



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

# Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cyfrifon Cyhoeddus](#)

[The Public Accounts Committee](#)

9/10/2017

[Agenda'r Cyfarfod](#)

[Meeting Agenda](#)

[Trawsgrifiadau'r Pwyllgor](#)

[Committee Transcripts](#)

**Cynnwys**  
**Contents**

- 4 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau  
Introductions, Apologies, Substitutions and Declarations of Interest
- 4 Papurau i'w Nodi  
Papers to Note
- 7 Craffu ar Gyfrifon 2016–17: Chwaraeon Cymru  
Scrutiny of Accounts 2016–17: Sport Wales
- 35 Craffu ar Gyfrifon 2016–17: Comisiwn y Cynulliad  
Scrutiny of Accounts 2016–17: Assembly Commission
- 67 Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd  
o'r Cyfarfod  
Motion under Standing Order 17.42 to Resolve to Exclude the Public  
from the Meeting

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

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

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Mohammad Asghar <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig Welsh Conservatives
Neil Hamilton <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	UKIP Cymru UKIP Wales
Vikki Howells <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Rhianon Passmore <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Nick Ramsay <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Lee Waters <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour

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

Manon Antoniazzi	Prif Weithredwr a Chlerc y Cynulliad Chief Executive and Clerk of the Assembly
Anthony Barrett	Swyddfa Archwilio Cymru Wales Audit Office
Peter Curran	Cyfarwyddwr Cyllid a Gwasanaethau Corfforaethol, Chwaraeon Cymru Director of Finance and Corporate Services, Sport Wales
Suzy Davies <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Aelod Cynulliad (Ceidwadwyr Cymreig), Comisiynydd y Gyllideb a Llywodraethu Assembly Member, (Welsh Conservatives), Commissioner for Budget and Governance

Jeremy Morgan	Swyddfa Archwilio Cymru Wales Audit Office
Nia Morgan	Cyfarwyddwr Cyllid, Cynulliad Cenedlaethol Cymru Director of Finance, National Assembly for Wales
Sarah Powell	Prif Weithredwr, Chwaraeon Cymru Chief Executive, Sport Wales

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

Fay Buckle	Clerc Clerk
Claire Griffiths	Dirprwy Glerc Deputy Clerk
Katie Wyatt	Cynghorydd Cyfreithiol Legal Adviser

*Dechreuodd y cyfarfod am 14:01.  
The meeting began at 14:01.*

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

[1] **Nick Ramsay:** I welcome Members to this afternoon's meeting of the Public Accounts Committee. Headsets are available in the room for translation and sound amplification. Please ensure any electronic devices are on silent. In the event of an emergency, follow the directions from the ushers.

[2] No apologies have been received today. Do Members have any declarations of interest they'd like to make? No. Okay.

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

[3] **Nick Ramsay:** Okay, item 2. We've some papers to note. First of all, the

minutes from the meeting held on 2 October. Happy to agree? The minutes are approved. Secondly, we've received correspondence from the Welsh Government from 29 September on hospital catering and patient nutrition. We've got a couple of options as to what to do with this. Either we're happy with the information we've received from them—. I personally think that there are areas we need clarification on. We can write to them for further information on some of those areas or we could refer the issue to the health committee. I believe there is an item that the audit office is doing later in the year that ties in with this.

[4] **Mr Barrett:** Not specifically in relation to the development of IT systems relating to catering, but we have got an audit report coming out in late November/early December, looking at the NHS Wales Informatics Service. The committee could, as part of consideration of that report, pick up any specific issues around the IT development in respect of hospital catering.

[5] **Nick Ramsay:** Lee.

[6] **Lee Waters:** My concern, Chair, reading their paper, is that there still remains a lack of urgency—I think that's the politest way to put it. The thing is that they acknowledge that the original report was published in 2011. It was only on 13 September that the supporting paper was submitted to the NWIS board. And they say on page 7:

[7] 'A software developer has recently been appointed at NWIS to support the development of nursing documentation once the way forward is determined by the nurse directors.'

[8] So, the nurse directors still haven't determined a way forward. And even once they've determined it, the process moves very slowly. So, you know, our critique all along has been a lack of urgency or all sorts of systemic problems here. They've done nothing to satisfy us that they really get that. I'm slightly exasperated by it really.

[9] **Nick Ramsay:** I agree. As you say, urgency was one of the key issues all along through the inquiry, and it does seem to be lacking in that report, which is why I think we do need to do something further. So, as I say, there are different options open to us. I can write to them and express that we are unhappy with it and seek further clarification, or we could pass it on or ask the health committee if they would like to look at it as well. Or we can have a follow-up session with them.

[10] **Lee Waters:** When we discuss the NWIS matter, are we likely to get Andrew Goodall in front of us?

[11] **Nick Ramsay:** Yes. So, that would probably be the opportunity to do it, particularly on the back of the information that we'll have at our disposal then.

[12] **Lee Waters:** Well, either that or, depending on how other committee members feel, we could ask Andrew Goodall to come back and speak to this specifically as a short item, because they really do need a rocket put under them on this. Nothing seems to be changing. No matter how many times we go back on it, the response is much the same.

[13] **Neil Hamilton:** Yes, I think asking him to come back to speak on this as a discrete item by itself will be a rather more dramatic way of expressing our thoughts than just to tack it on to something he's going to do anyway.

[14] **Nick Ramsay:** Yes. And I think we make clear in the invitation that we're less than happy with the information we've got back and stress the lack of urgency. So, it's just a question of finding time factored in.

[15] **Ms Buckle:** We've got some space at the beginning of December.

[16] **Lee Waters:** I think a 30-minute session should do it. I think it's just the point that we're just not satisfied with this. Clearly, just kicking it on to somebody else plays into their hands, really, doesn't it?

[17] **Nick Ramsay:** Yes, okay.

[18] **Neil Hamilton:** We did make it quite clear during the last session what our concerns were.

[19] **Nick Ramsay:** I think we've been making it clear for 10 years, in one form or another, on the committee. So, yes, okay, happy with that course of action.

[20] **Lee Waters:** [*Inaudible.*] evidently.

[21] **Nick Ramsay:** We'll have to change that. One more item before we move on to our witnesses, following up the Welsh Government's grants

management report. We've got the interim annual report. Following our scrutiny of the annual accounts last year, the committee agreed for the publication of the Welsh Government's annual report on grants management to be aligned with the publication of the accounts. The next full annual grants management report will be published in line with the accounts for 2017-18, and the Welsh Government have published an interim annual report.

[22] The report was received late on the morning of 2 October and, as requested, I conveyed the committee's disappointment to the Welsh Government that there was no opportunity to digest this prior and raise any issues during the evidence session. Whilst recognising this is an interim report, I asked that the committee be given the opportunity to consider all pertinent documents in a timely fashion. Are Members happy to note the report? It's at pages 10 to 21 in the pack. Yes. Okay.

14:06

### **Craffu ar Gyfrifon 2016-17: Chwaraeon Cymru Scrutiny of Accounts 2016-17: Sport Wales**

[23] **Nick Ramsay:** Item 3: our latest in a marathon of scrutiny of the accounts for last year, and Sport Wales. Can I welcome our witnesses here today? Would you like to give your name and positions for the Record of Proceedings?

[24] **Ms Powell:** Sarah Powell. I'm the chief executive officer of Sport Wales.

[25] **Mr Curran:** I'm Peter Curran, director of finance and corporate services at Sport Wales.

