gostyngiad yn eich cyllideb chi. Nid ydych chi wedi teimlo'r angen i wneud hynny, fel petai.

Rhun ap Iorwerth: Because there could be a temptation, of course, to keep savings that you've identified until the pressure comes on you to do that, because of a reduction in your budget. You haven't felt the need to do that, as it were.

[370] **Mr Rowlands:** Wel, nid ydym yn cael cadw arian. Nid ydym yn cael cadw arian o gwbl. Felly, nid yw hynny'n bosibl. Ond, mi fuasai'n bosibl i wario'r arian ar rywbeth, efallai, nad yw'n werth gwario arno.

Mr Rowlands: Well, no, we can't actually retain funds at all. Therefore, that isn't possible. But, it may be possible, of course, just to spend that money on something that doesn't provide value for money.

[371] **Rhun ap Iorwerth:** Neu i beidio

Rhun ap Iorwerth: Or not to make

â gwneud arbedion. Mae'r llall yr oedd gennyf ar y testun hwnnw o risg—ac wedyn byddaf wedi gorffen y pwt hwnnw—yn glŷn â'r hyn rydych chi'n ei grybwyll yn yr adroddiad yn glŷn â phroblemau efo'r gwasanaethau cyflogres a gafodd eu darparu gan Lywodraeth Cymru. A allwch chi ymhelaethu ar y problemau hynny ac, yn gyffredinol, sut mae'r cytundeb sydd gennych chi—y cytundeb lefel gwasanaeth—efo'r Llywodraeth yn gweithio'n gyffredinol?

savings. The other question I had on the subject of risk—and then I'll be done on that point—is about what you mentioned in the report in terms of problems with the payroll services that were provided by the Welsh Government. Could you expand on those problems and, generally, how the service level agreement that you have with the Government works in practice?

[372] **Mr Rowlands:** Yn gyffredinol, mae'n gweithio'n iawn. Roedd e jest tipyn bach yn anffodus y llynedd—roedd nifer o gamgymeriadau. Gall Phil efallai ddweud ychydig bach mwy am y manylion. Nid yw'n ofid mawr i ni.

Mr Rowlands: Generally speaking, it works well. It was just a little unfortunate last year that there were a number of errors. Perhaps Phil could tell you a little more about the detail there. It isn't a huge concern to us.

[373] **Mr Sweeney:** As Meilyr says, generally, the service level agreement has worked very well in past years. Last year was a bit of a blip. We did have a number of changes to payroll that weren't effected on time. There were a number of transactions that went through that had to be corrected in the subsequent month. We do have regular SLA review meetings with the service provider at the Welsh Government payroll and we are confident that we've ironed out those issues now. But, they were worth mentioning as part of our governance statement last year, because our staff read these reports as well and they were very well aware of some of those issues. But, we're confident that we've now put what we need to put in place there to make sure that that moves forward positively.

[374] **Rhun ap Iorwerth:** Thank you.

[375] **Nick Ramsay:** Mike Hedges.

[376] **Mike Hedges:** Thank you, Chair. You describe the new method of recruitment as 'cost-effective' in the report. Can I just say that if a school

said something was cost-effective, the first thing you would say is, 'Can you evidence that?' So, can I ask you that question?

[377] **Mr Rowlands:** We've tried different ways of doing this and we've cut it down to the bone. We only have one recruitment event per year. We've had two or three in the past. So, cutting it down to one helps. The other thing we do is we don't have any consultants. We have our own tests, which we produce ourselves, that we set the candidates and we mark them ourselves. So, that's another saving. So, that's about as streamlined a system as we can do. There would be some advantages to having two rounds of recruitment a year because, otherwise, there's always a gap between people leaving and when they start. But, the advertising and the cost of staff time is prohibitive. So, we decided we'd just do the one exercise a year.

[378] **Mr Sweeney:** If I could just add to that. The biggest savings are probably on management time, because to run more than one exercise usually involves the senior management team. But, the other key saving from a single recruitment round is the induction process. It means that we can run that process once for a body of new inspectors coming in. It's not something we have to repeat at different points in the year. And, it also provides the new starters coming in with a kind of buddy to start their new employment with, and that's what we found is one of the most effective parts of doing that annual recruitment.

