



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

# Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cyllid](#)

[The Finance Committee](#)

08/02/2017

[Agenda'r Cyfarfod](#)  
[Meeting Agenda](#)

[Trawsgrifiadau'r Pwyllgor](#)  
[Committee Transcripts](#)

## Cynnwys Contents

- 5 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau  
Introductions, Apologies, Substitutions and Declarations of Interest
- 5 Papurau i'w Nodi  
Papers to Note
- 5 Y Bil Anghenion Dysgu Ychwanegol a'r Tribiwnlys Addysg (Cymru):  
Sesiwn Dystiolaeth  
Additional Learning Needs and Education Tribunal (Wales) Bill:  
Evidence Session
- 37 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
- 38 Briff Technegol: Awdurdod Cyllid Cymru  
Technical Briefing: Welsh Revenue Authority

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

Mike Hedges <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Steffan Lewis <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru The Party of Wales
Eluned Morgan <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Nick Ramsay <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig Welsh Conservatives
Mark Reckless <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	UKIP Cymru UKIP Wales
David Rees <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Simon Thomas <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)

**Eraill yn bresennol**  
**Others in attendance**

Dyfed Alsop	Cyfarwyddwr Cyflawni ACC, Llywodraeth Cymru WRA Implementation Director, Welsh Government
Alun Davies <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Aelod Cynulliad, Llafur (Gweinidog y Gymraeg a Dysgu Gydol Oes) Assembly Member, Labour (The Minister for Lifelong Learning and Welsh Language)
Claire McDonald	Rheolwr Rhaglenni Cyflawni ACC, Llywodraeth Cymru WRA Implementation Programme Manager, Welsh Government

Tania Nicholson	Pennaeth Rhaglen Ddeddfwriaethol Anghenion Dysgu Ychwanegol, Llywodraeth Cymru Head of Additional Learning Needs Legislative Programme, Welsh Government
Jo Ryder	Rheolwr Prosiect Pobl ACC, Llywodraeth Cymru WRA People Project Manager, Welsh Government
Emma Williams	Dirprwy Gyfarwyddwr, Is-adran Cymorth i Ddysgwyr, Llywodraeth Cymru Deputy Director, Support for Learners, Welsh Government

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

Bethan Davies	Clerc Clerk
Gemma Gifford	Dirprwy Glerc Deputy Clerk
Owen Holzinger	Y Gwasanaeth Ymchwil The Research Service
Cath Hunt	Dirprwy Glerc Deputy Clerk
Georgina Owen	Clerc Clerk
Christian Tipples	Y Gwasanaeth Ymchwil The Research Service
Katie Wyatt	Cynghorydd Cyfreithiol Legal Adviser

*Dechreuodd y cyfarfod am 09:00.*  
*The meeting began at 09:00.*

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

[1] **Simon Thomas:** Galwaf y **Simon Thomas:** I call the Finance Pwyllgor Cyllid i drefn. Diolch yn Committee to order. Thank you very fawr. Croeso, bawb, i'r cyfarfod. A much. I welcome everyone to the oes yna unrhyw ymddiheuriadau? meeting. Are there any apologies? Ocê, rydym ni'n disgwyl pawb mewn Okay, we expect everyone in time. amser. A gaf i atgoffa pawb fod Could I remind everyone that cyfieithu ar y pryd? Mae'r cyfieithu ar translation is on channel 1 and sianel 1, a lefel y sain ar sianel 0. Er amplification is on channel 0. Even ein bod ni mewn ystafell wahanol, nid though we're in a different room, yw hynny'n newid. Os gwnewch chi that hasn't changed. If you could just dawelu unrhyw ffônau, iPads a put any phones or iPads on mute. phethau felly. Awn ni ymlaen, felly, ar We'll move on, therefore, to our gyfer holi'r Gweinidog ar y Bil scrutiny session with the Minister on Anghenion Dysgu Ychwanegol a'r the Additional Learning Needs and Tribiwnlys Addysg (Cymru). Educational Tribunal (Wales) Bill.

09:01

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

[2] **Simon Thomas:** A gaf i ofyn i'r **Simon Thomas:** Could I just ask Aelodau jest nodi cofnodion y Members to note the minutes of the cyfarfod a gynhaliwyd ar 2 Chwefror? meeting held on 2 February? Pawb yn hapus? Diolch yn fawr. Everyone content with that? Okay, thank you very much.

**Y Bil Anghenion Dysgu Ychwanegol a'r Tribiwnlys Addysg (Cymru):**  
**Sesiwn Dystiolaeth**  
**Additional Learning Needs and Education Tribunal (Wales) Bill:**  
**Evidence Session**

[3] **Simon Thomas:** I droi at y **Simon Thomas:** I turn therefore to tystion, felly, a'r Gweinidog, Alun the witnesses and the Minister, Alun Davies. A gaf i'ch croesawu chi i gyd Davies. Could I welcome you all to i'r pwyllgor a jest gofyn ichi ddatgan the committee and just ask you to pwy yw eich swyddogion a'u state your names and roles for the

swyddogaethau ar gyfer y cofnod, os gwelwch yn dda? record, please?

[4] **Gweinidog y Gymraeg a Dysgu Gydol Oes (Alun Davies):** Diolch yn fawr, Gadeirydd. Alun Davies, y Gweinidog dysgu gydol oes, a gyda fi y bore yma mae Emma Williams a Tania Nicholson, sy'n rhan o dîm y Bil yma.

**The Minister for Lifelong Learning and Welsh Language (Alun Davies):** Thank you very much, Chair. Alun Davies, Minister for lifelong learning. With me today I have Emma Williams and Tania Nicholson, who are part of the Bill team.

[5] **Simon Thomas:** Diolch yn fawr iawn. Fel y dywedais i, rydym ni'n craffu ar y Bil Anghenion Dysgu Ychwanegol a Thribiwnlys Addysg (Cymru), ac yn edrych, wrth gwrs, yn benodol ar oblygiadau cyllidol y Bil. A gaf i ofyn yn gyntaf, felly: mae'r memorandwm esboniadol sydd gyda'r Bil yn disgrifio'r Bil fel un sy'n symud o broses gyfredol sydd yn fiwrocrataidd ac yn gostus i broses sy'n fwy llyfn, a bod yna arbedion yn cael eu hamlinellu yn y memorandwm esboniadol? A ydych chi felly wedi cael eich gyrru i lunio'r Bil yma drwy'r ffaith eich bod chi'n arbed costau?

**Simon Thomas:** Thank you very much. As I said, we'll be scrutinising the Additional Learning Needs and Educational Tribunal (Wales) Bill, and we'll be looking specifically, of course, at the financial implications of the Bill. Could I ask you first, therefore: the explanatory memorandum with the Bill describes the Bill as one that moves from a process that is bureaucratic and costly to a process that's smoother, and that there will be savings that are outlined in the EM? Have you therefore been driven to draw up this Bill by the fact that you are making cost savings?

[6] **Alun Davies:** Ddim o gwbl. Mae'r Bil yma yn cael ei yrru trwy'r weledigaeth o newid y system bresennol. Rydym ni eisiau gweld system sydd yn gweithio ar gyfer y bobl sy'n dysgu a'r bobl sydd angen dysgu, a phobl sy'n dysgu gydag anghenion arbennig. Felly, os ydych chi eisiau i fi ddisgrifio amcan y Bil yma, mi fuasai fe i drawsnewid y profiad o ddysgu i bobl gydag anghenion arbennig. Felly, nid ydw i

**Alun Davies:** Not at all. This Bill is driven by the vision of changing the current system. We want to see a system that works for the people who teach and the people who need to teach, and people who are learning with additional needs. So, if you want me to describe the objective of the Bill, it would be to transform the experience of learning for people with additional needs. So, I don't want to see this being seen as a way

eisiau gweld hyn yn cael ei weld fel rhyw ffordd o arbed arian. Nid ydw i eisiau iddo gael ei weld fel rhyw ffordd o newid y system er mwyn arbed arian. Beth rydw i eisiau gweld yw bod y Bil yma yn cael ei weld fel rhywbeth sy'n trawsnewid y system ac yn newid y profiad o ddysgu.

of saving money. I don't want it to be seen as a way of changing the system just to save money. What I want to see is that this Bill is seen as something that transforms the system and changes the experience of learning.

[7] **Simon Thomas:** Mae'r Bil, wrth gwrs, ar ei ail wedd, fel petai. Mae wedi cael ei drafod mewn ffurf ddrafft yn y Cynulliad blaenorol, ac wedi cael ei ailgyflwyno nawr yn ei ffurf derfynol. Faint o waith ychwanegol o ran y costau a'r cyllid a oedd angen ei wneud rhwng y ddwy ran, fel petai, o'r Bil? A ydych chi wedi gorfod ail-lunio'r costau yn sgil ffigurau mwy diweddar?

**Simon Thomas:** The Bill, of course, is in its second draft. It's been discussed in draft form in the previous Assembly and has been reintroduced now in its final form. How much additional work in terms of costs and finance needed to be done between the two forms of the Bill? Have you had to re-draft or re-draw the costs in terms of recent figures?

[8] **Alun Davies:** Yn amlwg, rydym ni wedi ailystyried y *regulatory impact assessment*, ac os ydych chi'n cymharu'r *regulatory assessment* sydd gyda chi y bore yma, mi fydddech chi yn gweld ei fod e'n eithaf gwahanol i'r rhai yr ydym ni wedi gweld yn y gorffennol. Mae hynny oherwydd ein bod, wrth gwrs, wedi newid y Bil. Nid yw'r Bil presennol, y Bil a gafodd ei gyhoeddi ym mis Rhagfyr—ddim y Bil drafft a gafodd y Cynulliad y llynedd, neu'r flwyddyn gynt, y cyfle i'w drafod ydyw. Felly, ydym, rydym ni wedi edrych ar y RIA ac rydym ni wedi adeiladu ar y gwaith a wnaethom ni o'r blaen.

**Alun Davies:** Clearly, we have reconsidered the *regulatory impact assessment*, and if you compare the regulatory impact assessment that you have before you this morning, you'll see that it's quite different to the ones that we've seen in the past. That's because we've changed the Bill. The current Bill, the Bill that was published in December, isn't the draft Bill that the Assembly saw last year. So, yes, we have looked at the RIA, and we have built on the work that we did previously.

[9] A gaf i gymryd gwaith Deloitte fel enghraifft, felly? Mi wnaeth

May I take Deloitte's work as an example, therefore? Deloitte

Deloitte dadansoddiad o'r costau sydd ynghlwm â'r math o newidiadau yr ydym ni eisiau gweld yn y Bil. Mae lot fawr o gostau Deloitte wedi'u hamcangyfrif o'r costau staffio. Felly, rydym ni'n gallu newid y costau hynny yn ddigon rhwydd. Rydym ni'n gallu 'uprate-io' y rhain, a deall ble ydym ni. Ond nid yw hynny ddim yn ddigonol, oherwydd yr ydym ni wedi newid y system a newid y strwythur hefyd. So, beth rydych chi'n gweld yn yr RIA yw rhai costau sydd wedi cael eu 'uprate-io', ac wedi hynny, rydym ni'n gweld y strwythurau newydd, ac oherwydd y strwythurau newydd, rydych chi'n gweld dadansoddiadau newydd hefyd.

undertook an analysis of the costs related to the kinds of changes that we want to see in the Bill. Deloitte predicted that a lot of staff costs would be involved, so we have changed those costs, and we can uprate these and understand where we are with those. But that's insufficient, because we have changed the system, and we have changed the structure as well. So, what you see in the RIA are some costs that have been uprated, and then we see the new structures, and because of those new structures, you see new analyses as well.

[10] **Simon Thomas:** Roedd yna—ac rydych chi wedi ei gylchredeg i'r pwyllgor, neithiwr—gamgymeriadau cyfrif, cawn ni ddweud, yn yr RIA, rhai ohonyn nhw'n golygu *double counting*, rhai yn symud ffigurau o *table* i *table* ac ati. Mae hynny ynddo'i hunan yn newid yr arbedion cyffredinol i lawr o £3.5 miliwn i £3.1 miliwn, rwy'n meddwl. A fedrwch chi esbonio wrth y pwyllgor—wel, yn gyntaf oll, a ydych chi nawr yn hyderus bod y ffigurau'n gywir, ac yn ail, wrth ail-newid ffigurau cyfanswm yr arbedion, a ydych chi nawr yn hyderus fod y cyfanswm dros y cyfnod sydd cael ei gyfro gan yr asesiad yn un dilys ac yn un cadarn?

**Simon Thomas:** There were—and you did circulate it to the committee last night—counting errors, shall we say, in the RIA. Some of them meant double counting, and some moved figures from one table to another and so forth. That, in itself, does change the general savings down from £3.5 million to £3.1 million, I think. So, could you explain to the committee—well, first of all, whether you are now confident that the figures are correct, and secondly, in changing the figure for total savings, and whether you are now confident that the total for the period covered by this assessment is a valid and robust one?

[11] **Alun Davies:** Ydw, a dylwn i ddechrau drwy ymddiheuro i'r pwyllgor, wrth gwrs, am y

**Alun Davies:** Yes, and I should start by apologising to the committee, of course, for the error. There was one



camgymeriad. Un camgymeriad oedd, ac roedd hynny wedi arwain at sawl amcangyfrif sydd wedi cael ei wneud ar gam oherwydd y camgymeriad.

error, and that led to several estimates being made incorrectly because of that initial error.

[12] Nid ydym ni, wrth gwrs, jest yn cyhoeddi'r RIA ac wedyn yn gadael iddo fod; rydym ni'n adolygu'r RIA fel yr ydym ni'n symud ymlaen, a thrwy'r broses o adolygu'r RIA, mi wnaethom ni weld bod yna gamgymeriad wedi cael ei wneud, ac oherwydd hynny, ysgrifennais i at y prif bwyllgor sy'n delio â'r Bil yma ddoe i ymddiheuro am hynny ac i sicrhau bod gyda'r pwyllgorau'r wybodaeth ddiweddaraf sydd, yr wyf i'n meddwl, yn gadarn. Felly, i ateb eich cwestiwn, Gadeirydd, mi fuaswn i'n dweud, ydw, rwyf i yn credu bod y ffigurau yma yn gadarn ac yn ffigurau yr ydych chi'n gallu dibynnu arnyn nhw. Rydym ni, trwy ysgrifennu at Lynne Neagle, wedi ei gwneud yn gwbl argyhoeddedig o'r camgymeriad a goblygiadau hynny. Felly, rydych chi wedi gweld ffigurau newydd, ac rwy'n mawr obeithio y bydd y ffigurau hynny yn ffigurau cadarn.