[26] **Nick Ramsay:** I welcome our witnesses here today. I understand that you had some bad news in Sport Wales over the weekend, with the tragic loss of Paul Garrett in a cycling accident on Friday, I believe. So, thank you for being with us today, and can I extend the committee's condolences at this difficult time for you?

[27] **Ms Powell:** Thank you.

[28] **Nick Ramsay:** This is the second occasion that the committee has scrutinised Sport Wales. The previous committee scrutinised you on the

2014–15 annual report. We've got a number of questions for you, so we'll try and get through those as quickly as possible, and I'll kick off with the first question.

[29] Do you think your annual report clearly explains how Sport Wales has performed in 2016–17, and whether it's achieved its objectives, including those set out in the remit letter?

[30] **Ms Powell:** Thank you, and *prynhawn da* to the committee. Good afternoon. Yes, I do believe that our accounts set out how we've achieved our targets. We have a differentiated approach and a targeted approach to how we invest our funding. Our objectives are set as part of our annual remit process with the Welsh Government. We sit down and have several meetings in that process. We also then take that back to our board as part of developing our business plan, and then this aligns to our long-term corporate plan.

[31] This also takes into consideration our well-being of future generations objectives, as well as then setting out our clear targets for the year. As you'll see in our annual report and accounts, we set these out across four strategic areas. Those are related to the Well-being of Future Generations (Wales) Act 2015 and how we're going to take forward our four key focused areas.

[32] We then look at community sport and how we measure our key investments into national governing bodies, local authorities and other partners. And then we look at our elite sport, and I'm pleased to report that you will have seen the success at the Rio Olympics and Paralympics, with record results for our athletes, delivering 10 medals at the Olympics and eight medals at the Paralympics.

[33] Underneath, then, we also look at our organisational development, and one of the focuses, as you can imagine for this committee, has been how we've been able to drive internal efficiencies and to make sure we protect front-line delivery. We've looked particularly hard at our running costs and our basic expenditure lines, and we've been able to make savings of just around £100,000 from both our national centres.

[34] **Nick Ramsay:** In terms of the presentation of the reports, other bodies such as the Arts Council of Wales have changed how they present the information in the annual report so that there's a clearer alignment between the resources that you're getting and the priorities of the Welsh Government.

You mentioned the future generations. Have you made any similar changes, or do you plan to make any changes to the presentation?

[35] **Ms Powell:** We took on board, actually, some of the feedback that we had from the last committee, where we actually had too many documents—that was the feeling. So, we've combined, for the first time, our annual report and our annual accounts. We're always looking for improvements. You mentioned the arts council. I think we will commit to going back and having a look at that. One of the things we're very clear about is that we want to be transparent and open and make sure that these meet the requirements of our statutory duty, but also are accessible and readable to the general public. So, if there are things that you feel, as a committee, would improve that—. I think, when we looked at the arts council, it had more infographics and more diagrammatic ways of representing data. So, of course, we'll go back and have a look at that.

[36] **Nick Ramsay:** We have, I think without exception, a completely different membership of the committee since the last time, so it's new territory for us. Okay. The second question, Neil Hamilton.

[37] **Neil Hamilton:** I'd like to ask you about how you measure the effectiveness of your organisation and the funding that you're responsible for. I know you've got key performance indicators set out in your annual report. Is that the totality of it, or is there anything else as well?

[38] **Ms Powell:** Well, I suppose we measure our effectiveness in two ways. One is internal. So, there's the effectiveness of us as an organisation, which takes lots of different guises. One is how we look at internal efficiencies. Also, we look at internal benchmarking data, so that would be around our HR processes and our grants funds. So, at the moment, a benchmarking figure would be 5 per cent for back office to provide [correction: insert 'lottery'] grants. We're pleased to announce that we're at 1 per cent, so, again, showing effective administration.

[39] In terms of performance management of staff, we have comprehensive appraisal processes in place and 360 degree reviews. So, I think, in terms of Sport Wales, there's a continual improvement and monitoring process in place for our efficiencies. In terms of the funding that we give and our investment grants, that is done through both quantitative and qualitative measures. So, if I look at some of the quantitative measures, we will monitor governing bodies, local authorities or other partners on an annual basis as

well as a six-monthly review. We also have many mechanisms for our grant schemes in place where we will look at monitoring forms and report back against grant outputs.

[40] In terms of some of the qualitative monitoring, we look at the self-assurance of partners that we would provide funding to and ensure that they have good governance practices in place. We've put in place a number of leadership and development programmes to support our governing bodies in making sure that it's not just the numbers that we look at, but also the quality of the delivery that we're providing.

[41] **Neil Hamilton:** What are you looking for when you evaluate how successful your funding on an individual project has been?

[42] **Ms Powell:** We look at value for money, but we also look at return on investment. So, this is one of the things that I think is a challenge for all of us across the public sector. But I talk specifically for Sport Wales, we would look at quantitative numbers, so numbers of coaches and numbers of participants. We'd also look at equality breakdown, so gender, look at black and minority ethnic, and look at disability. So, that's on a numbers return for the investment, but we're also trying to look at a much wider piece of work around economic impact and social impact, and that's quite difficult, I have to say. That's something that I think we would like to work on with other parts of the public sector, to look at how we can have a consistent way of measuring impact. Sport is much more than just numbers. So, yes, of course the numbers that participate are important, but also mental health, how people feel when they take part in sport, and the economic impact that we might see of, hopefully, Wales beating Ireland this evening [*Laughter.*]. I'll get that on record straight away. So, there are a number of things that I do feel we need to look at involved in impact measurement.

[43] **Neil Hamilton:** I notice in your definition of the effectiveness of your policies on participating in sport, you have this phrase 'people hooked on sport', which you define as attending a sporting event or participating in a sporting event on three or more occasions a week. The statistics of young people aged seven to 16 hooked on sport seem to show a dramatic rise between 2011 and 2015—from 27 per cent to 48 per cent. Are those figures wholly reliable, do you think?

[44] **Ms Powell:** Yes. I'm glad you pointed those out, because they are official statistics, and that's through a survey that we undertake of 116,000

young people. We believe that to be the biggest survey of young people across the UK, but, as I say, we report against official statistics, so they're in line with that. We have had a systematic and sustained focus on young people. We've invested for over 15 years in education and working with education, because we believe that if we get the habits right and we get young children to have the right motivation, the right skills and the right commitments through school and outside of school, that they will continue to be active. That's why we say 'hooked for life.' I think that aspiration of three hours per week is actually more ambitious than other countries would measure.

14:15

[45] **Neil Hamilton:** Because time is short, I'd just like to ask one more question, and that is about your proposed delivery model for community sport and physical activity, which was mentioned in your annual report. Can you provide us with a bit more detail on that, in particular your additional performance indicators to measure this new model that you intend to bring in?

[46] **Ms Powell:** The community sport model is something that I'm extremely excited by. It's something that we've been working on for over a year now with our partners. We've taken a very detailed approach to this, using the HM Treasury five-point business case approach, and we've been looking at how we can use the well-being of future generations five ways of working to instil a different approach to community sport. We recognise that we've got to engage those that aren't currently engaged in sport, and particularly around some of the inequalities that we see. One of the measures that we will be looking at is how many people meet the chief medical officer's physical activity guidelines. We'll be looking at people who take part in active recreation and physical recreation three or more times a week. So, we will be putting that as part of our procurement for the new model of community sport and activity.

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

[48] **Nick Ramsay:** In the interests of fairness, I think we may have some Irish supporters in the gallery. So, we do, of course, on the committee, wish all our teams well this evening. [*Laughter.*]

[49] **Ms Powell:** [*Inaudible.*]

[50] **Nick Ramsay:** I can see them; you couldn't where you were sitting. Lee Waters, your supplementary.