[379] **Mike Hedges:** One of the savings from 2014-15 to 2015-16 was £238,000 on early departures in 2014-15 and nothing in 2015-16. Was 2014-15 an anomaly or are we expecting to see those sorts of numbers for early departures in the near future? And, have you changed your severance scheme?

[380] **Mr Rowlands:** We don't expect another voluntary exit scheme in the near future. We haven't changed our scheme. There was one about three years before that one, which was actually part of the Wales Audit Office survey, and I think we came out quite well in that. I mean, it's not surprising really, because we basically use the civil service system, and we use the lowest standard tariff as part of that. So, we had, I think, three people leave on that voluntary exit scheme about five years ago, and then we had four about two years ago, and I think that's the last that we envisage. The main reason for that was that there was a change in the skill mix that we wanted from our staff. As I said, we in-housed school inspections in 2010 and, at the same time, the number of post-16 providers—FE colleges, work-based

learning providers—has decreased considerably because of amalgamations. So, the skill mix we needed was quite different, and that's really why we needed to rebalance the staffing.

[381] **Nick Ramsay:** Lee Waters.

[382] **Lee Waters:** You mentioned how you in-housed the inspection regime. I notice there's a reduction now in the number of contracted inspectors that you have and an increase in the number of peer inspectors. Can you explain to us your thinking behind that?

[383] **Mr Rowlands:** Yes. This was a feature of the original 2010 big shake-up that we underwent and, as I said, something very similar is happening in Ofsted currently. The idea was to in-house, which would mean that more HMIs would be leading those inspections. As we were talking about the voluntary exit scheme, we've rebalanced our staff, so that means that more of our staff can deliver those school inspections in particular, which does mean that the number of external, contracted-out additional inspectors would go down. Now, the PI—peer inspector—programme is something that we're very proud of in Estyn, and it's something that other inspectorates are interested in, and our nominee system, actually. We did have what we were calling peer assessors previously, so, peers, that is, people who are actively in the education system currently—teachers, headteachers and so forth—as part of our inspection system. They were there as peer assessors originally, but from 2010 onwards they became peer inspectors. That is, they were fully fledged inspectors with no difference between them and any other inspector on the team. That is, they would have a responsibility for writing. They're fully part of the scheme.

[384] So, there are lots of advantages to that system. Clearly there's an advantage to Estyn: we get very credible people who are part of the chalkface currently. They bring their expertise and knowledge and we benefit from that, but we also feel that they benefit from being part of inspections as well. The skills that they learn from being an inspector, they take back then to their providers when they finish that inspection, and the training that they get from us. There were a few quotes within the annual report saying how much they actually appreciated that. Those quotes came from the evaluation we did, and 100 per cent of PIs that had been on inspections with us said that it had impacted positively on the way they led and managed their own schools.

[385] So, we think that's a good example of what I started off in saying, that we obviously try to deliver our statutory duty in terms of the accountability of inspections, but at the same time we're trying to have more bangs for your buck to make sure that those processes add value, so that we can contribute to building the capacity of the education system.

[386] **Lee Waters:** I can see the advantages of that and also the advantages of making you more financially nimble so that you can respond as you need to. Do you have any objective way of measuring the standards of that approach? Are they are keeping up the same level of rigour?

[387] **Mr Rowlands:** Well, yes. One of the advantages of the in-housing we did was that we now quality assure every single inspection report before it's published. Previously to that, the whole system was contracted out. So, currently, what we do is we quality assure each report, that is, we look at the quality of the evidence that lies behind each judgment. And every peer inspector, every additional inspector, will have a report; they will be evaluated and, indeed, graded on their performance.

[388] **Lee Waters:** Okay. In terms of your performance, you deserve our praise, I think, for your consistent high performance in the civil service people survey. There was some evidence of decline in the last one. So, obviously, continuously improving, which you demand of your schools, is a very challenging thing to do. So, I was just wondering what reflections you have for how you keep up that commendable performance.

[389] **Mr Rowlands:** I think we do so well in it because we take it very seriously. So, you're right that, in one or two areas, we did go down slightly, although they were not statistically significant. In fact, in some of those cases, we'd gone up in ranking. So, for example, in terms of our objectives, although it's gone down slightly according to those figures, we went from the second organisation in the UK to, actually, the top organisation in the UK. That's out of about 100-odd civil service departments.