But, of course, we're not just publishing the RIA here and then letting it be; we review the RIA as we move forward, and throughout the process of reviewing the RIA, we saw that an error had been made, and because of that, I wrote to the main committee dealing with this Bill yesterday to apologise for that and to ensure that the committees have the latest information, which I believe is robust. So, to answer your question, Chair, I would say that, yes, I do believe that these figures are robust and that they are figures that you can depend upon. We have, in writing to Lynne Neagle, convinced her completely with regard to the error and its implications. So, you have seen new figures, and I very much hope that those figures will prove to be robust ones.

[13] Ond a gaf i ddweud hyn hefyd? Fel mae'r broses ddeddfu a chraffu yn y Cynulliad yn mynd yn ei blaen, rydym ni'n edrych ar y dogfennau sydd yn cefnogi'r Bil—yr *explanatory memorandum*, yr RIA, a phethau felly—a fy mwriad i yw eu cadw nhw o dan sylw a'u hadolygu nhw fel y mae'r broses yn mynd yn ei blaen. Rwy'n disgwyl i'r broses o sgrwtineiddio, fel ei fod yn mynd

But may I say this as well? As the legislative and scrutiny processes of the Assembly go on, we look at the documents that support the Bill—the explanatory memorandum, the RIA, and other documents—and it's my intention to keep them under review and to review them as the process goes on. I expect that the scrutiny process, as it progresses, will lead to further change to the Bill, and I

ymlaen ar hyn o bryd, arwain at newid eto yn y Bil, ac rwy'n croesawu hynny. Ac oherwydd hynny, mi fydd yn fwriad gen i ail-adolygu'r RIA unwaith eto, siŵr o fod dros yr haf.

welcome that. And because of that, my intention will be to review the RIA once again, probably over the summer.

[14] **Simon Thomas:** Ocê. Mae cyfanswm yr arbedion sy'n cael ei amlinellu yn yr asesiad o gwmpas y £2.2 miliwn o arbedion dros gyfnod yr asesiad, os wyf i'n cofio'n iawn. Felly, er bod yna newid wedi bod yn y tablau a'ch bod chi'n dweud mai un camgymeriad a oedd yno a oedd wedi cael sgilleffeithiau ac wedi bwrw ymlaen drwyddo, rydych chi'n hyderus bod y ffigur *global* yna o arbedion yn dal yn un dilys.

**Simon Thomas:** Okay. The total savings outlined in the assessment are about £2.2 million over the assessment period, if I remember rightly. So, even though there has been a change in the tables and you have said that one error had had knock-on effects, you are confident now that that global figure for savings is still valid.

[15] **Alun Davies:** Ydw.

**Alun Davies:** Yes.

[16] **Simon Thomas:** Ddoe, gwnaethoch chi gyhoeddi pecyn o arian ar gyfer y maes gwaith yma, sef £20 miliwn, rwy'n meddwl, ar gyfer anghenion dysgu ychwanegol. A ydy hynny'n arian ychwanegol i dalu am y Bil yma, neu a ydy hynny—? Ym mha ffordd y mae'r gwaith yna i fod i gael ei ddarllen gan y pwyllgor ochr yn ochr â'r RIA?

**Simon Thomas:** Yesterday, you announced a package of funding for this area of work, namely £20 million, I think, for additional learning needs. Is that additional funding for this Bill, or is it—? In what way is that work supposed to be read by the committee alongside the RIA?

[17] **Alun Davies:** Mae'n arian ychwanegol, ond nid yw jest ar gyfer y Bil yma. Fel y buasai'r Aelodau yn ymwybodol, mae'r Bil yma yn rhan o broses o drawsnewid, a beth rwyf i wedi treial canolbwyntio arno yn ystod y drafodaeth rydym wedi ei chael yw ein bod ni'n treialu trawsnewid y system. Ac, fel rhan o

**Alun Davies:** It's additional funding, but it's not just for this Bill. As Members will be aware, this Bill is part of the process of transformation, and what I have tried to focus on during the discussions that we've had is that we want to transform the system, and as part of that, I've pledged and have made a clear

hynny, rwyf i wedi addo ac rwyf i wedi gwneud ymrwymiad clir i'r Cynulliad y byddem ni'n ariannu'r newid. Nawr, mae'r newid yn mynd y tu hwnt i'r Bil. Mae'r Bil yn rhan o'r broses, nid y broses yn ei chyfanrwydd. Felly, beth rydym ni'n treialu ei wneud yn y pecyn o £20 miliwm yma yw sicrhau ein bod ni'n buddsoddi yn y bobl, buddsoddi yn bennaf yn y bobl, *actually*, ond hefyd sicrhau ein bod ni'n gallu ehangu a dyfnhau, os ydych chi'n leicio, y fath systemau ag sydd gyda ni. So, mae'r arian yn newydd, ond rwyf eisiau gwneud yn glir: er bod yr arian yma'n newydd, mae rhan o'r arian yn rhan o'r £100 miliwn mae Kirsty Williams wedi ei ddatgan yn barod ar gyfer addysg. So, mae'n rhan o'r gyllideb addysg.

commitment to the Assembly that we will be funding the changes. Now, the changes do go beyond the Bill. It's part of the process, but not the process in its entirety. So, what we're trying to do in this new package of £20 million is to ensure that we invest in people, and invest mainly in the people, truth be told, but also ensure that we can expand and strengthen, if you like, the kind of systems that we have. So, the funding is new, but I want to make it clear that even though this is new funding, part of the funding is part of the £100 million that Kirsty Williams has already announced for education. So, it's part of the education budget.

[18] **Simon Thomas:** Reit. So, mae'r £20 miliwn yr ydych wedi'i gyhoeddi—nid yw'n £20 miliwn newydd yn yr ystyr ei fod eisoes wedi cael ei gynnwys yn y £100 miliwn gan yr Ysgrifennydd Cabinet, ond mae yn cael ei fwriadu, nid yn gyfan gwbl, ond ar gyfer pwrpas y Bil yma. A ydych chi mewn sefyllfa heddiw neu mewn nodyn nes ymlaen i ddweud wrth y pwyllgor faint o'r £20 miliwn yna yn fras rydych chi'n ei ddisgwyl i hwyluso gweithrediad y Bil yma dros gyfnod yr RIA?

**Simon Thomas:** Right. So, the £20 million that you've announced—it's not new £20 million in the sense that it's already been included in the £100 million by the Cabinet Secretary, but it is intended, not entirely, for the purposes of this Bill. Are you in a position today or in a note later on to tell the committee how much of that £20 million broadly do you expect to facilitate the implementation of the Bill over the RIA period?

[19] **Alun Davies:** Mae hanner yr £20 miliwn yn arian sy'n bodoli yn barod. Mae hanner yn arian newydd o rywle arall yn y gyllideb addysg. Fe

**Alun Davies:** Half of that £20 million is funding that already exists. The other half is new funding from somewhere else in the education

allaf ysgrifennu at y pwyllgor gyda manylion sut rydym ni yn mynd i wario hynny yn fwy manwl nag sydd yn y datganiad ysgrifenedig. Ond mae amboutu hanner ohono yn edrych ar y broses o drawsnewid, ac wedi hynny i adeiladu capasiti y tu mewn i'r system i sicrhau ein bod ni'n gallu delifro ar ein hamcanion ni a'n gweledigaeth ni. Felly, mae £20 miliwn yn fwy nag efallai roeddwn i'n meddwl y gallem ni ffeindio, i fod yn gwbl onest gyda chi, ar ddechrau'r broses yma, ond mae'n meddwl bod gyda ni nawr y math o gyllideb a'r math o adnoddau a fydd eu hangen arnom ni nid jest i newid y system a delifro ar amcanion y Bil, ond i drawsnewid y system hefyd.

budget. I can write to the committee to give details of how we are going to spend that funding in more detail than we have in the recent statement. But about half of it looks at the process of transformation, and then to build the capacity within the system to ensure that we can deliver on our objectives and our vision. So, £20 million is more than perhaps we thought that we could find, to be honest with you, at the beginning of this process, but it does mean that we now have the kind of budget and the kind of resources that we will need not just to change the system and to deliver on the objectives of the Bill, but to transform the system as well.

[20] **Simon Thomas:** Mae'n amlwg bod diddordeb y pwyllgor yn benodol nid gymaint yn y pwnc achos mae hynny yn rhywle arall, ond yn y ffaith bod yna adnoddau digonol i sicrhau a gwireddu bod y ddeddfwriaeth yn gweithio, ac felly mae unrhyw wybodaeth ychwanegol y medrwn chi ei rhoi i ni ynglŷn â sut mae'r £20 miliwn yma yn mynd i hwyluso a chefnogi'r ddeddfwriaeth yn mynd i fod o fudd i'r pwyllgor.

**Simon Thomas:** Evidently, the committee's interest is not so much in the subject because that lies somewhere else, but the fact that there are sufficient resources to ensure that the legislation does work, so any additional information that you can give us in terms of how this £20 million is going to facilitate and support the legislation is going to be of benefit to the committee.

[21] **Ms Williams:** We're happy to write to you as we develop those plans, and it's important to recognise that we'll be working very closely with partners in the sector to develop the detail underlying it. But at the moment we have a broad view that we can share in a letter to you, and then come back to you as things develop as we work with the sectors involved.

[22] **Simon Thomas:** That would be appreciated. Diolch yn fawr. David Rees.

[23] **David Rees:** Can I pick up a point? Your letter yesterday indicates that £10 million is from the additional £100 million for the school standards, and the other £10 million was from the existing budgets. Therefore, am I right in saying that this money was actually included in the budget process and you suddenly realised that the additional learning needs Bill was going to cost you a bit more than you thought, and therefore you've had to find that money?

[24] **Alun Davies:** No, it doesn't mean that. What it means—. We've got the overall budgets in our belts, as you appreciate, and what we're seeking to do is to deliver this Bill not just in a technical sense of delivering technical change to the system, but changing the way that learners with additional learning needs experience education, and that is a far richer objective than simply technical change. And what we've debated and discussed as part of the overall £100 million for school standards is to look, then, at where our priorities lie, if you like, as a Government, and this is one of our priorities. As a consequence, we are investing around £10 million from that overall funding that will enable us to fast-track some elements of change, but also to invest in more fundamental change. What excites me is not just the systemic changes that we're making, but the cultural changes that we're making. I'll write to the committee with more detail about this, but what you see is a lot of investment in people: investment in teaching staff, investment in people to enable learners to learn and to learn of the support that they require and need and that meets their requirements.

[25] **David Rees:** I understand that—

[26] **Alun Davies:** So, this is that cultural change as well as that technical change.

[27] **David Rees:** I totally understand that, but considering that the draft budget was laid and the time at which this Bill was laid, clearly that information would have been known at that point in time. So, I would assume, therefore, that you underestimated the costs of the Bill when it was actually laid, because you now recognise that, as we've got some evidence from consultations, this is going to cost a lot more than you originally thought.

09:15

[28] **Alun Davies:** No, that is not correct, and that would not be a correct assumption. The numbers that we have in the RIA, as I said with the amendments that we've made, I consider to be robust, and they were published at the time of publication of the Bill. What we're seeking to do is not simply to deliver the technical change outlined in this Bill, but a wider transformational programme that delivers cultural change within the system. And that is a far, far more ambitious process than simply delivering on this piece of legislation. And I think I have tried to explain in wider debates on this Bill that, yes, we need to make the systemic changes, but we need to go much further. And what this additional fund has enabled us to do is to go much further, and to deliver the whole of the transformational programme and not just this particular piece of legislation.

[29] **David Rees:** So, I get from that that the additional £20 million isn't necessarily for the Bill.

[30] **Alun Davies:** It's to deliver wider transformational change.

[31] **David Rees:** I think I've got the—

[32] **Simon Thomas:** Which is why we're keen to see what part of that £20 million will be set aside for the Bill in itself, and what might be part of a wider programme.

[33] **Alun Davies:** What you'll see in that is a focus on training, and a focus on investment, and a focus on investment in people, and the workforce that will deliver this change, because, whilst we believe that, by moving away from statements with a confrontational approach to examining, understanding and developing plans for learners with additional needs, we will create savings in the system, the purpose is to enrich and enhance their experience of education. That's our purpose, and to do that, you don't just make the legislative statutory changes; you have to make a change to the way in which teaching is delivered in the classroom as well. And that wider transformational programme is a key element of what we're seeking to achieve. And that will cost—. What we're looking at is £20 million in this Assembly, but what I said before to the committee examining this Bill is that I would expect that transformational project to go beyond 2021, to beyond the life of this Assembly.

[34] **Simon Thomas:** We'll hopefully get some more detail on that as we come to it. Mike Hedges.

[35] **Mike Hedges:** On the £20 million, is that all revenue, and is it profiled, or is it £5 million a year over the next four years?

[36] **Alun Davies:** It's all revenue and it is being profiled at the moment.

[37] **Mike Hedges:** So, it will be different amounts in different years. When will that profile be available?

[38] **Alun Davies:** When I write to the committee.

[39] **Simon Thomas:** So, it will be part of that letter—

[40] **Mike Hedges:** It will be part of that letter, the profile of it. That is helpful. As you said previously, this is continuing when the Bill goes through, and it may well be different to the Bill that's currently before us, and the regulatory impact assessment may be different. Will you be publishing an up-to-date RIA after Stage 3 of the Bill, before Stage 4, or after Stage 2 and before Stage 3, or both?

[41] **Alun Davies:** Both.

[42] **Mike Hedges:** That's helpful.

[43] **Alun Davies:** But let me say this and let me go further than simply that very bald answer, if you like: I don't want to bludgeon this Bill through. I don't want to win a vote. What I want to do is to produce and to deliver an excellent piece of legislation, and I want to deliver transformational change, and that means that I'm talking to opposition parties at the moment about what their concerns are. I'm not looking at Government going to committee and trying to use a notional majority in order to win votes. I'm looking at a consensual process, which will seek to identify what change is needed, and will identify what change is required in order to deliver an excellent piece of legislation. So, the changes that I've mentioned, and the reviews that I've mentioned, will not take place in single blocks, but will take place over time.

[44] **Mike Hedges:** Much as I have plenty of views on the ALN Bill, this is unfortunately not the place to raise them. This is solely on the financial part of it, and what I want to know is how we can follow the financial changes, so that we know exactly how it's coming through. The other question is: how much will go to local authorities and how will it be distributed to local

authorities—by formula, by a formula based upon the number of people with additional learning needs, or some other way?