[51] **Lee Waters:** I just want to follow up some of the questions that were asked there. Specifically in terms of your work with young people, you've got the 5x60 project in local authorities and schools. Do you have any specific evaluation about the efficacy of that programme?

[52] **Ms Powell:** We haven't evaluated it to date. It is on our remit to evaluate the 5x60 and Dragon Sport programmes together. So, we run a primary school programme for young people and then we run 5x60 in secondary schools. There is due to be a review of both of those programmes as part of our new strategy, going forward.

[53] **Lee Waters:** Those have probably been going for some years, haven't they?

[54] **Ms Powell:** The 5x60 is around 10 years and the Dragon Sport is around 15 years. We have taken reviews of those, but they haven't been reviewed independently during that period.

[55] **Lee Waters:** Gosh, so for 15 years you've been funding a project without evaluation.

[56] **Ms Powell:** I would hope that you can see the success that we have had from both of those schemes is testament to the delivery of them.

[57] **Lee Waters:** Well, we can't say that, for certain, can we? There's no direct linkage between those two things. You can't say that with any confidence, because you've got no evaluation.

[58] **Ms Powell:** Well, we had the outcomes. I have the figures for each of those programmes.

[59] **Lee Waters:** So, you're claiming there is a direct link between those two projects and the figures you were quoting later on 'hooked on sport'.

[60] **Ms Powell:** No, these are the actual project figures. So, I can give you figures for Dragon Sport and for 5x60 in terms of the numbers that attend per year through those sessions and through the delivery of those

programmes.

[61] **Lee Waters:** If you could give us that and those reviews that you referred to, I think that would be interesting. So, when are you planning that evaluation?

[62] **Ms Powell:** The evaluation is due to be undertaken this year.

[63] **Lee Waters:** Okay. Just in terms of the community aspect, because, obviously, as part of the austerity cuts, local authorities are having to pass on significant cuts that are having an impact on community sport, I know from my own constituency, for example, that a lot of pitches have been put into asset transfers. The local leagues football, in particular, are very anxious that facilities are going to be taken away from the grass roots, with more of an emphasis on 3G pitches, and the charges of those are prohibitive for many of the grass-roots clubs. Meanwhile, local authorities are still spending considerably on 5x60 officers. So, are you concerned that the grass-roots, community level may now be losing out as part of this whole rigmarole?

[64] **Ms Powell:** I think facilities are a concern for us all in two elements. One is that we need to ensure that we have the right facilities in the right places. You'll be aware that we launched a 'Facilities for Future Generations' document, which was there to advise and guide local authorities on the facilities that they should be looking to maintain and keep, and any considerations for future build of facilities. The cost of facilities is not within our gift, as you're aware, but it is something that we are always looking to make sure is appropriate if we are going to achieve what we're trying to achieve and to get the nation more active. I believe a recent report from the well-being of future generations commission talked about people having disposable income of around £3.25 for leisure activities. That has got to be taken into consideration when people are looking at costings for the use of facilities, because one of the challenges I think we all face today is that we're going to need every part of the jigsaw in place if we're going to get the nation more active, and the facilities—not only the need for more facilities, but also to open up facilities is very important. Can I just add on that point that I think one of the areas we're looking to develop is with education around use of community schools, and making sure that those schools stay open after the 3.30 p.m. or 4 o'clock bell for them to go home, to make sure that the community comes in and uses those as much as they can?

[65] **Lee Waters:** But meanwhile, their pitches are often being disposed of,

or not being put in use, because local authorities can't maintain them. You say the facilities aren't your remit, but you are actively pushing the development of 3G pitches, which are very expensive to maintain, and there will be high access charges for them. So, do you see no conflict between those two positions?

[66] **Ms Powell:** I think the position that we've taken on the 3Gs is to work with—. It's a good example of working with football, rugby and hockey and actually bringing three sports together to consider strategically where those facilities should be built. But alongside that, the criteria of any funding that we've provided to those 3G facilities are about tackling some of the inequalities and making sure there is an approach to gender balance using those facilities. But with regard to pricing policies, I think that's a discussion that we need to continually have with local authorities.

[67] **Lee Waters:** You're going to be monitoring that, are you?

[68] **Ms Powell:** Monitoring—sorry?

[69] **Lee Waters:** The impact that those costs are having on access.

[70] **Ms Powell:** Yes, we can monitor the impact of the costs. That is something that, obviously, I know football has done a lot of work on, to look at the costs and the usage of those facilities.

[71] **Lee Waters:** But will you be monitoring them? I know you can. Will you be?

[72] **Ms Powell:** If that is a recommendation by the committee then I will take that back.

[73] **Lee Waters:** But you've no plans to do that otherwise, have you?

[74] **Ms Powell:** Sport Wales hasn't put forward that we would monitor the costs.

[75] **Lee Waters:** Because you just said that you were concerned about the impact the access charges were having, but you're now telling us you're not planning to monitor it.

[76] **Ms Powell:** It's something I can go away and take back to look at, to be

monitored.

[77] **Lee Waters:** Okay. Well, the two things you've just told me: that you've been spending a considerable amount of money for 15 years on a project you've never evaluated, and then you tell me you've got concerns about the impact of access charges, but you've no plans to monitor that either. There's a pattern developing in my head, at least.

[78] **Ms Powell:** We invest in the 3G facilities that are working with football, rugby and hockey. I will take back that we need to look at the usage of that and the costs of those facilities.

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

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

[81] **Mohammad Asghar:** Thank you, Chair, and thank you very much, Sarah and Peter. Community sport is very close to my heart. Young children are definitely not having the same facilities that we had in our time. There was a free ground and everything—not anymore. Children are getting obese in Wales. Look at that statistic. And it's because of lack of sports. I think you are one of those responsible where the children should have free access to the grounds, and the sporting areas, and community halls and centres. You mentioned earlier, on the question on what local government, local bodies are involved with, but I think your leadership should do something about this, which is a desperate need.

[82] Looking through the accounts, which are on page 79, 'Other Expenditure', you have increased research up to £698,000. The budget has been reduced. What research are you involved with? Also, you have increased—research has gone up, and marketing and communications. This is something I can't understand. What research are you doing on this scale for sports for children, to look at making sure they don't lag behind in their sporting talents?

[83] **Ms Powell:** So, if I take specifically the research budgets that you've mentioned, our research budget is planned over a three-year period and it is related to the fact that we provide official statistics. So, to provide those official statistics our research looks at the active adults survey, and then we do the young people survey. That active adult survey is planned over a three-year budget, and that's where you will see the costs aligned to the research

programme. Obviously we take on a number of internal research projects as well, looking at some of our programmes and the work that we do. So, at the moment we've got a live research project alongside our Calls for Action programme, which is one of our programmes to tackle, particularly, inequalities in sport. So, that research project would be included within that. But the main expenditure is our overall official statistics research that we do for active adults. I'm pleased to say that this has now moved to the National Survey for Wales, which involves us, NRW—Natural Resources Wales, Public Health Wales and a number of other public bodies working together to look at the national statistics, and that will make a significant saving for us in Sport Wales. So you will see that expenditure reduced.

[84] **Mohammad Asghar:** That is the one budget you mentioned, but it's only 2016–17; I'm talking here—. You're now saying that three years are involved in it; this hasn't been mentioned there, and it's virtually—. I just can't understand the logic about the research and development thing.

[85] My question to you is: do you think that the existing description of Sport Wales's governing framework is easy to understand and transparent, and have you got any plans to change it?