[390] So, a lot of what we do is to continue with the good work we're currently doing, in terms of, in particular, our training and development programme. We are always working with our staff, with our staff engagement group, to try and get any ideas, extra new ideas, that we can feed into that training and development programme. Similarly, on health issues, we're constantly looking—we're very open—for any constructive suggestions. One new thing we're doing is a leadership programme for our managers. We're

working with Academi Wales to develop that currently. So, those are some of the things we're doing.

[391] **Lee Waters:** Okay. I was impressed too by your sickness absence rate, which is considerably below the public sector average. I wonder if you have any best practice you can share with other organisations that are some way off that.

[392] **Nick Ramsay:** Just before you come in there, I would say that we are into the last three minutes, so, if you can be succinct with your answers and questions, that would be enormously helpful.

[393] **Mr Rowlands:** We identified, I think, that a lot of the sickness absence we have is increasingly long term, and increasingly to do with mental health. So, we've put a lot of effort into training in those areas—not so much stress within the workplace, but stress at home, bereavement, caring, that sort of thing. So, we've done a lot on the employee assistance programme, stress risk assessments and training in the workplace with Mind Cymru. There's a lot of training we've done. So, it's about analysing the causes of the sickness absence, and then trying to address those specific issues.

[394] **Lee Waters:** Okay.

[395] **Mr Sweeney:** If I could just add one very quick best practice tip, it's to try and remove the barriers to returning to work. So, one of the things that we do is actively promote the opportunity for people to work at home. You know, if they break a bone, we make sure the technology is there to support that type of working, rather than people being signed off. So, it's trying to remove the barriers to people returning to work, even when they're not fully fit.

[396] **Lee Waters:** Okay, thank you.

[397] **Nick Ramsay:** Neil Hamilton.

[398] **Neil Hamilton:** I'd just like to ask questions about your long-term strategy for real property assets and your digital assets. You referred in answer, I think to Rhianon, earlier on to the difficulty of multi-annual planning, which I fully accept, from within the civil service structure that you have to fit. You renewed the lease on Anchor Court, which is now your only home, this year. I see from the latest accounts that rental under operating

leases for accommodation is £131,000. Now you're only on one floor of one building, is that figure going to reduce?

16:45

[399] **Mr Sweeney:** I'll take that. The figure is actually a very competitive market rate. Just to give you a little bit of context, we're now paying a third less on the Anchor Court lease per square foot, which is the important thing, than the original lease. So, we've had some great support from the Welsh Government's estates people, who give us advice. The Welsh Minister actually signs off our lease and they did a very good job at negotiating a very good deal for us at Anchor Court this time around. So, we don't expect that to go down for the next four years, the duration of the lease. We do have a mid-lease break clause, which gives us an opportunity to go back to the landlord and maybe squeeze a bit more, but it also gives us an opportunity—if lower-cost accommodation comes up and if there is a property available through the Government estate that we could share—and it gives us that flexibility, which is what we always insist on when we renew the lease.

[400] **Neil Hamilton:** In comparison with your total budget of just over £10 million, your accommodation costs seem to me to be very modest and that, to accommodate 60, roughly, full-time equivalent staff, does seem to me to be relatively good value. But you refer there to the possibility of sharing accommodation with other Government offices. Was this an option that was considered?

[401] **Mr Sweeney:** That was the very first option that we talked to the estates people about in terms of the requirements that Estyn had. We take our advice direct from them. They provided a range of properties that offered a suitable, similar-sized accommodation. We only identified two properties that were of a similar square-footage cost and we did an options appraisal and Anchor Court—remaining there—came out as the most cost-effective solution.

[402] **Neil Hamilton:** Moving to your IT provision, the main element of capital expenditure this year has been on ICT equipment. I see from your accounts that you spent £600,000 in the last accounting period on IT and telecommunications, which certainly compares very differently with your property costs, and that's largely, presumably, because of having no inspectors accommodated and all working from home and having to be provided with equipment, et cetera. I see also from this year that you spent—

was it £281,000, was it, on ICT equipment? Do you have a strategic programme in place for ICT improvement, going back to this problem of multi-annual planning?