[45] **Alun Davies:** I'll ask Emma to come in on some elements of that, but can I just say—? In answer to your earlier point on how the committee will be kept informed of this, where there are changes made to the RIA, I'm quite happy to inform committee of that at the time those changes are made, so that you will be aware of the evolving process, as we go through the legislative process. I'm very happy to keep committee abreast of those developments.

[46] **Mike Hedges:** Thank you.

[47] **Ms Williams:** Just to pick up on the distribution issue, yes, a certain element of the funding will go to local authorities to support the work that they need to do to help them to support schools and other partners to move children on to IDPs from current statements and other plans. Our current thinking there is to keep the bureaucracy at an absolute minimum in relation to that, to develop a formula-based allocation. Our thinking is probably not to use data on current SEN levels, because one of the reasons that we're seeking to legislate is that we know that that differs in terms of different approaches and different policy applications in different local authorities. So, potentially, on a population-type basis, but we'll work with finance colleagues within local authorities to find a fair distribution method and keep it to a minimum in terms of bureaucracy—no large-scale application process and funding where we see it being needed.

[48] **Mike Hedges:** I wish you good luck in finding something that all 22 local authorities think is fair, because what works for Rhondda Cynon Taf and Blaenau Gwent doesn't necessarily work for Ceredigion and Gwynedd. We also know, don't we—I'm straying slightly outside our area—that some local authorities statement substantially more than others. The last time I saw it, the variation between the Vale of Glamorgan and Swansea was something like a factor of four. Do you see a problem? If you're just putting in the basic amount going out, those who've got lots of children statemented will lose out, and those with very few will have a windfall, a bit like what happened with the mental handicap strategy.

[49] **Ms Williams:** You're absolutely correct to say that the numbers, particularly around statementing, vary hugely, which is why we wouldn't necessarily seek to use those numbers in an allocation, but look more



generally at other factors such as overall population of young people covered by the age range in the Bill, and so forth, rather than those current statementing factors, for the very reasons you quote.

[50] **Alun Davies:** And we will, of course, be consulting on the implementation over the coming months. Can I just say, in order just to give a fuller answer—? There are particular areas—for example, the transfer of funding to local authorities for further education placements—where we need to take decisions. At the moment, we have a budget available for that with Careers Wales. We will need to transfer that budget and then we need to take decisions. Do we ring-fence it? Do we simply put into the RSG? Now, I have no view on that at the moment, and I want to have that conversation with people, but I do have worries, quite honestly, because if you ring-fence a particular amount of money, that ring fence could end up being a cap and we don't want that. So, I think we need to have a conversation with local government about the sorts of financial structures that enable all local authorities to receive the sorts of resources they need. But, of course, one of the objectives of the Bill is to remove the inconsistencies that Mike has quite rightly identified.

[51] **Simon Thomas:** Mark Reckless.

[52] **Mark Reckless:** Minister, you said you'd been talking with opposition parties about how to improve the Bill. Who have you spoken to?

[53] **Alun Davies:** The opposition leads.

[54] **Mark Reckless:** The spokespeople from all parties and—

[55] **Alun Davies:** From the Conservatives and Plaid Cymru.

[56] **Mark Reckless:** But not from UKIP.

[57] **Alun Davies:** Not from UKIP, no.

[58] **Mark Reckless:** Thank you for putting that on the record.

[59] **Alun Davies:** That's my view.

[60] **Mark Reckless:** Your view? Or a statement of—

[61] **Alun Davies:** A statement of fact, yes.

[62] **Mark Reckless:** Right, a statement of fact. But you said it's your view. Do you view it as inappropriate or not worthwhile to talk to the UKIP spokesman? Can I just ask a bit more about your thinking around that?

[63] **Alun Davies:** I speak to the opposition spokespeople who I believe are making the most positive input into the process of legislation.

[64] **Mark Reckless:** Okay. I'll alert our spokesperson to your comments and assessment of their abilities; thank you.

[65] Can you explain a bit further about what you said about transformation carrying on beyond 2021 in terms of its financial implications? Does that imply further transitional costs beyond those identified in the RIA?

[66] **Alun Davies:** I think it does imply that, yes. I think we need to look at the process. When we have the final Bill—when we have the Act—then we will also have an implementation programme, of course, and we will have a means of delivering that wider transformational programme. So, we're going to begin consulting on implementation over the coming months. I will make statements on implementation before consideration of this Bill is complete so that Members will have the opportunity to scrutinise us, not simply on the statute—the legislation—but on how we seek to implement it as well. Our current RIA and the current funding commitments we are making are for the period of this Government of this Assembly; I have a commitment to have a power to make. And I will be seeking to look then, when we have the implementation plan in place, to review and to look beyond 2021.

[67] **Mark Reckless:** Can we assume that there will be a budget placed into the 2021–22 financial year for which you will need to budget before the end of the Assembly term?

[68] **Alun Davies:** We will take a view on that at an appropriate time.

[69] **Mark Reckless:** How confident are you that the £7 million figure is appropriate for grant funding and what, if any, contingency has been put in around your estimating process?

[70] **Alun Davies:** We're confident of the numbers that we have available to

us. Clearly, the process that I've sought to describe is one where we have sufficient funding available, to enable us not just to deliver the transition arrangements in delivering the Bill, but also the wider transformational process, which changes the way that we deliver education for people with additional needs. One of the conversations we had before you arrived was on the £20 million that I've made available to deliver on that wider change programme, and I hope that by ensuring that we have funds that are over and above that which we felt we needed at the beginning of this process, then we will achieve more, be able to achieve more more quickly, and be able to invest in real change more quickly. So, at the moment, I'm confident that we have the numbers available to us and that we have the funding and resources available to us, but, clearly, if in future years it becomes apparent that we need additional funding, then I've got no issue at all with seeking that additional funding.

[71] **Mark Reckless:** You said before that you didn't want a—I don't remember the precise adjective, but it was something like you didn't want any sort of onerous grant application process. I think you were talking, at the time at least, in respect of local authorities. Can I clarify whether that means that local authorities won't need to apply, or simply that you're planning not to make that an onerous process? And can I ask you: what about other bodies that are eligible for grants? Will they need to apply?

[72] **Alun Davies:** My current thinking is that we wouldn't want local authorities to have to go through an application process, but that we will distribute it to local authorities, dependent on their needs and their requirements. But, as I say, we're looking at the moment at an implementation process and I'm willing to listen to what people tell us during that process. So, what I wouldn't want to do is to say to the committee that, you know, we're consulting on implementation in the future, but, actually, we've already taken a lot of these decisions. That's not the situation we're in. I instinctively don't want to go through an application process, because that, I think, would be more difficult. It would create greater bureaucracy.

[73] **Mark Reckless:** Are you saying that just with reference to local authorities, or does that also apply to other organisations that may be eligible for it?

[74] **Alun Davies:** I'm talking specifically about local authorities. However, we also know that we have further education institutions, we have Estyn, and we have health boards and the rest of it. So, we need to look at how we

deliver sufficient—

[75] **Mark Reckless:** Do you expect those bodies to have to make a grant application?

[76] **Alun Davies:** I wouldn't anticipate that, no.

[77] **Mark Reckless:** Okay. And can I ask about the £2.6 million? I think you've estimated that as the cost for other organisations. What steps have you taken to minimise that burden?

[78] **Alun Davies:** We will ensure that the funds are available in order to deliver on the process. However, we believe that we will see sufficient savings through the process, which will enable us to meet those commitments. I will also say to you that the £2.6 million cost was identified prior to my announcement yesterday. So, I would anticipate and expect that yesterday's announcement will cover much of that £2.6 million, and if there are residual amounts required, then clearly, we will look at that and look at trying to deliver sufficient resources on the basis of that. But the £2.6 million figure has been superseded now by my announcement yesterday.

[79] **Mark Reckless:** Thank you for that clarification, Minister. Can I ask, finally from me, about the costs and savings identified in the RIA? How do you propose to monitor those and ensure that, where appropriate, they're—

[80] **Alun Davies:** I'm sure that this committee will have a role in doing so as well.

[81] **Mark Reckless:** Indeed.

[82] **Alun Davies:** Let me say: I think it is important that we monitor how we deliver legislation. I'm aware that a colleague Minister is now reviewing a piece of legislation that I took through the previous Assembly—the control of horses Act—and I think that's the right thing to do. I think we had that conversation at the time. I gave an undertaking that we would review the operation of that legislation—

09:30

[83] **Simon Thomas:** And that this committee would be looking at it.

[84] **Alun Davies:** And that this committee would be looking at it now. So, I think it's right and proper that we review legislation, both in practical, technical terms—is it working as it should have worked; is it delivering in the way that we hoped it would—and then a richer examination of how it's actually changed the culture of organisations and delivery. So, clearly, we have monitoring within Government, within all the different public bodies available to us. We know that we will be able to monitor expenditure and keep a very close check on expenditure and understand how that will work. I'm ensuring as well that we put in place mechanisms and process to understand cause and effect, so, what is actually leading to changes in expenditure. I want to do that rather than simply look at overall numbers and take guesses at what's happening in the system. So, I would anticipate and expect both the overall democratic processes plus professional, full-time officials working to deliver a monitoring system that works as part of our implementation. And I'm very happy to report to the committee at the conclusion of scrutiny of this Bill how we propose to do that and take that forward. I'd be very happy for this committee to continue its work, post legislation, to look at how it's being delivered as well.

[85] **Simon Thomas:** Can I just ask for clarity, really—? Because there were several answers you gave, I think both to Mike Hedges and Mark Reckless, around the different regimes—grant, potentially. I appreciate you're consulting but what I think we're interested in as a committee are the costs of delivering the outcomes of the Bill and how they will be met. I think you've suggested in your most recent answer that the £20 million that you announced yesterday will cover, at least for the period of this Assembly, the costs of the Bill as such, because you just said the £2.6 million additional costs that other organisations face are covered in your announcement yesterday. So, I think you're proposing that the Bill itself is now cost-neutral for other organisations and local government within the period of this Assembly. There may be other costs afterwards, which we can't yet identify. So, is that now—? If that is the case, and I see assent, but you can confirm it on the record if you like—.

[86] **Alun Davies:** Yes.

[87] **Simon Thomas:** If that is the case, the delivery mechanism for supporting organisations in those costs—it strikes me you're still not clear whether that will be a grant-based regime or just a distribution according to a formula, or a mix of both. Are you saying that you haven't yet decided on that?

[88] **Alun Davies:** My approach to this is coloured by my experience on the Finance Committee, actually. I remember, in the 2007 Assembly, we did a number of inquiries on the costs associated with grants in education. You might remember some of that work. I was very taken; I thought the committee did a great job on some of that and identified some real unnecessary bureaucracy and some real unnecessary complexity in the system. That colours my approach today. As a consequence of that, I have my own instinctive approach to these things, which I tried to explain in answer to questions from Mark Reckless, which would be that we would make things as simple and as straightforward as possible—that I don't foresee application processes, for example. But what I'm trying not to do at the same time is to pre-judge the consultation that I'm embarking upon over the coming months. So, 'yes' in direct answer to your question about the cost-neutral over this Assembly. But also, let's go further than that and look at how we can work with the different public bodies and other stakeholders in order to deliver a system that is very simple, very straightforward, and is focused on the individual and not focused on the system.

[89] **Simon Thomas:** Okay. David Rees.

[90] **David Rees:** Thank you, Chair. I'm just trying to get my head around this concept. You now have found additional money to ensure it is cost-neutral, but the original RIA indicated there were savings available, which meant that it technically wasn't cost-neutral, it was actually beneficial. Are we now in a situation where there are no savings, there is no benefit, because you've said now that, actually, it's cost-neutral?

[91] **Alun Davies:** There are two issues here, which are becoming interlinked in the committee's discussion, okay?

[92] **David Rees:** Well, I need that clarified for me.

[93] **Alun Davies:** One is the technical delivery of the legislation and the changes to the system, which enable those changes to take place, yes? The other is the wider transformational programme of which technical changes are but a part. What we're seeking to do is to focus our funding on the wider transformational process. As we change the system, as the RIA states, we do foresee some savings to different bodies. However—however—because this element of the wider transformational process shouldn't be taken in isolation and shouldn't be taken in isolation from the overall transformational

programme, which will not be cost-neutral or which won't be about savings—it's about changing the system—then we're not looking at savings in the way of releasing additional resources and cash to a local authority to do other things with, for example. What we're doing is seeking to streamline the system to invest those savings back in the system to deliver transformational change. So, if you isolate the different elements of this programme, then you don't get the full picture. But we deliver the Bill, we deliver the legislative change, we deliver a new statutory system—that will create some savings, as outlined in the impact assessment; those savings are then reinvested in a wider transformational programme, which has now seen additional investment from Government.

[94] **Simon Thomas:** And, just to be clear, that wider transformational programme has costs associated with it.

[95] **Alun Davies:** Yes, yes, yes.

[96] **Simon Thomas:** So, that's the cost bit that we're looking at.

[97] **Alun Davies:** Yes, yes, yes. It has significant costs associated with it, which is why we're putting that funding in. So, what we're not seeking to do is to push this Bill through simply in order to drive savings in the system. What we're trying to do is to change the system and that's a much, much wider change that we are required to make. And that is not cost-neutral. It is not about saving money: it's about investing in some of the most vulnerable people in our society and we are making additional funds available to do that.

[98] **David Rees:** Now I understand that you're now talking about transformational change for which this Bill is a vehicle, which forms part of that transformational change, and the consequential of that transformational change is the costs you identified, and, therefore, in a sense, without this Bill would that transformational change take place? Probably not. So, there are implications and consequences as a result of all that. You've identified the £3 million. We now have the figures. I actually need a bit of time to re-look at that because it just landed on there this morning as I came in. But can I ask for clarification, then? Because in the Children, Young People and Education Committee there were concerns about whether the costs would be actually met because there weren't sufficient resources to deliver. I'm assuming that the additional money now ensures that the transitional resources that were discussed and raised as concerns at that committee are now being

addressed. Is that right?

[99] **Alun Davies:** Well, I certainly hope so. It's clearly for the committee to take that view rather than for me. But I would certainly hope that those concerns are being addressed. But let me give you an example of what I meant by those savings: because we're changing the system, streamlining the system, making it more simple, many of those savings would be savings in staff time. That doesn't mean that you're going to have fewer staff. What it means is that you've got staff who are able to do more and are able to change their focus on what they're doing, moving out of the back office, if you like, administering a rather cumbersome process, and spending more time at the sharp end ensuring that we're delivering excellence in education. This is not a means of driving savings, but a means of driving change. That's absolutely fundamental to what this Bill is.