[86] **Ms Powell:** Our governance framework works, as I would describe it, in three ways. The first looks at our board. So, the first element of our governance relates to our board and our audit and risk committee. The second pillar of this, with the board—the second pillar of this, I would say, looks at our management and directors' team; and then the final pillar of our governance would look at external assurance, which we would gain from WAO or our internal auditors. Those three pillars of our governance work together to provide me with the right assurances. Alongside that, we would also have documents that provide me with assurance through our risk register, our risk management and our policies and procedures. So, in terms of the governance structure, I believe it provides me with the right assurances and it provides, therefore, the organisation with the right assurances. In terms of how it is presented in the accounts, I'm sure this, again, is something that we can go back and look at, if it's not clear for the committee.

[87] **Mohammad Asghar:** The thing is, your budget has been reduced from £3.8 million to £3.4 million within one year—roughly around about that. But have you ever considered, to improve yourself, as Sport Wales—to increase the funding through various sporting areas, like archery? We have 80 per

cent of forestry in Wales, and a lot of archery, shooting, canoeing and such areas, for which we can attract foreigners to come in and improve your financial backing, rather than just depending on the state.

[88] **Ms Powell:** Yes, I agree. I think we all recognise that it's a very difficult financial time at the moment, and one of the things that we've agreed with the board and in our approach is to have a commercial strategy and to take a more commercial approach to the way that not only Sport Wales works, but also how we help the sector to become more sustainable. And I'll ask, maybe, Peter to comment on that, because Peter is leading our commercial work within Sport Wales.

[89] **Mr Curran:** Thank you, Sarah. It's obvious in our remit letter that Sport Wales should become more commercial in terms of diversifying income. One quick example: we've got an outdoor centre up in north Wales, in Plas Menai, and we've recently signed a deal with a kit supplier, so whereas we used to spend about £15,000 or £20,000 on kit, we no longer do that, and we've got a reciprocal arrangement whereby we give that kit provider some reciprocal benefits. So that's the first element.

[90] The second element is becoming more modern ourselves and looking at things like technology and other ways to make our administrative procedures more efficient. So, things like new booking systems and online grant systems have cut our administrative costs and have enabled us to lead, if you like, in modernisation for the sector, which we also do take some responsibility for. As Sarah has alluded to, we are facilitating and giving financial support to the sector as it looks to develop its own commercial strategy through things like sponsorship, having joint events, closer working with business—not just in terms of cash, but getting business expertise on the boards of national governing bodies, and looking at philanthropy and grant giving, which is perilously low in Wales. That's a key area that the sector themselves have identified. So we're actively supporting them, both financially and with moral support for the sector to be able to become more sustainable, which ultimately is what we all want to see.

[91] **Mohammad Asghar:** My question—you've still skipped it. I personally think that there are certain areas where finances can be improved in Sport Wales. What measures are you going to take on that side, rather than Government looking at them? You haven't answered my question.

14:30

[92] **Ms Powell:** In terms of Sport Wales, there is a constant drive for efficiencies. As I alluded to earlier, our running costs for both our national centres have been down by £50,000 by taking forward new, innovative ways of working. We've put online grant monitoring systems in, we've put online booking systems in, and we've looked at an app for gym membership to try and bring in more members that bring financial returns to Sport Wales. So, there is a constant drive for efficiencies.

[93] You've mentioned the outdoors. We've got a national centre in Plas Menai where we've looked at a tourism grant with Visit Wales to encourage more people to come and use the centre and to give those outdoor experiences. There's always a fine balance for us between what we charge for and what we enable our elite athletes to use as an investment, let's say, from Sport Wales to enable them to be successful, as we've seen recently in the Rio Olympics.

[94] So, I think your point is the right one, Oscar—we need to constantly look at efficiencies and making sure that we protect the front line. I'm pleased to say that for the last two years we've been able to do that through making sure we work within our basic expenditure lines, and we don't pass on those significant cuts.

[95] **Mohammad Asghar:** Okay. And the final one: the governance statement refers to both internal and external audits undertaken to review the procurement procedures. Could you detail the scope of each review, the outcomes and what changes have been implemented as a result?

[96] **Ms Powell:** As you mentioned, there were two audits. One was an internal audit undertaken by Deloitte. The scope of that was to review our policies and procedures in relation to procurement. There were 10 overall findings from the internal audit. All of those have been agreed by management and have been implemented. They were procedural findings and they've all been enacted.

[97] The second audit was undertaken by the Wales Audit Office as part of their annual review of us. Again, there were three findings from the WAO. Two of those have been enacted and one of those in relation to a cleaning contract is still to be put in place, but that will happen next year when that contract is renewed. There were no material findings from the WAO. Again, these related to procedural matters.

[98] **Mohammad Asghar:** Do you think that more changes need to be made in respect of procurement?

[99] **Ms Powell:** I think the key thing is that the findings that they've put in place we've actually taken forward, and they're now being enacted. That is about us making sure that our internal controls are continually improved and that we continually look to make sure that our processes are as good as they can be.

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

[101] **Nick Ramsay:** Lee Waters, briefly.

[102] **Lee Waters:** Can I follow that up? Just to pick you up on the internal audit by Deloitte because that was the subject of some media interest, in particular the finding that you had given a consultant specification for a tender two days before his competitors, and Deloitte's view that that risked damaging the reputation of Sport Wales. What are your reflections on that?

[103] **Ms Powell:** I think my reflections are to make sure that those procedures are in place and that doesn't happen again. We've updated the procedures, and for myself to make sure that I follow those procedures, and that I learn from this.

[104] **Lee Waters:** Okay. Does it take a procedure to make you think it was a bit odd to be giving somebody two days' heads-up about a tender?

[105] **Ms Powell:** I think there's understanding the context of the position that we were in, and maybe I'll pass to Peter for this one.

[106] **Mr Curran:** Just in terms of the details, Chair, this was somebody who was going to fulfil a senior management role, so we're talking about £33,000 that was the actual value. Had we operated or used a different way, we would have done a single tender and procured it that way. So, that's just putting it into context. We're talking about a very short-term placement.

[107] **Lee Waters:** So, that was fine then.

[108] **Ms Powell:** No.

[109] **Mr Curran:** That's the context around—. So, we were talking about £33,000, not £3 million or £5 million. And it was at a time where we were short of senior management staff and we had to act pretty quickly in order to get continuity at senior management level.

[110] **Lee Waters:** Okay, I'm not seeking to be anal about this; it's Deloitte who've said that you risked damaging your reputation through this. That's not something you put aside lightly.

[111] **Ms Powell:** Let me be clear, Lee. This is a matter for myself and that I took an action that I shouldn't have taken, and I have made sure that that doesn't happen again. The scale and size of it is not the issue here; it's about following procedures. Those procedures have been updated and I need to follow procedures.

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

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

[114] **Rhianon Passmore:** Thank you. I note that the annual report states that the general reserves for core activity have fallen I think from £4.2 million to £1.5 million. So, in regard to the strengthening of your budget and planning processes, how successful do you think that has been with regard to the governance report, with regard to the fact that you've still got a £331,000 overspend this year?

[115] **Ms Powell:** If I ask Peter to talk about the technical £331,000, and then I'll take up the budget planning.