[403] **Mr Rowlands:** Yes. Phil can answer that.

[404] **Mr Sweeney:** Yes, we've got a rolling three-year ICT strategy. We've got a strategic IT strategy working group within the organisation. They come up with an annual IT improvement programme, but it's done over a three-year period. Obviously, it's an area where new technology comes up and changes quite regularly, so we are constantly revising options under that programme. Just to touch quickly on the ICT costs as well, we made a decision quite a few years ago to outsource our IT support, so that figure includes the actual technical support provided to our systems.

[405] **Neil Hamilton:** I see that digital platforms have been used to promote reports and case studies, including YouTube videos. Can you give us any idea of what this digital strategy is likely to cost?

[406] **Mr Sweeney:** The beauty of social media is that it's free. So, lots of what we've promoted over the last couple of years has been the use of Twitter, YouTube. It's staff time that takes up the biggest—

[407] **Neil Hamilton:** So, it's just incorporated in a bigger, global figure for staff costs.

[408] **Mr Sweeney:** Our largest expenditure in terms of that kind of digital communication would be our website. You'll have seen from the report that we renewed our website last year, and we spent around £50,000 on that project.

[409] **Neil Hamilton:** Thank you very much.

[410] **Nick Ramsay:** Rhianon Passmore has a very quick question.

[411] **Rhianon Passmore:** Very quickly in terms of the time, we've covered a number of key risks in terms of work streams, frameworks and savings around budgets. What is your perspective in terms of collaborative working, for instance, with Care and Social Services Inspectorate Wales? Have you got a view on that?

[412] **Mr Rowlands:** We work very closely with a whole range of inspectorates. We've got a very close relationship with education inspectorates across the UK, but also across Europe. We had a very successful conference in Cardiff, with 20 different countries coming to us. So, we exchange information and share good practice with education inspectorates. But, within Wales, we work very closely—in fact, we have an umbrella organisation with CSSIW, the Wales Audit Office and Healthcare Inspectorate Wales, Inspection Wales. So, we work very closely with them on different inspections. The particular project you're referring to, I think, is the joint work that we are doing with CSSIW about having joint inspections of non-maintained settings that provide education. Currently, they have a care inspection from CSSIW and an education inspection from ourselves. So, that project, like any project that isn't entirely in your own organisation, has a certain amount of risk attached to it. But I'm looking forward to working with the new chief inspector of CSSIW and I'm very confident that that will roll out. We've already done several pilot inspections and we've had Arad, as an external consultant, to evaluate that pilot. So, we're looking forward to the evaluation and also to moving forward with a new chief inspector of CSSIW.

[413] **Rhianon Passmore:** Thank you.

[414] **Nick Ramsay:** Oscar, did you have a quick question?

[415] **Mohammad Asghar:** Yes. Thank you very much, Chair, and thank you very much, Meilyr, for the wonderful good work that you're doing. But the fact is, you've put in your report here on improving the lay inspectors—peer inspectors are improved from 200 to 1,000. You've increased that number—a wonderful job. But the criteria to employ them is an educational background, which I think should be changed to people with entrepreneurial skills. They should also be involved with it. Would you consider that in future? Because that's what we need in the future—Lord Sugar and people like them to be—.

[416] **Nick Ramsay:** Will you consider Lord Sugar in your deliberations?

[417] **Mr Rowlands:** As you probably know, we do have lay inspectors. Every school inspection has a lay inspector. So, that's deliberately for the purpose of people who don't have an educational background. So, we train those people and they're part of the inspection team.

[418] **Nick Ramsay:** Okay. I'd like to thank you and I'd like to hire Rhun ap

Iorwerth for the last question or two.

[419] **Rhun ap Iorwerth:** I've done mine already.

[420] **Nick Ramsay:** Oh, you're done? Oh, excellent—okay, ahead of time. Can I thank our witnesses for being with us today, Phil Sweeney and Meilyr Rowlands? That's been very useful. We'll send you a copy of the transcript for you to make any alterations if you think it's not accurate. Thank you for being with us today—most helpful.

16:52

**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.

[421] **Nick Ramsay:** I propose, in accordance with Standing Order 17.42, that the committee resolves to meet in private for item 7.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 16:53.

The public part of the meeting ended at 16:53.