[100] **David Rees:** I understand that, and I'm fully for the change we're talking about because the number of constituents I get indicating the difficulties they've had in actually getting their child supported though this are quite large. That's what worries me a little bit about the costs issue, because there are a lot of children perhaps who aren't in the system at this point in time that this Bill will hopefully get into the system, which means there are going to be increased costs associated with staff at that point. They might not be doing some of the paperwork that this Bill stops them doing, but they'll be doing a lot of other work with other children. So, I'm not convinced necessarily that the savings would be there in that sense. Can I ask the question as to—? Are you intending to pilot this scheme in any form of parallel system, in other words run the existing system and the new system simultaneously, and, if so, has that been taken into consideration when you looked at the costs?

[101] **Alun Davies:** That's exactly why we're consulting on the implementation. I think there are arguments on both sides. I haven't taken a formal view on that yet.

[102] **David Rees:** But have they been taken into consideration in the costs at this point in time?

[103] **Alun Davies:** The costs are outlined, aren't they?

[104] **Ms Williams:** Yes. It's probably worth mentioning that we do have authorities that are already implementing or have implemented substantial



amounts of what we're proposing within the Bill. So, for example, Carmarthenshire, as a local authority, has adopted, pretty much across the authority, the fundamental principles that are outlined in the Bill. They've been able to demonstrate that (a) they can deliver the support and individual development plans in the classroom within their existing resource and that they can release resource through things like a reduction in the number of cases going to tribunal. That is actually genuinely creating savings. We can put a cash term on that, but, in actual fact, those cash savings relate to the number of hours of specialist staff time that were being devoted to responding to complaints and to appeals. Those staff, of course, still exist, but they're now able to do something that is much more focused on supporting children and learners in classrooms and colleges and in supporting families and ensuring that families understand the process and understand the decisions that have been made about them. So, we do have, if you like, a live-case study that has developed from the very early pilot and action research work that underpinned the development of the key concepts, such as IDPs and person-centred practice.

[105] **David Rees:** And, on that study, have you done an analysis of the costs and time involved in actually setting it all up? Because if we're going to go for a system that is not parallel and you're going to implement it across Wales then what are the implications for training and development, preparation, of that?

[106] **Ms Williams:** There was evaluation of some of the initial action research pilot programmes that we took into account, as we then developed further the proposals, and that looked at some of those implications and, for example, resulted in the investment that has already been made in materials and support for training people to use person-centred practice, for example. So, some of that work has already happened—the groundwork is there. Where we were clear that, actually, practices and principles that underpin the Bill were good and worked to the benefit of children and young people, regardless of legislative change, that investment has already been made and PCP is being rolled out across the country now.

[107] **David Rees:** And, because we are looking at the financial aspects of this Bill rather than the policy aspects, can you clarify as to, in that pilot, whether you have identified any possibilities of future savings in some future benefits that may be gained from this that you haven't already considered in your RIA?

[108] **Ms Williams:** I think they're considered within the RIA, because the RIA does set out the potential for reduction in disputes and tribunal cases and things like that.

[109] **David Rees:** But you haven't identified anything different from the RIA—something hasn't appeared that you hadn't considered.

[110] **Ms Williams:** Not that I'm aware of.

[111] **Alun Davies:** Can I say—? In terms of what we're seeing at the moment in Carmarthenshire, as a consequence of implementing a new dispute avoidance and resolution process, Carmarthenshire has reduced costs by over £15,000 a year. The reduced cost of appeals itself is around £60,000 a year, but the authority has employed a family support worker at a cost of just under £55,000 a year. So, the net saving is around £15,000 a year. Whilst individual local authorities might work in different ways, which is their right and it is proper to do so, what that demonstrates is that you make sufficient savings in one part of the system in order to invest in another part of the system, and that is certainly what we're anticipating and expecting to see.

[112] **David Rees:** And have we seen an increase in the number of people and pupils who have actually come through the system as well in Carmarthenshire?

[113] **Alun Davies:** Yes, yes.

[114] **David Rees:** Okay.

[115] **Simon Thomas:** Nick Ramsay.

[116] **Nick Ramsay:** Just on that point, for clarification, you rounded up that session of questions and you started by talking about the Carmarthenshire example. So, to be clear on this, you are anticipating that there will be—. Certain authorities, like Carmarthenshire, have already implemented a lot of this, so there won't be a cost involved, but you're also anticipating then further savings through efficiencies that they're making in the system, are you?

[117] **Alun Davies:** We're moving away from a very confrontational system to a system that's person-centred. By doing that, we take a lot of costs and complexity out of the system. So, simply by doing that, Carmarthenshire has

reduced its costs by around £75,000 or £70,000 a year. But that isn't a simple net cash saving, because they've invested elsewhere and that means the net saving is actually reduced, but what it means is that more resources are being taken out of the administration of conflict and more resources are being put into the delivery of education, and that's what—

[118] **Nick Ramsay:** Are you anticipating that continuing into the future? Is that a one-off or are you factoring that in—? I'm just trying to get my head around exactly how solid the figures are in this space.

[119] **Alun Davies:** Well, that would be a recurrent saving, so that would continue. But, in terms of—. Different local authorities will take different decisions, depending on their circumstances, and I would expect and anticipate that other local authorities will see savings in that order, or relatively in that order, according to their size.

09:45

[120] **Nick Ramsay:** What if the other local authorities actually end up with higher costs than anticipated?

[121] **Alun Davies:** I don't anticipate that.

[122] **Nick Ramsay:** Okay. Moving on. Can I just ask you about the statutory plan, and the plan to increase—it's been touched on anyway—the number of learners entitled to a statutory plan by 94,000, and the risks involved with that? Do you anticipate that increased expectations from learners who would not currently be entitled to a statutory plan, but would do under the proposal of the Bill, could lead to additional costs that haven't been taken into account?

[123] **Alun Davies:** Those learners are already in the system. Most of those people are already in school at the moment, or in education at the moment. Those people—those pupils and students—should be receiving support from their education providers. At the moment, we've got a statementing system that all of us as Members will have had reason to understand as part of our constituency work—all of us will have seen casework around that. We know that that is a system that is rooted in conflict, which has caused extraordinarily difficult times for many, many families. Many families have had to campaign and work hard, year after year, to get their children, if you like, the sort of support that they need in their education. We're moving away

from that, and that IDP process will be open to everybody. We're not taking the English system where you just confine it to a particular cohort. We're making it available to everybody, so that everybody's different needs will be recognised, and that they will be delivered for within the education system.

[124] By moving away from that, I hope that we are releasing resources in the way that we've already described. But we're also enabling support to be delivered in a more coherent way. So, we don't expect, and we don't anticipate, that we will be increasing costs, but we do anticipate that we will be moving to a very different system, and I think a system that will be welcomed on all sides of the Chamber.

[125] **Nick Ramsay:** Will it raise expectations?

[126] **Alun Davies:** I hope so.

[127] **Nick Ramsay:** And, so, if it does raise expectations, then surely, there is a danger—I won't say 'danger', but a corollary then—that that could, in turn—. At the moment, those people might be in the system, but they're not covered by the statutory plan. Once they're covered by the statutory plan, surely then, they will think, 'Right, there's a plan covering me'. That will raise their expectations and they can make more demands, if you like, on the system. Surely that's going to lead to additional costs.

[128] **Alun Davies:** Not necessarily, because we're changing the system and moving away from that confrontation. So, in totality, I hope we'll see a very different system. But to answer your direct question of whether that will increase expectations, I hope it will. I really hope it will. I hope that children and young people who have additional needs will have the expectation that they will be treated with equity and with fairness and that their needs will be met, and they will be able to have as rich an education experience as the child sitting next to them. So, yes, let's increase people's expectations, let's make sure there's—

[129] **Nick Ramsay:** There's no point doing it otherwise, is there, if you're not going to raise expectations.

[130] **Alun Davies:** Let's make sure that people have the highest possible expectations of the educational system. It would break my heart if people thought we could make all this change and nothing will change at all—'Don't have high expectations because we won't be able to meet them.' That isn't

the purpose of this change at all. The purpose of this legislation, and why I keep coming back to this in answer to Dai Rees, is not simply about technical change to a statutory system, but transformational change and cultural change to the system as a whole. So, we will have those statutory plans available. They will deliver consistency, because the point that Mike made earlier about the inconsistency of statementing in different parts of the country means that we don't know if some people are having their needs met—but we do know that some people aren't. We can be pretty sure about that. So, let's look at how we have a consistent system across the country that's able to meet everybody's needs and their expectations.

[131] **Eluned Morgan:** I'd like to ask you about the transfer of funds from Welsh Government to local government. I quite understand your concerns about not ring-fencing, because that might give the impression that there's a cap. But if you were to find that the delivery varied very significantly from county to county, what tools would you have available to you if you didn't have ring fencing? Is there any mechanism where you could force them in some sense to devote the money that you would expect them to, to address this issue?

[132] **Alun Davies:** The distribution sub-group is considering some of these issues at the moment, and they will report and I will listen to what they say, clearly. The ultimate sanction, of course, is through a tribunal. People will have the right to go to tribunal in order to release those funds to enable the person to receive the education that they require, or the funding for that education that they need. I'm looking at delivering the funds to local government to enable them to take those decisions. What I don't want is a cap or a fixed budget; we want to have a demand-led, if you like, budget, whereby everybody who requires a placement, a specialist placement, in further education, will be able to have that delivered for them, irrespective of the funding issues. Clearly, if that is not delivered by individual local authorities, then people will have the right to go to a tribunal, but I don't see us arriving in that very confrontational place. We know that local authorities are already working with further education institutions in order to deliver specialist provisions and to increase the local options available to people. So, we know that that change, if you like, is already beginning to take place.

[133] **Eluned Morgan:** Those tribunals—people have statutory rights to social care at home as well, or—. There are other pressures on local government. My concern is that we've seen a patchwork; we've seen really varied approaches across Wales in terms of how local authorities are responding to

specific special educational needs. How, without ring fencing, will this be different?

[134] **Alun Davies:** The delivery of an IDP up to 25 will mean that a learner's additional needs are understood and recognised throughout their educational experience, and the purpose of an IDP is to enable that planning to take place. The consistency that you've identified and that Mike has identified earlier is absolutely crucial and key to that, as is portability, of course, of an IDP. So, we're consulting at the moment and we're publishing a code next week on these things and how we implement these matters, and we will need to consider where we do have a template for an IDP, and how tight or prescriptive that is going to be. But we will have portability, and we will have consistency; we know that. What I seek to do then is to ensure that we deliver to local government the resources that we believe each individual local authority will require. We will then need to have that conversation with local government about resources, and we'll need to have that conversation about ring fencing and about how it's delivered, and that is a conversation that we will be having with local government. My instinct—which goes back to earlier conversations about not having an application process—is not to have to a cap through ring fencing, but my instinct is to ensure that we do have those resources available to us. The direct answer to your question is, of course, that the IDP will drive those decisions.

[135] **Eluned Morgan:** There's no mandatory basis at the moment for each school to employ at least one SENCO—is that a correct assumption? I just wanted to make sure, in terms of the financing, that the formalisation of that SENCO person, who may or may not exist—just to understand the financing of that. So, at the moment you're assuming in the financing that that SENCO person exists, and that you will formalise it, but it may be that there are examples where they don't actually exist as a full-time position, for example.

[136] **Alun Davies:** Yes. I'm not aware of a school that doesn't have a SENCO—

[137] **Eluned Morgan:** A full-time SENCO, which is different.

[138] **Alun Davies:** Yes, it is different. Clearly Members may have different experiences; I accept that. The key issue facing us in the new role of the ALNCO is to ensure that they have continuing professional development and that they have the training available to them. That is what we're investing in and that's part of the expenditure of £20 million that we announced

yesterday. So, we do have an expectation that SENCOs are within the current system, but we also recognise that we need—not so much to fund new posts—but we do need to ensure that they do have the expertise that they require. And, of course, the Bill doesn't demand full-time ALNCOs; it doesn't make that demand on schools.

[139] **Eluned Morgan:** Can I ask you about that training? The majority of those transition costs are associated with this Master's level course and qualification. I just wonder if you could tell us what you expect in terms of delivery and change as a result of that qualification. How do we ensure that, if we are training these people up, they don't then take off to England and we lose those skills? Have we got any mechanism of tying them in to the system if we're investing so much money in them?

[140] **Simon Thomas:** Educational psychologists may come in to mind.

[141] **Alun Davies:** Yes. We haven't addressed that final issue. But can I talk about the Master's now, the qualification? In terms of the sort of qualifications and the experience required to be an ALNCO, it's going to be prescribed by secondary legislation. It's part of the code for the delivery of this programme. In order to enable Members to fully scrutinise the Bill itself, I will be publishing a draft code next week, which will enable Members then to look not just at the Bill itself that we have available to us today, but look at how we intend to deliver that Bill—what secondary legislation, what regulations and statutory instruments we would anticipate making under this legislation—which will enable Members to understand some of those answers to some of those questions. We will be setting out under regulation prescribed ALNCO qualifications and experience. We haven't made those regulations yet, but we will make them at the appropriate time and we will, of course, through the scrutiny process, I hope, be able to have a much wider conversation about the transformational programme that we're seeking to deliver.

[142] **Eluned Morgan:** Can you address the issue of ensuring that we get a return on our investment in the sense that we know that they will stay within the Welsh system?

[143] **Alun Davies:** We don't have any golden handcuffs, as it were. But we had a debate briefly, I think, in the Chamber yesterday or last week about the devolution of teacher's pay and conditions to this place, which is taking place, and it might well be that, as a part of that process, we may be able to

explore some of those different options. I have no strong views on that, but I would certainly want and anticipate that teachers who are qualified under this system will want to stay in Wales and practice and deliver on that. Let me say this: I know a number of people working in the health service—and Nick and Steffan might as well, in the same part of the world—who travel across the border from England into Wales to work because they feel more comfortable with what we're seeking to do in the health service here. I would hope and anticipate that, by having a system in Wales that enables teachers to teach and enables teachers to focus in on a classroom in a way that doesn't always happen across the border—that it would be a better environment in which to work, and that teachers would choose to stay and to work in Wales.

[144] **Eluned Morgan:** Yes. I just think that we have a responsibility to look after Welsh taxpayers' money, and England has a responsibility to look after English taxpayers' money. But, anyway, that's just an opinion. I just wonder if you could think about that as a—

[145] **Alun Davies:** We will consider those issues. Kirsty Williams has made a number of statements recently about the devolution of teachers' pay and conditions and certainly that's going to be an issue, but it would be an appropriate conversation to have at that time and I'd be very happy to join that conversation.