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

[117] **Mr Curran:** Thanks, Sarah. Without getting too technical on this, essentially the way we operate is that we get an annual grant-in-aid cash from Welsh Government, and that, in effect, is our unrestricted reserves. So, we work within that annual allocation. We cannot overspend it. We don't overspend it. And, similarly, we cannot exceed 2 per cent of the cash balance. And this year, we were way, way under the 2 per cent. So, that's in terms of the way we operate on a day-to-day basis, to make sure the liabilities are covered, and we can cover all costs as they fall due. In terms of the statutory accounts that you've referred to, they're prepared on what's called an accruals or a resource basis, so they take into account non-cash

items, the most significant of which are depreciation, which is something like £0.75 million, and in the valuation of the buildings, which we undertake annually. So, in order to get to that low cash position, that necessarily means that when one factors in the non-cash items, in terms of the accounting results, there will invariably be a deficit, an overspend, or whatever you want to call it. In strict accounting terms, that is accounted for through a restricted reserve, which you show in the accounts. So, that reserve is an accounting reserve, and in no way is reflective of the financial stability of Sport Wales, or its planning and budgeting process.

[118] I'd say that the key thing here is that we're not allowed to build up cash reserves, and we have to operate within those strict requirements of Welsh Government not to carry forward more than 2 per cent. So—

[119] **Rhianon Passmore:** And I accept that, yes.

[120] **Mr Curran:**—the accounts are somewhat misleading when one tries to reconcile resource accounting against cash accounting.

[121] **Rhianon Passmore:** I understand that. But if I can just ask further to that then, with regard to the non-build-up of reserves—I accept that—this statement here says that the general reserves for core activities, not including those of sports council for Wales, have declined from £4.2 million to £1.5 million. So, I just want a little bit of further clarity on that.

[122] **Mr Curran:** Sure. And the most significant issue you'll see is the pension liability—

[123] **Rhianon Passmore:** I'm going to come to that.

[124] **Mr Curran:** Well, that's a significant reason for the drop in reserves, because there was a £2 million difference increase in the liability of the pension fund. So, that is responsible for it. Again, that's an actuarial valuation, not within our control. So, I think as far as—. What I'd like to give assurance to this committee is that, in terms of the year in question, we received £21 million from Welsh Government, and we spent £345,000 less than the £21 million. So, those huge swings you refer to relate to external issues outside of our control and don't have an impact on the sustainability or cash flow facility [correction: visibility] of Sport Wales.

[125] **Rhianon Passmore:** Okay. With regard to the second part of my

question, how effective, then, do you think that the realignment or strengthening of your planning and budget processes has been for the year 2016–17?

[126] **Ms Powell:** If I take that, so in terms of our—. We have a very systematic planning and budgeting process. This has involved us actually bringing together now—. Previously, this was done by a directors' team, with the board. We've now widened this out to our leadership team, and we don't budget in silos, we budget as a collective. This involves bringing both the planning cycle and the budgeting programme together. We look at a zero budgeting process, to look at each area of the business, alongside aligning that to the objectives that we're looking to deliver.

[127] **Rhianon Passmore:** So, how successful do you think you've been this year?

[128] **Ms Powell:** I believe we've been extremely successful because we've stayed within our 2 per cent, and that we've been able to deliver against our objectives.

[129] **Rhianon Passmore:** And with regard to the £330,000, roughly, overspend compared to the £353,000 the previous year, you would absolutely pinpoint that to the additionality of the £2 million for the pension fund.

[130] **Mr Curran:** And other non-cash items, such as depreciation, and the revaluation of our buildings, which occurs on an annual basis. And, again, that's undertaken by a specialist firm of surveyors, over which we have no control, and we take a professional judgment in terms of how the difference in valuation is reflected in the accounts.

[131] **Rhianon Passmore:** Okay. It still seems to me quite a considerable amount of money. It may not be in terms of the whole envelope, but for a public body, a third of £1 million every year does seem considerable. So, what plans have you got then—and, obviously, it's not just pertinent to your organisation, but with regard to the pension deficit, how are you looking to mitigate for this in the year ahead, bearing in mind that this is a big whammy for this year, in terms of the £2 million?

[132] **Ms Powell:** And this isn't just an issue for Sport Wales. This is an issue across the public sector. I think the simplest answer that I can give is that we

have planned for this. So, we are looking at our three-year—we've been given a three-year repayment profile by the pension, and that is planned as part of our budgeting process.

[133] **Rhianon Passmore:** Okay. Can you describe how the costs that you are apportioned are allocated between the lottery and the general activities portfolio?

[134] **Ms Powell:** If I start, and then maybe Peter will finish with a little bit more detail. Obviously, we have separate accounts for our grant in aid and our lottery. There is no cross-subsidy of these, and they are budgeted for and planned for and accounted for separately. We look at staff apportionment, and also then we look at budgets that we provide.

[135] **Mr Curran:** Just to elaborate on that, in terms of—. I mean, the biggest issue is staff costs. So, we ask every member of staff, who work on a combination of lottery-funded and Welsh-Government-funded projects, what their specific allocation of time was. So they're aware every year that we ask that question, and ask for them to substantiate their reasons, or the ratio. And that's for direct staff costs—so that's staff, national insurance and direct pension contributions.

[136] In terms of the share of the pension deficit, you'll have no doubt noticed that that £12 million pension deficit—we've split that 76 per cent Welsh Government and 24 per cent lottery, and that specific apportionment is based on a rolling average, right back to the inception of the lottery in 1994. So, we ask staff for their percentage every year, and we take a rolling and ongoing average over that period. That's specifically for the deficit and the lump-sum payment that you'll have noticed that we also pay into the pension fund in order to reduce that. So, we're quite comfortable that that's a fairly robust way. Clearly, it's subject to audit, and our audit colleagues have more than accepted the methodology that we utilise in order to get to that percentage.

[137] **Rhianon Passmore:** And do you think that what you're doing in this regard is optimum?

[138] **Mr Curran:** Yes.

[139] **Rhianon Passmore:** Okay, thank you. I've got one more—well, we've slightly touched upon this. How do you ensure that the additional voluntary

pension contributions are value for money, bearing in mind that you've mentioned the three-year repayment?

[140] **Mr Curran:** Just to be absolutely clear on that, I think what you're referring to is the lump sum, but the actuary is saying that Sport Wales—this is not additional voluntary contributions, in old money, for employees, this is the amount that Sport Wales has to pay into the pension fund in order to make some inroads into that £12 million deficit. So, in a sense, we don't have an awful lot of choice. We could potentially defer, but that would just be storing up problems for our future generations. So, as Sarah has alluded to, following the triennial valuation in 2016, the actuary has given us three years employers' rate and lump-sum payments that we have to pay for this year, next year and the year after. The board are aware of that. We factored it in for the 2017 budget this year, and we will factor it in to the two future years.

[141] In terms of other mitigation, we do offer a defined contribution scheme. You're aware that the local government scheme is a defined benefit scheme, although it's career average not final salary. But, like a lot of public sector schemes, this is not uncommon, in terms of where we are, but we do offer staff—both new members and existing—should they wish to join a defined contribution scheme, a lower rate, for them and for Sport Wales, and they're entitled to do it—you know, to join either. And we keep the scheme under review as well. But given the fact we've got the three years, I think that gives us some surety that the £12 million deficit now—we can afford the cash contributions for the next three years. That gives us some assurance.

[142] **Rhianon Passmore:** So you feel assured that the—. You are assured that that is good value for money.

[143] **Mr Curran:** I don't think we have an awful lot of issues, because these are actuarial assumptions, based on the assets and liabilities of the scheme. We do periodically assess the assumptions the actuary use, because there are assumptions he uses in terms of mortality rates, discount rates and future salary increases—we do test the adequacy of those assumptions. But, beyond that, we have to accept what the actuary gives us.