[146] **Eluned Morgan:** Okay. Can I just finally ask you about the link with the health boards? There's a suggestion that there will be three full-time positions across local health boards. Is that money going to be ring-fenced within the health boards? How does that work? Is that a mandatory role?

[147] **Alun Davies:** Certainly, it's a mandatory role, and that's one of the—

[148] **Eluned Morgan:** So, it effectively, then, is money that's ring-fenced; it's slightly different.

[149] **Alun Davies:** It's certainly a mandatory role, because one of the issues that the other committee—the Bill committee—has identified is the relationship between health and education. It was one of the debates that we had around, I think, a previous iteration of the Bill, and we've taken note of that. We've made some significant changes, I think, in the current Bill to accommodate those demands. There is an expert group on health at the moment, looking at these matters. I haven't seen a report from them. We



know that health boards are piloting at the moment, and if there is a need for additional resources, then that's something I can write to the committee to explain when we have further information from the expert group and from the pilots.

10:00

[150] **Eluned Morgan:** I just want to understand—it strikes me that, in terms of schools, it's demand led and driven by the individuals, but, by the time it gets to the health boards, I'm just wondering whether there is, effectively, a cap there.

[151] **Alun Davies:** There shouldn't be. This is an education Bill, and it deals with what happens in schools. That's why we're leading it in the way that we are. Now, we understand and appreciate that, within this sector, within this cohort of people, there is a strong and important link with the national health service and with the health boards in the delivery of health services in general. So, we've amended the Bill to take account of that, but it's not a health Bill, and it's not a Bill that is about changing the way that the health service itself operates. It's about improving and delivering on the co-ordination between the education system and the health service. Now, we're clearly aware—and you're absolutely right in your analysis—that there will be implications for health boards as a consequence of this legislation. We have established pilots to look at that, and those pilots—when we've seen their report; when we've seen their experience—will inform further decisions on it. At the same time, we expect and we anticipate that we should be able to, through the expert group on health, understand those implications in far greater depth than we do, possibly, today. So, I will be looking at those issues, and if there are any changes that we will need to make—and I've already said to the Chair that any changes that we need to make to the regulatory impact assessment will be reported to this committee—we can certainly do that in terms of implications for the health service as well.

[152] **Simon Thomas:** David, do you want to come in quickly?

[153] **David Rees:** Just a couple of quick points. On the last point, I think, I look forward to your details in relation to the health board issues because I think we all know that child and adolescent mental health services are a major problem, and know of the difficulties many of our families face in actually getting assessments. I don't think one day per week is going to actually deliver what we need, but I'll wait for your figures on that. I just want

to ask a question on the £9.3 million for the transitional period for the Master's element of the ALNCOs. I just want clarification: does that include costs for cover for the individuals? Because anyone undertaking a Master's needs time and needs the ability to develop it. It's just not simply the course; it's the support and the cover they require to actually allow them to take the time for that programme. Does it include those costs?

[154] **Alun Davies:** Yes, it does.

[155] **David Rees:** Okay. I just wanted to clarify that.

[156] **Alun Davies:** But also, on your earlier point, the DECLO role is that of a co-ordination role; it's not about the delivery of health services. Okay?

[157] **David Rees:** I still think, because of the problem, we're going to have more than a one-day-a-week job.

[158] **Alun Davies:** But it's a co-ordination, strategic role. It's not about the delivery of health services, and that's not what we're seeking to fund here. I just wanted to clarify that.

[159] **David Rees:** But that might be longer if the system was working well. There's a problem if the system is not working well.

[160] **Simon Thomas:** That might be something that the other committee will be taking a harder look at. Steffan Lewis.

[161] **Steffan Lewis:** Two very brief questions. Can you just clarify that you will be releasing the ALN code next week, did you say?

[162] **Alun Davies:** We're seeking to publish it next week, yes.

[163] **Steffan Lewis:** Okay, thank you for that. In terms of changes to the code and how it will be implemented, how have you assessed the additional costs—if any—from implementation of the code, in differences and changes to the code?

[164] **Alun Davies:** The code that's being published next week will inform the parliamentary scrutiny of the Bill through its legislation processes. The code that's published next week is a document that is published for information. The final code will depend on the shape of the final Act, and the

code itself, which will become statutory guidance, will of course be subject to its own parliamentary processes and its own scrutiny at that time. So, we will be able, at that time, to have that conversation, that debate. But the code that we're publishing next week is an aid to scrutiny. It isn't the code that we would expect to become law consequent to this Bill becoming law and receiving Royal Assent.

[165] **Steffan Lewis:** Okay, thank you.

[166] **Simon Thomas:** Ocê. Jest cwestiwn olaf gen i, achos, wrth ateb Eluned Morgan, rwy'n meddwl, roeddech chi'n dweud bod hwn yn system sy'n cael ei arwain gan alw—*demand led*. Mae hynny yn codi aeliau'r Pwyllgor Cyllid. Mae'n codi gwallt yr Ysgrifennydd Cabinet dros gyllid, mae'n siŵr, i glywed am unrhyw system sy'n *demand led*.

**Simon Thomas:** Okay. Just one final question from me, because, in responding to Eluned Morgan, you said that this is a system that is led by demand. And that does raise eyebrows. It raises the hair of the Cabinet Secretary for finance to hear about any demand-led system.

[167] **Alun Davies:** Rwy'n gwybod.

**Alun Davies:** I know.

[168] **Simon Thomas:** Y prif arf sydd gyda chi i reoli cost yn y fan hyn yw eich amcangyfrif y bydd 94,000 o ddysgwyr ychwanegol yn cael eu cynnwys yn y system. Os ydych chi wedi cael y ffigur yna yn anghywir ac os yw'n is, wel, iawn, mae yna arbedion, ond os ydych chi wedi cael e'n anghywir o safbwynt bod y nifer yn uwch, bydd y costau yn dechrau rhedeg mas o drefn. Felly, pa mor hyderus ydych chi bod y ffigur yna yn ddilys ac yn ffordd ddibynadwy o reoli costau o dan y Bil?

**Simon Thomas:** The main tool that you have to control costs here is to estimate that 94,000 additional learners will be included in the system. If you've got that figure wrong and if it's lower, then fine, there are savings, but if it's wrong in terms of the figure actually being higher, then the costs will run out of control. So, how confident are you that that figure is the right one and is a dependable way of controlling costs under the Bill?

[169] **Alun Davies:** Y ffigur o 94,000?

**Alun Davies:** The figure of 94,000?

[170] **Simon Thomas:** Ie.

**Simon Thomas:** Yes.

[171] **Alun Davies:** Rwyf i yn meddwl ei fod e'n ddilys. Efallai y dylwn i fod wedi defnyddio'r gair 'angen' yn lle gair arall. Ond pan fyddwn ni'n sôn am y bobl sydd angen y gefnogaeth, a'r arbenigwyr i gynnig a sicrhau eu haddysg nhw, rydym ni'n gwybod amdany'n nhw ac rydym ni'n eu hadnabod nhw. Maen nhw yn y system yn barod. Felly, nid wyf yn gweld ein bod ni'n mynd i weld cynnydd mawr yn y rhai sydd angen y math o gefnogaeth ddwys, arbenigol rydym ni'n gwybod amdano ar hyn o bryd. Rydym ni hefyd yn gwybod—

**Alun Davies:** I do think that it is valid, and maybe I should have used the word 'need' instead of the other word. But when we are talking about the people who need support, and the experts to ensure and secure their education, we know them and we know about them. They're in the system already. So, I don't see that we are going to see a huge increase in the number of those who need that kind of intense support from experts that we know about at present. We also know—

[172] **Simon Thomas:** Ond rydych chi'n cynnwys pobl newydd yn y system yma, nid y rhai dwys ond y rhai mwy eang.

**Simon Thomas:** But you're including new people in this system, not the intensive cases, but broader ones.

[173] **Alun Davies:** Ie, ond dyna ateb y cwestiwn rwyf i wedi'i ateb. Ond rydym ni'n ehangu'r system i'r rhai sydd angen mwy o gefnogaeth nad sydd ar gael ar hyn o bryd. Ond rydym ni'n hyderus ein bod ni'n gwybod faint o blant sydd ag anghenion arbennig, anghenion ychwanegol. Rydym ni'n meddwl ein bod ni'n gwybod hynny. Nid wyf i wedi gweld unrhyw ffigurau sy'n dweud ein bod ni wedi cael hyn yn anghywir. Nid wyf i wedi gweld unrhyw ffigurau sy'n cynnig ffigurau gwahanol—uwch neu llai. Felly, rwy'n hyderus iawn ein bod ni'n gwybod faint o blant, pobl ifanc sydd yn y system ar hyn o bryd, a beth rydym ni'n ei wneud yw ehangu'r

**Alun Davies:** Well, yes, but that's the question I already answered. But we are expanding the system to those who need more support than is available at present. But we are confident that we know how many children have special needs and additional needs. We think that we know how many of those there are, and I don't know of any figures that suggest that we've had this wrong or any other figures that suggest that figures should be higher or lower. So, I'm very confident that we know how many children and young people are in the system at present, and what we're doing is expanding provision for everyone.

ddarpariaeth i bawb.

[174] **Simon Thomas:** Ocê. Diolch yn fawr, felly, am y dystiolaeth. Byddwn, wrth gwrs, yn trosglwyddo trawsgrifiad ar gyfer cywirdeb i chi, ac yn adrodd ar y Bil maes o law. Ac mae ychydig mwy o wybodaeth, pan gewch chi'r cyfle, hefyd i ysgrifennu nôl at y pwyllgor amdani, a gobeithio, wrth i chi adolygu'r RIA, y byddwn ni'n cael y wybodaeth yna wrth i bethau fynd yn eu blaen. Diolch yn fawr iawn i chi felly am hynny.

**Simon Thomas:** Okay. Thank you very much for your evidence this morning. We will, of course, be sending you a transcript for you to check for accuracy, and we will be reporting on the Bill in due course. I think there's more information that you promised to send to the committee, and I hope, as you review the RIA, we will also receive that information as that progresses. So, thank you very much for that.

[175] **Alun Davies:** Diolch.

**Alun Davies:** Thank you.

### **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 gwahardd y cyhoedd o'r cyfarfod ar gyfer eitemau 5, 7 ac 8, yn unol â Rheol Sefydlog 17.42(vi).*

*that the committee resolves to exclude the public from the meeting for items 5, 7 and 8, in accordance with Standing Order 17.42(vi).*

*Cynigiwyd y cynnig.*

*Motion moved.*

[176] **Simon Thomas:** A gaf i ofyn i'r pwyllgor, o dan Reol Sefydlog 17.42, a ydych chi'n fodlon mynd i sesiwn breifat, yn benodol ar gyfer eitemau 5, 7 ac 8? Pawb yn hapus. Sesiwn breifat, os gwelwch yn dda. Diolch yn fawr.

**Simon Thomas:** May I ask the committee, under Standing Order 17.42, whether you're content to go into private session, specifically for items 5, 7 and 8? I see that everyone's content. We'll go into private. Thank you.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:08.  
The public part of the meeting ended at 10:08.*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 10:25.  
The committee reconvened in public at 10:25.*

### **Briff Technegol: Awdurdod Cyllid Cymru Technical Briefing: Welsh Revenue Authority**

[177] **Simon Thomas:** Croeso nôl, **Simon Thomas:** Welcome back to the felly, i gyfarfod y Pwyllgor Cyllid. Finance Committee meeting.

[178] Just to remind Members and everyone else that there are translation facilities available.

[179] Rŷm ni'n croesawu Dyfed Alsop a'r tîm o Lywodraeth Cymru, sy'n gyfrifol am sefydlu Awdurdod Cyllid Cymru. Diolch yn fawr am ddod atom ni. Os caf i atgoffa Aelodau mai swyddogion Llywodraeth Cymru, yn ffurfiol, sydd gyda ni ar hyn o bryd, ac nid, eto, yr awdurdod. Felly, dyma sesiwn friffio inni ddeall y broses o sefydlu'r awdurdod, ac nid sesiwn graffu, fel y cyfryw. Penderfyniadau'r Llywodraeth a'r Ysgrifennydd Cabinet yw'r rheini. Mae'n siŵr y cawn ni'r Ysgrifennydd Cabinet i mew'n ar gyfer y broses yna, maes o law, hefyd. Rydym yn mynd i gael cyflwyniad, rwy'n deall, ac, os ydych chi'n hapus, bydd Aelodau, efallai, yn gofyn cwestiynau wrth i ni fynd drwy'r cyflwyniad, fel mae pethau'n codi.

We welcome Dyfed Alsop and the team from the Welsh Government, who are responsible for establishing the Welsh Revenue Authority. Thank you for joining us. If I could remind Members that, formally, we have Welsh Government officials here and not yet the authority. So, this is a briefing session for us to understand the process of establishing the authority and not a scrutiny session, as such. Those are decisions for Government and the Cabinet Secretary, who, I am sure, will be coming in to discuss this process in due course. We will have a presentation, I understand, and, if you're happy, Members will ask you questions as we go through the presentation, as things arise.

[180] **Mr Alsop:** Buaswn i'n meddwl **Mr Alsop:** Yes, I think that'll be the  
mai hynny ydy'r peth gorau i'w best thing to do.  
wneud, ie.

[181] **Simon Thomas:** Diolch yn fawr **Simon Thomas:** Thank you very much  
am hynny. A wnewch chi, cyn for that. Before starting, could you  
dechrau, gadarnhau eich enwau a'ch just confirm your names and roles for  
swyddogaeth ar gyfer y Cofnod? the Record, please? Thank you.  
Diolch yn fawr.

[182] **Mr Alsop:** O'r gorau. **Mr Alsop:** Okay.

[183] My name is Dyfed Alsop. I'm the implementation director for the  
Welsh Revenue Authority.

[184] **Ms McDonald:** I'm Claire McDonald. I'm the programme manager for  
the implementation of the Welsh Revenue Authority.

[185] **Ms Ryder:** I'm Jo Ryder. I'm the project manager for the WRA people  
project.

[186] **Simon Thomas:** Croeso mawr I **Simon Thomas:** A warm welcome to  
chi i gyd, felly. Drosodd i chi. you all. I hand things over to you,  
now.

[187] **Mr Alsop:** Diolch yn fawr iawn. **Mr Alsop:** Thank you very much.

[188] Okay, so, I'm going to go through a brief presentation explaining  
where we're at in terms of the delivery of the WRA. It will have elements in it  
that will slightly go beyond what you've seen in the report from the Wales  
Audit Office, so it's more up to date than that. Please feel free to stop me as  
we go along, and I'll try and signpost it as best I can. I'll start off by just  
giving a bit of background, Jo will talk through some of the elements in  
terms of the recruitment and where we are on the people side of getting the  
organisation up and running, and then Claire will talk to you about guidance  
and our digital delivery.

[189] I'm not going to read out all of the bullet points from the slides, and  
some of this is obvious and you already know it. It's the first non-ministerial  
Government department, I believe, created by the Welsh Government, which  
makes it quite an interesting organisation in terms of its set-up. We

established a programme team in December 2015 and I joined the team in August of last year. We have a team with a variety of skills covering digital through to human resource-type skills and obviously experience of the tax legislation and, indeed, professionals helping to make sure that we have the right finance systems in place. So, it's a multidisciplinary team.

[190] Since the WAO review—. I think the WAO review actually refers to it; it talks about the fact that we were in the process of slightly changing the way that things were set up, so, since I joined, I've taken the approach of establishing four projects, breaking it down into the people side of what we need to do, again, making sure that we have the right people to run the organisation, and the digital services aspect to it, which includes making sure that we have the right data models and the right processes in place. Obviously, key and at the heart of what we're doing will be the finance systems that we have, so there's a particular project focused on that. And then there are the operational policy aspects—so, the guidance, et cetera.

[191] Then we have what I would expect to be best practice—a delegated model that has senior responsible officers for each of the specific projects, and that all reports up into the programme board. So, we have a co-ordinating programme that makes sure that all four projects are delivering as they go along, and that's supported by the clear reporting lines, as you'd expect, and accountability for each level of that.

[192] In terms of progress, I think, yes, we're on track, as the WAO report suggested. I don't think that situation has changed since then and I would still describe us as being on track. We're working alongside HMRC to hand over—or, they're handing over responsibility for the collection of stamp duty land tax. So, their side of the project is, in effect, turning things off and making sure that people then get directed from what were the legacy systems into the new WRA systems.

[193] 10:30

[194] And so, as an update, some of the recommendations of the WAO report had things around making sure that we had clear plans and making sure that we had a critical path so that we knew exactly what needed to be done and by when. We've completed those actions and I think we, as an approach, have developed clear, self-imposed timelines with some contingency in that, because I think my experience of delivering programmes is that you always have to expect the unexpected. Even when things go very



well, sometimes, that can also put you off track. So, we've tried to make sure that we've imposed, up to the November dress rehearsal, the idea of saying, 'Are we ready to go?' So, we will be giving ourselves several months beforehand to make sure that that's robust.

[195] **Simon Thomas:** You just mentioned a November dress rehearsal—you're getting close to pantomime season there—but what exactly will that be?

[196] **Mr Alsop:** Sorry, that was an unfortunate expression. In effect, what we're doing is just making sure that we're happy that the systems operate and we're giving ourselves four months before we have to then go live, should we need to make any modifications to the IT in particular.

[197] **Simon Thomas:** So, you'll actually be running the system in November for a week or two weeks or something like that. What will it be like?

[198] **Mr Alsop:** So, a couple of aspects to that. On the one hand, we will need to send information to HMRC, so we'll obviously check that that works and that they receive the information in the way that they expect it. So, there's that side to it. Then we'll have a number of scenarios. We've already developed scenarios for how the digital service should work, so we will be running those scenarios: what happens if somebody pays on time and if they pay by cheque. There are several of those. So, you would just be testing different scenarios and making sure that both the systems work and that we are clear about what the manual interventions would be—what people will have to do to effect the payment basically.

[199] **Simon Thomas:** Okay.

[200] **Mr Alsop:** So, I'll just give you a bit of an overview about what sort of an organisation the WRA will be. It will be relatively small, particularly in comparison to the scale of responsibility. My background is working in HMRC and latterly in the Valuation Office Agency, but tax offices are always very heavily leveraged—they collect an awful lot of money versus the size of the organisations, and that will be very much true in the case of this organisation. So, that makes it important that we get the right skills in place, so there will be the requirement for a number of niche sets of skills.

[201] I think I would particularly focus on four areas around expertise in designing and delivering digital systems and expertise on data, in fact,

because to get good services delivered to taxpayers, it is fundamental to understand the data that you hold and that you're collecting and managing it appropriately. There is also, I think, a clear need for there to be good skills in terms of, as you'd expect, tax compliance, which borders on legal-type skills: making sure that we're setting the appropriate precedence in terms of the taxes that we'll be delivering. Finally, there are what I would describe as strategic tax skills. There's a big difference between administering a tax system and running a tax system. We're setting up a HQ that will be running these two taxes in Wales, so I think there is a specific set of skills around that too.

[202] We will be aiming to be a digital first organisation. We're happy to talk a bit more about what that might look like as we go along. So, that's obviously part of what we'll be doing. It's vital that this new organisation delivers things smoothly and that we have a—. First impressions count, so as a small and new organisation, we want to make sure that, for our customers, they experience as little volatility and change as possible. So, that's one of the things that we're focusing on and I've already mentioned the importance of getting data right from the get-go. My experience has been that it's quite difficult after the event to then try and fix those sorts of problems.

[203] We're now at the stage, as you will all know, where there was an announcement on 3 February with regard to the location of the WRA, so we know where that will be. The headquarters will be in Treforest, with a presence in Aberystwyth and Llandudno. We will be starting the fit-out of Treforest shortly. We began the conversations, in fact, yesterday to talk about how that might happen, how fast we can get that to work, and we will be moving staff into the location before we go live, partly for the reasons of testing the systems out, but also starting to create the culture of the new organisation—a sense of people being together and ready to work together in delivering taxes in Wales.

[204] **David Rees:** Can I ask a question? You've identified your niche set of skills on the previous slide. Have you identified where those skills will be located, because you've got offices in Treforest, Aberystwyth and Llandudno? Are you therefore identifying which skills will be required at which location?

[205] **Mr Alsop:** Yes. So, the head office being in Treforest would mean that, particularly the focus of the four areas I mentioned as quite niche things, I would expect those to be located in Treforest. In terms of the locations in Llandudno and Aberystwyth, we're focusing on there being a mobile

presence—that is how perhaps I would describe that: making sure that we can get out and speak to customers and making sure that we can help people to migrate through to more digital channels. That's one of the things that I want us to be able to focus on doing and I would also expect customer-handling-type skills would be very important there.

[206] I think also that it's about being able to help people understand how the systems work because they will inevitably be somewhat different to the systems that they've been used to. So, just making sure that we're able to reach out—it's mostly agents that we'll be dealing with—and get out and do that. So, I think that's why we'd have a presence in Llandudno and Aberystwyth, but I would expect that to be something that's quite mobile and able to get out to customers—

[207] **David Rees:** So, the niche leadership-type skills that you identified earlier will all be based in Treforest.

[208] **Mr Alsop:** That's my expectation, yes.

[209] **Simon Thomas:** Nick Ramsay.

[210] **Nick Ramsay:** The kit-out of Treforest is commencing shortly. Is that a building that is currently being used for another purpose? What extent is the—?

[211] **Ms McDonald:** QED Centre in Treforest, which is currently occupied by ESNR, but not fully occupied.

[212] **Nick Ramsay:** And you're taking it over completely or—

[213] **Ms McDonald:** No.

[214] **Nick Ramsay:** I don't know the size of the building. It's a big building. Silly question.

[215] **Mr Alsop:** No, no. Just part of it.

[216] **David Rees:** What is ESNR?

[217] **Ms McDonald:** Sorry, the economic side of things under James Price.

[218] **Eluned Morgan:** Where are they going then?

[219] **Ms McDonald:** It's not fully occupied. It has four wings and they take up the four wings, but it's partial—

[220] **David Rees:** So, it's an existing Welsh Government building, is it?

[221] **Ms McDonald:** Yes, it is a Welsh Government building. We will take one arm of it.

[222] **Nick Ramsay:** So, you're going to push all of their desks into the rest of the building.

[223] **Ms McDonald:** Yes and there's space for that.

[224] **Simon Thomas:** Can I just ask about the non-Treforest bit of it, if you like? From your description, that's a customer-facing presence. Is that a physical presence in Aberystwyth and Llandudno? In other words, is it a member or two members—people—based there and being mobile from there, or is it people mobile from Treforest going to those places?

[225] **Mr Alsop:** The latter not, but the former might not be quite—. Sorry, it was a slightly convoluted explanation. So, I'm not expecting it to be people from Treforest who are then—

[226] **Simon Thomas:** Going to Aberystwyth for the day or whatever.

[227] **Mr Alsop:** No. It's possible, for example, that the mobile staff might actually be home based. So, it might be that somebody's in Corwen or Machynlleth or whatever, but they would be able to meet customers in Aberystwyth and Llandudno, but we would also be expecting them to be going out to meet customers in their own—

[228] **Simon Thomas:** So, again, using the Welsh Government offices.

[229] **Mr Alsop:** That's right, yes.

[230] **Simon Thomas:** Mike.

[231] **Mike Hedges:** You are aware that you aren't in the Swansea bay city region, aren't you? You're not in the Swansea bay city region at all. You're in

the south-east Wales region and you're in the mid and north Wales region. Swansea bay city region is excluded. The other question is: on Treforest, are you in Treforest or on Treforest industrial estate?

[232] **Eluned Morgan:** Industrial estate.

[233] **Mr Alsop:** Yes, that's the answer to the second question. It's where the QED building is. On your first question, my expectation is that we will be able to reach out to people across Wales. It's going to be a very small organisation; I don't think it's feasible for us to have multiple locations because with 35 or 40 people, it's not a very large organisation, but I will be expecting us to be able to reach out to people across Wales, including in the Swansea area.

[234] **Mike Hedges:** I'm not talking about the Swansea area; I'm talking about the Swansea bay city region, which is a defined area, which starts at the Preseli mountains and ends at Margam, taking in the current counties of Pembrokeshire, Carmarthenshire, Swansea and Neath Port Talbot. I'm just saying that with a population of approximately 800,000 people, which is getting on for a third of Wales, you haven't got a presence there. Are you aware of it?

[235] **Simon Thomas:** You are now. [*Laughter.*]

[236] **Mr Alsop:** I am now, yes. I think the best way of us covering that is to have people who can cover all parts of Wales in a mobile way, basically—that's what I'm getting at. I think we'll be a digital first organisation anyway, so, I think, for the most part, we expect that people will be dealing with us in a digital way.

[237] Okay, right, where are we? Location, so, public appointments. Jo.

[238] **Ms Ryder:** Okay. As you're probably aware, the application window for a chair for WRA and four non-executive members has now closed. We advertised these posts simultaneously to allow the skills and experience required on the board to be considered in the context of the board as a whole. Closing the chair post early is actually going to allow the successful candidate to be involved in the appointment process of the members of their board. We felt that was quite a unique opportunity for a chairperson, along with, obviously, building and establishing a new board for a brand new public body in Wales.

[239] We undertook quite extensive engagement before pulling together the candidate information pack, which I know that you've seen. We spoke to a lot of senior leaders, both in Wales and outside Wales. We've had conversations with organisations like Women in Tax, which is a network based in London but also across England. We spoke with equality organisations, such as Chwarae Teg and Women Making a Difference, and then just other organisations like Revenue Scotland and Natural Resources Wales to learn from their experiences of board recruitment.

[240] We are still mid process for all of the appointments, but we've been very happy with the number and the calibre of the applications that we have received for all of the posts. They've been regulated by the Commissioner for Public Appointments and we've had independent representation on the panel. As you'll be aware, the next step for the chair position is the pre-appointment hearing with yourselves next week.

[241] **Simon Thomas:** Next Thursday morning.

[242] **Ms Ryder:** Yes. So, in terms of the recruitment of staff, work in this area is under way. We're developing the organisational design of the WRA, some of which Dyfed has already mentioned, but this is continually being developed as we learn more about the kinds of processes that the WRA will be running, and understand the anticipated volumes of what it will be dealing with. We're reflecting this in our structure.

[243] We've identified key skill sets, as Dyfed mentioned, namely tax, legal, data and digital, and we're also considering what bilingual capacity we will need. Knowledge transfer from the existing programme team, I think, will also be key to ensuring a smooth transition from programme into delivery. We continue to have conversations with HMRC about utilising their experiences and expertise, and also conversations with Revenue Scotland now that they're fully into delivery.

[244] **Simon Thomas:** Just a couple of questions, I think, at this stage.

[245] **Mark Reckless:** You talk of knowledge transfer from the programme team. What provision is made in terms of secondments or if people wanted to move from the programme team to take up a permanent job in the WRA, so transferring benefits, et cetera? Are there any specific things that have been put in place there?

[246] **Ms Ryder:** Yes. Members of the programme team will be able to apply for roles within the WRA, and they'll be given the option of taking them up on a permanent transfer if that's what they wanted to do, or they could also move on loan to the WRA, which would then obviously mean that they could move back to Welsh Government.

[247] **Mark Reckless:** But that's for each individual to decide whether that's something they're interested in doing, rather than a proactive thing of looking for individuals who we might want to do that for the WRA, and asking them.

[248] **Mr Alsop:** I think we are proactive in making sure that we keep the skills. At the same time, I think it's important that we make it an interesting and exciting place for people to want to work in, rather than obliging them as well, so there's that balance. But we are making sure that for people who are developing the guidance, for example, our expectation would be that they would move into the WRA on the grounds that, obviously, that's knowledge that we fundamentally need.

[249] **Mark Reckless:** And the First Minister, if I understood him correctly in Plenary yesterday, was emphasising that a good number—I'm not sure whether he went as far as to say 'most', even—of the people with these specialist skills you've referred to are in London currently, and need to be persuaded to move from there. Is that the case?

10:45

[250] **Mr Alsop:** So, we haven't yet fully worked out all the recruitment that we will need to do and where everybody is, but I think there is certainly going to be an element of that. That's my situation. I was, up until six months ago, working in London for the Valuation Office Agency as part of HMRC. The opportunity to come back to Wales was one that was very exciting and interesting from my perspective. I think the sorts of skills, in terms of setting direction, in terms of how we will deliver taxes, the sort of digital agenda, the tax-strategy-type agenda, in terms of making sure that we have had a coherent approach to compliance of tax in Wales, those sorts of skills, if you looked at HMRC, they would tend to be in London. So, I think there will certainly be—and, indeed, I was speaking to somebody only two days ago in exactly those type of circumstances. Yes, I think that will definitely form part of it.