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

[145] **Nick Ramsay:** Oscar, did you have a quick supplementary?

[146] **Mohammad Asghar:** Just a little point here, technically, you've just

mentioned, Peter, that the accounts are based on a resource basis and depreciation, but appreciation hasn't been mentioned, where the property goes up and down. It looks like there's—[*Inaudible.*—]balance on that—that appreciation hasn't been included, which is just to make the balance on the accounts, if you look on page 81, the—[*Inaudible.*—]figure is there. You have increased the value of the properties and the decrease, whatever it is, but, basically, where do you put on the reserve side when you appreciate?

14:45

[147] Depreciation doesn't mean anything—it's wear and tear. I think we must not be confused on that. From an accounting point of view, depreciation means nothing; it's just wear and tear of the fixed asset. Am I right? So, basically, if you have to reduce the value of the assets, that is fair enough, but, if there is an increase in the value of the assets, where do you put the funding if it's increased by the value?

[148] **Mr Curran:** Where we put it, Oscar, in terms of the balance sheet—I've actually got page 37 here. If you look at the taxpayers' equity, you'll see a final item, 'Revaluation reserve'.

[149] **Mohammad Asghar:** Page 37.

[150] **Mr Curran:** This is page 37 of the accounts. It's entitled 'Consolidated Statement of Financial Position of the Sports Council for Wales'. It's basically the balance sheet of Sport Wales. If you've got that page there, the final line says, 'Revaluation reserve'. That is where the year-on-year difference in valuation is accounted for. So, it's a reserve that's built up [correction: insert 'from'] when the buildings were originally revalued and that's where the year-on-year difference is accounted for.

[151] **Mohammad Asghar:** My point is: could you kindly attach who did the value on the properties?

[152] **Mr Curran:** Who did the valuation?

[153] **Mohammad Asghar:** Yes.

[154] **Mr Curran:** A firm called Cooke and Arkwright, who are a firm of chartered surveyors.

[155] **Mohammad Asghar:** I know them very well, but that fact is it hasn't been mentioned here.

[156] **Mr Curran:** I think it does actually say—just bear with me. I think, when we come on to talk about the valuation—. If it is not here, then we can, but I do believe somewhere—yes, if you look at page 50 on here, which is note 9, which is entitled 'Property, Plant & Equipment', if you go to the very end of the note, you will see that it says and refers to:

[157] 'Messrs Cooke & Arkwright, Chartered Surveyors in accordance with the Royal Institute Chartered Surveyors appraisal and valuation manual.'

[158] **Mohammad Asghar:** Only one valuer for the properties.

[159] **Mr Curran:** For both properties, yes.

[160] **Mohammad Asghar:** Okay.

[161] **Nick Ramsay:** Okay. Vikki Howells.

[162] **Vikki Howells:** Thank you, Chair. I'd like to ask you some questions around your estate, which is obviously an important asset for Sport Wales. Firstly, is there a long-term plan for your estate?

[163] **Ms Powell:** For both our national centres, we have five-year strategies in place. That includes capital strategies as well, because we need to look at how we're going to invest in them. So, those are in place and monitored and reviewed annually.

[164] **Vikki Howells:** Thank you. And, looking at your commercialisation strategy—I know that's something that you've mentioned already before—I was interested in the information you provided about your kit supplier and the reciprocal benefits there. Would you be able to give us some more details about that or other aspects of your commercialisation strategy as well?

[165] **Mr Curran:** Okay. That relates to Plas Menai and that's a particular arrangement where we would have had a budget line for kit, which is now down to zero, because it's given in kind and in return we give up a room at certain times of the year and through social media we do self-promotion for that kit manufacturer, and vice versa. That's one example.

[166] In terms of Plas Menai, the outdoor centre, it's diversified its forms of activities. So, we do some training there with fire and rescue, we do corporate team building, we're looking into the possibility, with cruise ships coming to Holyhead, of doing some adventure activities for the people coming off. So, in a sense, they're ancillaries, because the core purpose is to deliver the Sport Wales mission of getting people and children involved in activities, which in Plas Menai is out on the water and so on. However, we need obviously to make sure that the centre is viable—why we're looking at the marginal activities.

[167] In terms of Cardiff, we have a few innovative ways. We've expanded our catering offer, and, when the ICC Champions Trophy was on, we took advantage of the passing footfall in Cardiff to look at an increase in catering sales and that kind of stuff. Sarah's mentioned the new online booking system that has improved in terms of efficiency savings.

[168] So, those are the short-term measures that we're looking at. Longer term, we do keep the operating models under review. So, in England, for example, they have a different operating model of running the national centres. That will be reviewed by Sport Wales depending on the financial climate and other factors. So, longer term, we're committed to doing a strategic review; shorter term, we'll grab those opportunities as and when they arise.

[169] **Vikki Howells:** Thank you. From reading your annual report, I can see that you've been doing a number of refurbishments to your estate as well. Do you undertake cost-benefit exercises as part of the decision-making process there?

[170] **Mr Curran:** Yes, absolutely. A good example would be Plas Menai again, which is doing more and more conference business. Essentially, the punters are voting with their feet and we got an awful lot of adverse coverage in terms of the state of the accommodation. I guess we're always open to that kind of thing. So, formally we do it, but we do rely on customer feedback as well and that was strongly coming through that the quality of accommodation, which is the main capital purchase in Plas Menai, was in need of an upgrade. Sarah's mentioned that we were very set on getting a tourism grant, which is outside our sponsor division, which reflects—I mentioned the conference business and the other sources of income that we're starting to generate. But that was a direct result of targeting more of that kind of business and conference delegates saying, 'We need a bit better

than this’.

[171] **Vikki Howells:** Thank you. From an environmental perspective as well, you’ve been looking to align yourself with the Well-being of Future Generations (Wales) Act 2015 goals. So, I was interested to note that the Plas Menai centre has withdrawn from the Green Dragon scheme, which gives organisations the opportunity to be awarded for their environmental management systems and impact on the environment. Could you explain to us why you’ve taken that decision?

[172] **Ms Powell:** In all honesty, it’s a cost issue for us. The Green Dragon scheme is costly, but what we have done is made sure that we’ve taken all of the principles of the Green Dragon scheme and made sure that those are still being implemented within the centre and we are still making sure that we align with the Green Dragon scheme. We are looking at all ways of making sure that we can do a cost-benefit analysis of these types of benchmarking but we believe at the moment that we can monitor this ourselves and be able to report back.

[173] **Vikki Howells:** How can people scrutinise your standards in regard to that, then, if you’re not part of the Green Dragon scheme?

[174] **Ms Powell:** We provide the information, as you’ll see, as part of our accounts with regard to sustainability, economic value. Some of the things that we’ve done there—we’ve put a new heating system in, which is in line with cost efficiency. We’ve put—I know that it may seem small scale, but—all new lighting systems in that actually only come on now when people are in the environment. So, there’s a significant amount of things that we’re doing there to make it more sustainable and more cost-efficient.

[175] **Vikki Howells:** Okay, thank you.

[176] **Nick Ramsay:** Thanks. Lee Waters, did you have some further questions?

[177] **Lee Waters:** Yes. I wanted to ask about risks. You mention in your report that the main strategic risks—I think you’ve touched upon these dual challenges you have of rising pensions liability and then declining grant in aid fund because of austerity. What’s your assessment about the impact that this is going to have on your ability to deliver your objectives?