[251] **Mark Reckless:** And without wanting to intrude into your personal circumstances—please feel free to answer in general terms, as you prefer—becoming part of the programme board, in your case, overseeing this transition, how does that differ as a recruitment process for people getting involved in that compared to actually having a permanent role with the WRA?

[252] **Mr Alsop:** I think I've understood your question. In my circumstances, for example—it probably is the easiest thing to do—

[253] **Mark Reckless:** But only if you're comfortable discussing—

[254] **Mr Alsop:** Yes, it's probably easier to illustrate the point.

[255] **Nick Ramsay:** I think he means does your job continue—he's too polite to ask. [*Laughter.*]

[256] **Mr Alsop:** So, obviously, I've been loaned by HMRC to the Welsh Government for a period of three years. So long as Welsh Government want me to stay doing that and I wish to carry on doing that as well then there's no reason why I can't carry on working to support the introduction of the WRA. I suspect that would be typical of other people. It is a slightly unusual situation at the moment where the organisation doesn't exist yet, and it's quite difficult to recruit to a thing that doesn't yet exist. So, it is a little bit—. It's a bit like that, I'm afraid. Does that answer your question?

[257] **Mark Reckless:** Yes. If I may have one final question, Chair, so we then have the chair, who we're having here next week, and the rest of the board is appointed—is that board then taking the lead in recruiting everyone else in the organisation or is that operationally something that you're facilitating?

[258] **Mr Alsop:** In terms of recruitment of the wider organisation, that's something that we'll be taking forward within the programme itself. Obviously, the board will have a role in that. I believe that, for example, on the executive side, as opposed to the non-executive side—. So, the board roles that have been recruited to, the chair and the four non-executives, they're all non-executive roles. The chief executive role, I think, is also a ministerial appointment, as I understand. So, from there, you'd expect there to be, on the executive side as well—. They will be executing, as the name suggests, the recruitment processes and making sure that people are recruited to the organisation on time to deliver what we need to do.



[259] **Mark Reckless:** Thank you.

[260] **Simon Thomas:** I think several Members have got questions there. Don't worry, we'll just take them in turns. Nick Ramsay.

[261] **Nick Ramsay:** Mark Reckless's last question has kind of rolled into mine, to do with the chair, specifically. Back when I represented the committee on the embryonic meeting that was held—I think it was at the millennium stadium, when we were discussing all this, and that was in advance of the chair job being advertised. There was a discussion about—and I haven't seen the advert, the one out for the chair. There was discussion about how that chair would operate. Would it be a chair that would have skills in terms of setting up and running a new organisation, would it be temporary or long term, or would the chair be more hands on in terms of the financial acumen that he or she might have? What was decided in the end with that? As I said, with the advert that went out, what were the requirements? Is it someone primarily good at managerial experience or someone qualified in the tax area, financial area?

[262] **Mr Alsop:** Jo knows more about this than I do in terms of I haven't been involved in the recruitment process itself. But, from what I recollect, certainly the aspect of it being a new organisation features quite heavily in the advert. I think that is a prominent feature. It's a unique opportunity because it's a new organisation, and because it's quite a small organisation it's quite an interesting set of challenges. So, that will definitely feature in the advert process.

[263] **Simon Thomas:** And a strategic role, as I understand, as well.

[264] **Ms Ryder:** Yes, yes. Obviously, we will need that expertise on the board, but it's not something that we specifically requested in the chair post.

[265] **Nick Ramsay:** And can you—? I don't want to ask for too much confidential information, but, in terms of the applications you've had, are they more management orientated or are they more from the financial side of things, if that makes sense?

[266] **Simon Thomas:** We will get to see the Chair on Thursday morning—I'll just remind everyone. [*Laughter.*]

[267] **Mr Alsop:** I'm tempted to say 'watch this space'. I would just say that we had a significant number of applicants of very high calibre and a variety of skills. I think that's—.

[268] **Nick Ramsay:** The only reason I ask it is because you can have somebody who might be very good at managing a new organisation as important as this but might not necessarily be so gifted, if that's the right word, or qualified in the financial area and that might not matter. *[Interruption.]* Experience, that was the word I was looking for. Thanks for that. *[Laughter.]* Hedges, was it? Mike Hedges. Thanks, Mike.

[269] **Simon Thomas:** Steffan and David.

[270] **Steffan Lewis:** When the WRA is set up is it fair to assume, then, that none of the staff working for WRA will be people who currently live in Wales?

[271] **Mr Alsop:** No, not at all. I would expect there to be a variety. The programme team that we've just discussed, saying we want to make sure those skills move across, that we retain their knowledge, particularly retain their knowledge of Welsh taxes and the history of the WRA, they're already living in Wales at the moment, so—.

[272] **Steffan Lewis:** And they have expertise in tax? These are people with—  
.

[273] **Ms McDonald:** It's not just expertise in tax, there's data and digital services. They have expertise in those areas.

[274] **Steffan Lewis:** So, there are people with the skills that the WRA will need who are already in Wales and are ready to go?

[275] **Mr Alsop:** Already here, yes. That's part of it. I think that will also need to be augmented with additional recruitment, some of which will be from within Wales, some of it which will probably—like in my case—be from outside of Wales, I would have thought.

[276] **Steffan Lewis:** How does that affect how advertising would happen? Would there be some jobs you wouldn't bother advertising within Wales or—?

[277] **Mr Alsop:** No, I don't—.

[278] **Ms McDonald:** They'd probably be advertised across the civil service.

[279] **Steffan Lewis:** UK-wide?

[280] **Ms McDonald:** Yes, so they would be open to people to apply.

[281] **Steffan Lewis:** Okay, thank you.

[282] **Simon Thomas:** David.

[283] **David Rees:** Just a point about placements, you've identified—and following on—those individuals who have skills that are probably more likely coming from the outside of Wales, and more likely London, as we've been highlighting. As you've said, you're on loan. Secondments and loans, I know there's a subtle difference between the two, but is it likely, therefore, if we have three individuals with those skills required that they'll also be on loan or are these going to be permanent posts and that's the expectation?

[284] **Mr Alsop:** That's a good question. I don't know. I think—. [*Interruption.*] Yes, I think—. Sorry, the simple answer is that 'it will depend', I think. I suppose that all I would simply reflect is that in my experience of working in HMRC and in the VOA in London I work with quite a number of people who like me are originally from Wales and who know an awful lot therefore about tax from having worked for years and years in head-office type roles in HMRC in London. I'm hopeful that some of those people might decide, like I have done, that they would like to come back and share that expertise and knowledge in Wales and they may want to stay long term. That's an individual choice, I suppose.

[285] **David Rees:** But, as you've said, you're on loan, and I just want to make sure, if we're talking about people on loan, we end up developing the skills we require to take them when they go back off loan.

[286] **Mr Alsop:** Yes. That's one of the challenges we need to face and sort out, yes, and I'm confident we will.

[287] **David Rees:** Okay.

[288] **Simon Thomas:** Just on a couple of practical things on recruitment, are you likely to use recruitment firms or are they all going to be in-house across the civil service, as it were?

[289] **Ms McDonald:** I think, certainly, initially it will be in-house across the civil service, yes.

[290] **Simon Thomas:** Okay. You say that posts will become available from April. Can I assume that, by the time of your dress rehearsal in November, you would hope to get just about everyone in place?

[291] **Mr Alsop:** So, yes. I wouldn't say that necessarily we would have absolutely everybody recruited at that point if that weren't necessary. We're trying to balance the need to have sufficient numbers of people in place to carry out the testing appropriately and also for those people to be trained and ready to take registrations as they come through, which will happen before we go live, of course, balancing that with, frankly, not spending more money than necessary on salaries for people who don't have anything actually yet to do. There will also be a slight additional thing to consider there around people whose roles are currently in the programme who wish to transfer over into the organisation. So, there'll be a combination of programme people and people who've been recruited to the WRA at that point, yes. Whether it will be absolutely everyone, I would doubt, but it will be certainly sufficient.

[292] **Simon Thomas:** Do you have—? Just thinking of the only other organisation that I'm at all familiar with that was established in the last couple of years in Wales, which was the new regulation body for examinations in Wales, that took an awful lot of staff from the Welsh Government into it, but also struggled in recruiting some particular specialisms, data being one of those. So, I just wondered whether you'd been able learn from those experiences, and what your view is at the moment about—. You can't make this—it's not firm, but are you able to estimate at all the proportion of staff that's likely to come over from the Welsh Government, the proportion you really will need to recruit from elsewhere, and also these key skills that may be quite difficult to get, or, at least in those circumstances, were quite difficult to recruit?

[293] **Mr Alsop:** Well, first of all, we've been to visit Qualifications Wales twice already to learn from their experience and that's exactly—and, indeed, actually, Revenue Scotland, too; the same sorts of issues about making sure quite a small organisation is able to recruit the specialist skills. That will, I think, dictate in part our approach to recruitment, and Jo can talk about that if that's helpful. But, in terms of giving ourselves as much time as possible to

find those quite difficult-to-get, niche skills, starting early is one good thing, as is having networks in areas that have done that sort of thing before, which is my background, so I'm hopeful that that's what we can do. I wouldn't say that we've yet completed the process of identifying how many of the posts we think we've already got covered, if you like, and how many we yet need to, but we are working through that exactly at the moment.

[294] **Simon Thomas:** Okay. We'll make some progress in there. Thank you.

[295] **Ms Ryder:** I think the questions have been covered. Should we move on to guidance?

[296] **Simon Thomas:** They probably have, yes.

[297] **Mr Alsop:** All right, okay. In which case, we'll move on to—. Claire will talk you through guidance. I just wanted to start with a couple of observations about—. There are some dilemmas here with the guidance bit, I think. Having spoken to a number of solicitors and agents who, in particular, have been interested to understand how we're going to do the guidance, there are, basically, two camps of opinion. On the one hand, understandably, people don't want things to change dramatically, because they're familiar with the existing systems and the existing ways that it works, so, you can understand that that helps ensure a smooth transition. On the other hand, people are saying, 'Well, actually, this is a great opportunity to do things better, and to make it clearer, and to make it more digitally enabled, and make it easier to do'. So, we're not going to be able to please all the people all the time, because, somewhere between those two things—that's not entirely compatible. So, I think what we're going to do is try and ensure that there is as smooth as possible a transition, but I think there are opportunities, which we can talk about at some other point, perhaps, around making sure that the way in which we deliver guidance is as up-to-date as possible and is as digitally enabled as possible. So, I think that's just worth bearing in mind as by way of background. Claire.

[298] **Ms McDonald:** Okay. So, we are currently awaiting the successful passage of the two legislations, so actually to produce guidance before then would be pre-emptive, but we are planning. We've planned; we have a plan. Legal understand our plan as well, and we've established a joint focus group with the Law Society and the Chartered Institute of Taxation, because we've done, initially, some engagement with the stakeholders, and they pay by the hour, okay, so we want to make sure that, when we engage with them, we

engage with them at the right time, to ask them the right questions, so they engage with us, and there's a forthcoming—after the establishment of the WRA, that engagement carries on. We don't want to upset them in any way, and we want to make the best use of their time. So, we're using those people just to say. 'Who are the people we need to speak to?' We've already got a list of stakeholders we've already engaged with, and, if you look at the WAO report, we're okay at doing stakeholder engagement. We've done some really good stuff, and we like to engage with them in a rolling way, and that's how we want to do the guidance.

[299] We want to produce a draft bit of guidance, we want to put it out there, we want to talk to them, we want to come back, we want to put another set out there, and so, when the guidance is actually produced, the final guidance, it is no surprise to anybody either who's been involved or who's not been involved, the guidance we've gone for. We just want to give some perspective to this; this is around about 600 pages of guidance. We had conversations with our Revenue Scotland colleagues, who actually put all the pieces of paper in their front foyer on the floor, just to get a grasp of the enormity of what they were doing. We might do that in CP2, but we'll leave that for now. But also, what they found—and we've learnt lessons from them—is: talk to the stakeholders, but people access it in different ways. So, going back to your point, we want to make sure that when we produce something, people can access it easily, they know what they're looking for and they can find it easily. That can be done in a digital way, not just in a book way. So, we need to understand that when we do that. We've got some clear principles, which are something—

11:00

[300] **David Rees:** Can I ask a question before you go on, please? You said something that interested me. You said you have joint focus groups with the stakeholders and then you said that they get paid by the hour. They're not charging by the hour, are they?

[301] **Ms McDonald:** No, no, but what I'm trying to say is that these people have a day job, and so we need to understand that because the people we're talking to are agents. So, when we're asking them questions we want to make sure that we ask them questions that help them and get them to understand what we're doing rather than going back to them continuously and asking different questions and it's all not planned and muddled. We don't want to do that because they have to run a business at the end of the

day.

[302] **David Rees:** I understand that. I think the guidance is to make sure that it needs to be as clear as possible.

[303] **Ms McDonald:** Yes, that's right, and we need to work with them to do that because they're the ones who'll be using it, not us. They're the ones who will be using it, so we want to make sure that that is clear to them.

[304] **David Rees:** And therefore you're looking to reduce the cost of anyone they charge?

[305] **Ms McDonald:** Yes, that's right. Well, it's a cost on their time, really, to make sure that—. Because what we also want to do as well on the digital services, which I'll go on to later, is go out there and test the system with them as well. So, what we'd like to do is do the guidance and the testing of the system with them together, so 'There's test registration. Here's the guidance for registration—are you ok?' And we're using the best use of their time in doing that and so our relationship is a good relationship.

[306] **David Rees:** I understand what you're trying to get at. I don't want to put it in the same context as you've just put it—

[307] **Mr Alsop:** I think what Claire essentially wants to say is that, in how we engage with people who will help us to refine and hone the guidance, we want to make sure that we do that in a way that is as efficient a use of their time as possible.

[308] **David Rees:** And that the guidance will ensure that their time in the future is efficiently used.

[309] **Mr Alsop:** Exactly. Both, exactly.

[310] **David Rees:** That's a better context.