[178] **Ms Powell:** I think we recognise that this is a challenge across the whole of the public sector. We're obviously—. Part of our planning—long-term planning—is we do a scenario plan for anticipated cuts. We're also looking at far more creative ways of looking at how we partner with others around budgets. We've had a post in place that has been partner funded with Welsh Government, Public Health Wales, and ourselves. I think, in terms of the future, and working across the public sector and taking on board the well-being of future generations' ways of working, that this is something we will look to do more of, particularly working with those close to us like Public Health Wales. You'll have seen the recent mandate from the Minister to say that we need to work closely together; I think there are significant opportunities of where we can align investment better and still deliver the outcomes that we need to do.

[179] **Lee Waters:** I think that post you're referring to—the joint one funded by the Welsh Government and Public Health Wales—is a relatively new post, isn't it?

[180] **Ms Powell:** The post that we have had has been in place for two years. It actually has just finished now.

[181] **Lee Waters:** So, in terms of your existing activities, what are you doing to partner with other organisations to see if you can share costs there?

[182] **Ms Powell:** So, one of the things that we've put in place—whether you call it partnering—is that we've actually brought in the national governing bodies into both our centres. So, we now house 19 governing bodies and we have done a cost-benefit analysis of that and we think we're saving the sport sector, let's say, around about £400,000 per annum in terms of the offer that we're now able to provide by providing in-house back office support to those sports. We're also looking and talking—. We've been in discussions with the Arts Council of Wales around, potentially, some support of back-office human resources advice. We haven't replaced our head of HR and, therefore, we're in discussions with the arts council about whether they would be able to provide us with that support as and when it's required rather than replace a staff member. Similarly, we've mentioned about a new online grants system. That has led to a reduction in two members of staff over the last three years in our grants team. So, there's constant efficiencies that we need to look at. I think we recognise this is not going to go away and this is something that is at the heart of all of our planning and investment programmes.

[183] **Lee Waters:** I was struck, reading the risk section of your report, that one risk I thought was pretty obvious from just a superficial understanding of Sport Wales is that governance doesn't appear to be a risk. Given what's happened in the last year, with your chair and vice-chair both being, effectively, fired by the Welsh Government, don't you think governance remains a risk for the organisation?

[184] **Ms Powell:** Actually, during that period, you would see that we would have updated our risk register and highlighted that that was a risk to us during that period. As for myself, as the accounting officer, it was my imperative to make sure that governance was in place during that period. I work very closely with the Welsh Government. As soon as the vote of no confidence had been taken, I was in touch, within 24 hours, with the additional accounting officer to make sure we had in place the right governance during the period where the board was suspended. I think it's an absolute testament, and I'll put it on record, to the professionalism and the commitment of the staff in Sport Wales for how they continued to focus on the job, and we've all continued to focus on delivering the job. For me, my focus has been on the executive and making sure that Sport Wales has continued to deliver what is required of it.

[185] **Lee Waters:** So, from a risk point of view, as far as governance is concerned, you think you're out of the woods.

[186] **Ms Powell:** We have had substantial assurance from both our internal and from WAO in terms of our governance in place. During that period, we did put additional mitigations in place. I met with the independent members of the audit and risk committee during the suspension of the board. I provided an additional compliance statement to our audit and risk group during that period as well.

[187] **Lee Waters:** I understand those points about systems. My question's a slightly broader one: reading this report, you don't feel that governance is any longer a risk to the organisation, the stability at the senior level.

[188] **Ms Powell:** I do not believe it is any more of a risk than it is to any other public sector organisation. I believe we have all the right processes in place.

[189] **Lee Waters:** Okay. But you also said that you had a constant drive for

efficiencies and I'm aware that one of the issues that caused the tension in the board, so far as you can tell from an outsider's point of view, is around the cost of your governance arrangements, about paying board members. Your previous chair, Dr Paul Thomas, said that you're spending £140,000 on paying board members, which you didn't used to do, and it was his proposal to cease doing that. Do you see that as a way to look again to reduce costs or is that no longer on the table?

[190] **Ms Powell:** The payment of board members is not a matter for myself, as the accounting officer. That is a matter for the Welsh Government.

[191] **Lee Waters:** It's a matter of efficiencies, isn't it? And it's a matter of stability and risk, so I think it's relevant to you doing your risk analysis, surely.

[192] **Ms Powell:** I think the board have provided us with exceptional performance and they've been there and provided good governance when they've been in position, and, as I say, the decision on whether the board are paid or not paid is ultimately a matter for the Welsh Government.

[193] **Lee Waters:** But you're satisfied that, given the budget choices you face, setting aside £140,000 for paying board members, that's a good use of money, is it?

[194] **Ms Powell:** I think I can only reiterate that that isn't within my gift of providing that.

[195] **Lee Waters:** I appreciate it's not in your gift, but you're satisfied that's a good use of money.

[196] **Ms Powell:** Again, that is not a matter of opinion for me; it's a matter for the Welsh Government. I don't think my opinion matters.

[197] **Nick Ramsay:** I think Sarah Powell's made it clear that she doesn't believe that is an issue for her.

[198] **Lee Waters:** Yes, well, I think it is an issue for her, that's why I'm asking her it, and she's trying to avoid it. But it's not relevant just in its own right, it's relevant in terms of the broader risks it poses to the stability of the organisation, isn't it, given the history of the last 12 months. I appreciate why you're trying not to be drawn on it, but I do think it's kind of central to

the situation you've found yourself in.

[199] **Ms Powell:** I think all I can say with regard to our board and our board performance is I have found the board performance to be very exceptional within the remits that they've needed—they've needed to take a very difficult decision with regard to an issue of governance within the board and the board have been able to do that. With reference to the payment of board members, as I say, that is a matter for the Welsh Government. But, in terms of making sure you have the right people, with the right skills, with the right experience and the ability to provide that scrutiny and that ability to drive forward an organisation, I think sometimes payment is an appropriate thing.

[200] **Lee Waters:** Okay. Can I just briefly move on to one related area, which is relevant to your strategic direction? One of the drives of the former chair, as I understand it, was to move away from an exclusive focus on elite sport and move towards a more community, physical activity agenda. I note from your remit letter from the Welsh Government for this year, from May of this year, it says, in the Minister's own words:

[201] 'Elite Sport remains a key focus of Sport Wales' activities and rightly so.'

15:00

[202] Does that mean that the attempt to shift you away from elite sport has been seen off now? You're very clear that your remit is back on elite sport.

[203] **Ms Powell:** I think our remit is very clear that it is both: it is absolutely community sport and getting the nation to be more physically active. I'm pleased to say that if you look at our funding breakdown, you'll see that over 75 per cent of our funding actually goes towards community sport and creating more physical activity opportunities. So, only a small amount of our investment actually goes to elite sport.

[204] In terms of us needing to have a dual focus, I think that is absolutely imperative; I think one feeds the other, and the pathways that we need between community sport and elite sport are important. Having that within one organisation enables us to have efficiencies to work together with sports to enable the connect between grass-roots sport and elite sport. The likes of Gareth Bale sitting in a classroom in Whitchurch High School—he was developed within the school and community environment and then he was

pathwayed through into elite success.

[205] **Lee Waters:** Let's just hope that the future Gareth Bale isn't looking at a field this week being put into asset transfer that he can't get access to because all of the money has gone into 3G.

[206] **Nick Ramsay:** I think that was a comment rather than a question. Mohammad Asghar, did you want to come in briefly?

[207] **Mohammad Asghar:** Thank you very much indeed. The thing is: this pension deficit is going to make a big black hole in your finances. Are you confident that you're really going to deliver all of the projects that you're thinking about doing—further development, increase the numbers, what you've been mentioning earlier? After this big black hole, you're confident that you can make sure that you're going to deliver all projects in future.