[311] **Ms McDonald:** So, we've got principles here that were discussed at the tax forum in December last year. They're quite simple but the people in the room said they agreed with them. So, this is about being clear and being accessible—this is my point about maybe being digital enhanced, or that maybe some people would like the book as some people would rather work in paper—being consistent, and the most important thing we got out of the

event was actually to be up to date. People need to know what the latest version is and we need to make sure that it's quite clear that that is the latest version because that's when inconsistency comes in and confusion. So, it's something that we need to work on digitally and obviously paper based. We think—

[312] **Simon Thomas:** Sorry to stop you. There is a kind of comparison here with legislation because one of the weaknesses in Welsh legislation is precisely that it isn't up to date on the main systems that deal with legislation. We don't have, in effect, direct access to those, and we're reliant on others to put up Welsh legislation. So, people are often misled: they read legislation and think it's England only or they think the legislation applies in Wales and it doesn't, and it's quite difficult to find that. So, is it clear that you will be completely responsible for this, and that therefore, if people come to you and to your, presumably, website online—you might be developing apps as well, I don't know—and as long as they come to you they will get the information and you will take responsibility for ensuring that that is in line with those principles—correct?

[313] **Ms McDonald:** That's correct. Absolutely right.

[314] **Simon Thomas:** Okay, thank you.

[315] **Ms McDonald:** So, we're working on—. There will be three areas of guidance: one around transitional guidance from existing taxes to the new taxes and working jointly with HMRC on cross-border issues coming to there; then we've got tax-specific legislation on the two taxes that are currently going through the Assembly; and then probably a generic guidance, 'How do I?'—those people who want to pay quickly and who know what they're doing and want to pay, and maybe there's no reliefs or there's nothing—it's quite a simple transaction—and they could easily find the information in there.

[316] If we go on to the next slide, this is around cross-border—. Now, we did produce a joint letter between us and HMRC—Dyfed signed it and Morris Graham signed it from HMRC, which you've had. I think that clearly outlines our way of working. We've got a good relationship with HMRC. We go up to London a bit and they come down to Cardiff. HMRC is actually on one of our project boards—the operational policy project—so they know exactly what we're doing around the guidance, and we've just recently come back from London from having a discussion with them about transition. We've had a



first stakeholder engagement in the tax forum. Before the Treasury owned the tax forum, the WRA implementation team actually owned the tax forum this time and we had HMRC, Valuation Office Agency and Land Registry and we had a discussion around cross-border. On operation guidance, we were one of the first packages of guidance produced. Like I've said, there's extensive discussion, with consultation with stakeholders, experts and partners, and we see it as a rolling, rolling thing where we go out and we test and we test, and then we produce the guidance. We've got plans there as well of what guidance would come first and towards the end.

[317] **Simon Thomas:** Just on process, as much as anything, at this stage, clearly, you're not yet the revenue authority, therefore what you're doing now doesn't necessarily have to be done by the authority when it's established, with an independent—I wouldn't say 'independent chair' because it's a Government appointment, but with a chair, as a non-department body. In what way are they likely to continue to do this ongoing consultation, the tax forum work and that sort of thing? Is there a way of ensuring that that is transferred across? How would that be handled, really, to ensure that what you've built up so far isn't lost in the actual establishment of the new body?

[318] **Ms McDonald:** So the people working on the guidance—we're putting people actually alongside some of those people—not everybody will go into the WRA. But, actually, we're making sure that we transfer those skills, as we've mentioned before, into the WRA. The WRA then—. We just talked about structure. There would presumably be something in the structure around somebody who will own the guidance that is published, and then those people would have the responsibility, working with those who operationally take in the money, and if there are issues with the guidance there, to discuss that and maybe issues with the legislation. So, that would be a conversation with Treasury then. But that would be an ongoing circle of discussion and activity.

[319] **Simon Thomas:** Okay, thank you.

[320] **Ms McDonald:** If we can go on to digital services now—we've done a lot on digital services, and I think that's borne out in the Wales Audit Office report. We actually—at the end of last year—went through what we call a discovery phase. In the IT world it's known as a discovery phase, where we actually compile 700 user stories. We had a contractor in to work through with us this discovery phase to find out what exactly we are talking about, what it looks like, what kind of services we will have, and we've produced two

prototypes, actually, which we've shared with the Minister, which we're more than happy to share with you, if you would like to see that kind of demonstration of the prototypes.

[321] **Simon Thomas:** Yes.

[322] **Ms McDonald:** It gives stakeholders an idea of the kind of systems and interaction that we will have with them. We have tested that with some stakeholders—not a wide range, but some stakeholders we've tested that with. The IT is not only around the taking in of the money; it's the corporate systems as well that this organisation will need when it comes to data. It will need a finance system, it will need a HR system—it will need those kinds of systems, and we're trying to do that in a very economic way as well, because you want this organisation primarily to collect tax. So, we are presently out to advert on our digital services. We're expecting something back by the end of February. From the discussions we've had with suppliers, we are confident that we can do this in the time and within the cost—within the envelope—that we've got.

[323] **Simon Thomas:** David first now.

[324] **David Rees:** I'm interested in the comment on an 'economic way'. IT systems are well-known to be underspecified, underestimated, over budget and over time—history. But it's because, perhaps, people don't understand the processes involved in producing a system. Now, when you talk about a most economic way, it worries me a little bit because that implies that, in fact, it may not be delivering what we need—the compatibility with the other systems you're talking about, and the compatibility with HMRC, which is critical—and the business processes may not be fully understood in the design of it. Therefore, are you talking about it being as economically as possible, or are you actually talking about you being prepared to look at getting the right system in place, which is effective, and, to an extent, accept the fact that, economically, it possibly may not be achievable?

[325] **Ms McDonald:** We've done a lot of work on processes. I could fill this room up with the process maps we've got. We continue to do that. We have a team—quite a specialist team, actually, doing this—and we would hope that those people would go into the WRA. So, we understand the processes. We've got the vast majority of them. We understand how Revenue Scotland did theirs, and we understand the lessons learned there. We are approaching this in a different way. We know what our minimum viable product is. I don't want

to go into it too much because we are at a period of going into negotiations here, but we've been clear in the advert—we are talking between £1.5 million and £2 million. That's advertised. That's out there. So, suppliers know what we're looking for. We've got enough confidence from the discovery phase that we've done—in the agile way that we're going about it—that we should be able and we are confident we can deliver this in that envelope.

[326] **David Rees:** So, you're using agile development processes.

[327] **Ms McDonald:** Yes.

[328] **Simon Thomas:** Mark.

[329] **Mark Reckless:** Why do you need your own HR and finance systems? Why can't you use someone else's—because piggybacking on this organisation, you're sort of pushing back into three wings of your building?

[330] **Ms McDonald:** So, when I talk about economic, that's what I talk about. The Welsh Government already has systems, but obviously you need to ensure that taxpayers' information is held in a separate and secure area, away from the Welsh Government, and that's the whole premise. I could go into cloud-based technology here now, but I think—

[331] **Mark Reckless:** What's that got to do with your HR system, though?

[332] **Ms McDonald:** The Welsh Government is itself moving to a cloud-based approach, so we're working with them to understand what systems the WRA could use that are currently being used for the Welsh Government that fit the need. Those systems there may not actually fit the need. They might be systems that the Welsh Government are using that actually the WRA itself—like a finance system maybe, because you're only talking 30 or 40 staff here, and the link to this new agile-based system—. So, it's quite a technical way of going about things. We are looking at ways where we can use systems already in use because the primary focus of this organisation is to collect taxes— it's not to have a huge corporate ring of people.

[333] **David Rees:** So, you're moving away from the normal servers to cloud servers.

[334] **Ms McDonald:** Yes.

[335] **Nick Ramsay:** Are you saying that you will start with the cloud servers at the outset?

[336] **Ms McDonald:** I think our premise is that we would probably be one of the first people within—well, some of Welsh Government's items are already on the cloud now, but we would probably be the first organisation to go fully on to that kind of system.

[337] **Mark Reckless:** Do you believe having taxpayers' information stored in the cloud in that way is actually more secure than other alternatives?

[338] **Ms McDonald:** We have gone through that process of security, because we need to. We've had consultants in to help us do that. There is no—

[339] **Mr Alsop:** I think quite a lot of history of difficulties with securing taxpayers' data has not actually been electronic means of—

[340] **Ms McDonald:** Yes, paper based.

[341] **Mr Alsop:** The difficulties that have been caused historically are, I think as you're alluding, not from having it electronically stored, but having it in paper-based forms or in disk-based forms, or that sort of thing.

[342] **Ms McDonald:** Actually, the information of the staff working in the WRA is probably as high as some of the taxpayers' information because it's still information—it's date of birth and that kind of information. We've gone through that and there is necessary—I don't know the word, really—necessary security around those that will definitely secure that information.

[343] **Mark Reckless:** Thank you.

[344] **David Rees:** Can I just clarify the point? I understand your paper-based argument, but of course we are in a computer-based argument, and the safest way is dedicated servers within your own control. You're now going to a cloud server, which is technically not within your control. You are, therefore, reassured that there are systems like this on the cloud that have shown that security is in place, and you were given guarantees by whoever the cloud server is to actually have that security in place.

[345] **Mr Alsop:** We've not finally taken all those decisions yet. But that is precisely the assurances that we're seeking as we're going along, yes.

[346] **Ms McDonald:** So, the next slide then talks about our strategic relationships, because we're not actually the WRA yet—we will be the WRA probably come October. So, we've got a number of strategic relationships that we are currently working on—one is with NRW, because they will be one of our delegated partners. We talk to them fortnightly, they're on our programme board and they're part of our operation policy. They are a direct partner and we expect to work with those. HMRC, obviously, is quite a big partner in what we're doing. They want to understand what we're doing, we want to understand what they're doing and we're sharing information. We've also got Land Registry and VOA, which are part of the land transaction tax process. And we've got, obviously, Home Office and courts service, because there could be appeals and there could be criminal cases. So, it's that kind of engagement, and all this is going on at the moment.

[347] In the wider landscape of tax collection, local authorities take in a lot of money in tax collection. They are different taxes, but there are lessons to be learned. We've instigated what we call the tax liaison group with local authorities. You're going to north Wales today to see Caernarfon, Flintshire and Conwy to talk to them about how they share information data.

[348] **Nick Ramsay:** Busy man.

[349] **Ms McDonald:** Yes, busy, off to Caernarfon. There are opportunities for data sharing with local government—it may not be immediately, but definitely in the future, so we need to have conversations about what that means.

11:15

[350] **David Rees:** I'm also concerned that we're talking about data sharing and about IT systems and compatibility questions again. There are some serious concerns about compatibility and the cost of systems. I'm assuming, therefore, that whatever you design, you are looking at the compatibility questions with all local authorities and all those bodies.

[351] **Ms McDonald:** It's not connecting systems here; it's about sharing. So HMRC, what we need to give them is a data transfer. They're not connected to our system. So, we need to understand what that data transfer looks like. It's early days for local authorities. These are just early conversations: 'What do you find are your biggest issues?' They've got a lot of digital services out

there. Some of them use different systems and different ways of doing things. So it's that kind of engagement we're looking for.

[352] **Simon Thomas:** Just on NRW and the landfill tax, they will be the front end, if you like, rather than yourselves. What steps are being taken to ensure that the confidentiality of that data sharing is ensured? Because you have a brand new system, in effect—commissioning it at quite an expense, but it needs to happen—whereas they will be using, presumably, their current system. In what ways can you ensure that that data sharing is compatible with, for example, human rights legislation?

[353] **Mr Alsop:** The simple answer to that is we've not yet fully worked all that through. That's where we're at. But I think you're right, very much so, in alighting on the fact that the issues are in part about the systems and in part about the compatibility in that regard, but also making sure that we're clear, when people have given information, what the purpose was. So there's a legal set of issues. We've begun those conversations, but we haven't completed that yet.

[354] **Simon Thomas:** And is that part of what you'll be doing in this dress rehearsal? Is that part of the things you'll be modelling then?

[355] **Ms McDonald:** I would have thought it would be a scenario where we send NRW out to a landfill site and gauge what the scenario is, yes. Because they are an arm of the WRA, so we want to make sure that that and the communication and the digital between that works.

[356] **Simon Thomas:** Because presumably they're collecting information now in a way that may not be how you'd want them to collect that information. Because it may not be aligned with the vision that you've set out to the committee about how you want to take this forward.

[357] **Mr Alsop:** With NRW, the idea is that they will help and support us in terms of doing the compliance and enforcement activity: obviously the registration and the payment and—

[358] **Simon Thomas:** They'll be registered with you.

[359] **Mr Alsop:** Yes. That's work we still have to do, I'm afraid. I can't really give you any exact detail on precisely how that will happen yet, because we haven't finished that work yet.

[360] **Simon Thomas:** Thank you.

[361] **Ms McDonald:** Do you want to go to the next slide?

[362] **Mr Alsop:** That's back over to me. Apologies. So, again, at the risk of covering things that are already obvious, in terms of how the Government's framework for the WRA is expected to work, the priorities will be set out from Welsh Government strategically in terms of a remit letter and a budget will be associated with that to the WRA. The WRA will then need to deliver against that, and we are committed therefore to publishing a plan and an annual report. So, I'm expecting that the conversations with yourselves will continue, and, around those, our task will be how we go about interacting, I'd have thought. But obviously you'll want to consider how you want to talk to us in future.

[363] Then, finally, this is just an explanation of the stages of our plan and where we're up to at the moment. You'll see that we are, I believe, on track on all of those aspects at the moment. So, that's everything we've got to say.

[364] **David Rees:** Just one particular question: obviously you expect all regulations to be in place by March 2018, which includes all taxation rates, and we have had a discussion as to whether there should be a financial Bill, in a sense, like the UK Government has, to avoid continual regulations. What are your thoughts on that? Would it be easier for you?

[365] **Mr Alsop:** I think I'll limit myself to saying that, obviously, we will deliver whatever legislators wish us to deliver.

[366] **David Rees:** Nicely got out of.

[367] **Simon Thomas:** That's a ministerial decision. Or an ecumenical matter.

[368] **Mr Alsop:** Indeed.

[369] **Simon Thomas:** It's an in joke. It depends if you follow it. Any other questions? No. In which case, diolch yn fawr iawn.

[370] Diolch am y cyflwyniad. Rydym Thank you for the presentation. We ni'n edrych ymlaen fel pwyllgor i weld look forward as a committee to y cynnydd, wrth gwrs, wrth i'r gwaith seeing progress as the work of

ddatblygu. Gobeithio y byddwn ni'n development continues. We hope to  
dal mewn cysylltiad gyda chi wrth i continue to be in touch with you as  
hyn ddatblygu ac unwaith mae'r those developments go ahead, and  
awdurdod wedi'i sefydlu, byddwn ni once the authority is established, we  
fel pwyllgor yn dilyn hynny hefyd. as a committee will be following that  
Diolch yn fawr iawn. development. Thank you very much.

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:20*

*The public part of the meeting ended at 11:20*