[208] **Ms Powell:** I think that finances are difficult—we recognise that—but we have a continual process in place to monitor and evaluate our investments to make sure they are delivering the projects, the programmes and the outcomes that we've put in place. I think I've made it clear to the committee that I do believe that there is a real opportunity now in Wales, through the Well-being of Future Generations (Wales) Act 2015, for us to better align across the public sector to genuinely deliver the outcomes that we all want to see. It will take education to play its part in getting children more active in schools; it will take public health's support and role in maybe moving those who are inactive to being active; and then it is Sport Wales's role to support that to make sure that we create the opportunities for them to continue to be active.

[209] So, I think the real challenge—. Of course, we need to focus on our funding and making sure that delivers the objectives that we've set out, but I think there is a real opportunity for us now to better deliver across the public sector by working together and aligning resources where we can. I think we've recognised that there's been a lot of commitment to work together, but until you align resources effectively you won't see the returns that we would like to see.

[210] **Nick Ramsay:** Okay, moving to the end of the session now, can I ask you, in closing: the annual report states that 80 per cent of the corporate directors are male, so do you have any plans to address the gender balance in the senior—I can see you smiling already before I finish the question,

because you probably have—management team?

[211] **Ms Powell:** There is nobody more committed than me to addressing equality, as the first female chief executive of Sport Wales. It is very difficult, when you have a small team of four—I recognise that one change makes a significant difference in percentages. I am committed to this. We do have a vacancy currently; it doesn't mean that I would go and automatically select a woman, because we would go through a fair interview process, but I am committed to making sure that women come through our organisation. We have clear development and training in place; we have a Chartered Management Institute programme for all staff. So, one of my challenges is to make sure that I succession-plan through the organisation, but, yes, I am committed to making sure that we have greater equality across Sport Wales.

[212] **Nick Ramsay:** Lee Waters, did you have a supplementary?

[213] **Lee Waters:** Yes, it's an entirely separate matter. I notice on the priority letter that the Welsh Government is asking you to look specifically at what you can do to promote the Welsh language. It's widely felt that Welsh at a grass-roots level is essential for making it a living language. In practical terms, beyond singing up to the bureaucratic things that you're required to sign up to as part of the standards regime, what are you doing to try to extend what grass-roots sport does to encourage the use of Welsh as an everyday language?

[214] **Ms Powell:** I think you're right: there is a real intrinsic link between sport and the Welsh language. We've got a very good relationship with the Welsh Language Commissioner's office, but, in terms of what we're practically doing, we work very closely with the Urdd. We fund the Urdd quite significantly, and one of the main focuses with the Urdd is to develop a Welsh-speaking workforce, because we think that's really where we're going to see and engender the people to use the Welsh language. This year we ran an 'Amdani!' programme, just to encourage people to use the language a little bit. So, it doesn't have to just be English or Welsh, you could incorporate using the Welsh language within all sessions. That's been extremely successful because it's built confidence in those that maybe are learning Welsh to use a small amount of Welsh. So, we recognise the importance and the link to sport. We also have Gemau Cymru, which we work with the Urdd on to develop a national sort of—. How would I present it? It's a sort of celebration of the elite athletes and bringing together governing bodies once a year. So, it's a sort of small commonwealth—. It's built on the

Commonwealth Games. They stay overnight, and, again, that is built on the Welsh language. So, there's a number of things that we have in place.

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

[216] **Nick Ramsay:** And, finally, the accounts note that you were instructed by the Welsh Government to make a payment in lieu of notice for the chair and vice chair. How did you manage this unforeseen expenditure?

[217] **Ms Powell:** Well, we budget on full staff numbers, so we are able, therefore, to manage variances in budget. I think the figure was £10,000, so we managed that through vacancies. We did actually have a vacancy in the board during that period as well. We recognise it was crystallised in that financial year, so we accrued the £10,000 for that year.

[218] **Nick Ramsay:** Okay. So, I thank our witnesses, Sarah Powell and Peter Curran from Sport Wales. Thanks for being with us this afternoon. As I say, we do understand it's been a difficult couple of days.

[219] **Ms Powell:** Thank you.

[220] **Nick Ramsay:** We will send you a transcript of today's proceedings before it's finalised, just for you to check for accuracy.

[221] **Ms Powell:** And we'll follow up with the information.

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

[223] **Nick Ramsay:** A short break before our next witnesses, the Commission. They're due in at 25 past.

*Gohiriwyd y cyfarfod rhwng 15:07 a 15:22.  
The meeting adjourned between 15:07 and 15:22.*

### **Craffu ar Gyfrifon 2016–17: Comisiwn y Cynulliad Scrutiny of Accounts 2016–17: Assembly Commission**

[224] **Nick Ramsay:** Hello, everyone. Welcome back, and welcome back to item 4 on today's agenda, which is the scrutiny of accounts 2016–17 of the Assembly Commission. Can I welcome our witnesses? I felt a bit like déjà vu when I saw you sitting outside. I thought, 'I've been through this before', but

it was Finance Committee last week that you spoke at about the coming budget. Would you like to give your name and positions for the Record of Proceedings?

[225] **Assembly Commissioner (Suzy Davies):** Yes. Suzy Davies, Assembly Member and Commissioner—one of the four Commissioners.

[226] **Ms Antoniazzi:** Manon Antoniazzi, clerk and chief executive and principal accounting officer.

[227] **Mrs Morgan:** Nia Morgan, director of finance.

[228] **Nick Ramsay:** Great. Thank you for being with us this afternoon to help with our scrutiny. We've got a number of questions for you, so if at any point I'm moving things on, it's just so we can get to as many as possible. If I can kick off with the first question, how have you changed the presentation of your annual report and accounts to make it more accessible to the public and to address the committee's recommendation to all public sector bodies to present information as simply as possible?

[229] **Suzy Davies:** Do you want me to go with that?

[230] **Nick Ramsay:** Yes. Go for it, Commissioner.

[231] **Suzy Davies:** Absolutely. I hope that you found the annual report relatively easy to work your way through. It's been put together in accordance with the HM Treasury's own simplifying and streamlining report, which puts it on a par, really, with annual reports produced by other public sector organisations, so there's a consistency across the public sector about how this information is presented. We've also had a bit of a thumbs-up from the Wales Audit Office for the inclusion of infographics, which in themselves perhaps don't sound as if they've resolved a lot of problems, but they give you access to the statistics that are more likely to catch the eye if you're looking at this from the outside, rather than from within a finance committee. So, it's not hugely different from last year, but we've certainly followed the rules that the Treasury have suggested we do.

[232] **Nick Ramsay:** Good. And is there an intention to provide a separate summary accounts document, as was the case last year?

[233] **Suzy Davies:** We haven't done one this year, primarily because the

take-up of last year's wasn't actually that great. I'm hoping the infographics will give some very basic information, but if it's something that the committee would like us to do again, then obviously we would consider that, but we'd obviously have to bear in mind that we've got to find staff resource to produce that.

[234] **Nick Ramsay:** Manon, did you want to come in on that?

[235] **Ms Antoniazzi:** To back up—Suzy has replied fully. I think there isn't a huge difference between this year's annual report and accounts and last year's, in format terms, because there was a fairly basic redesign last year, and we felt that that provided clarity for readers. The use of case studies and infographics, as Suzy mentioned, has been praised as helpful, so we continued in that vein, and obviously, hopefully it's helpful for readers to have a bit of consistency between one year and the next so that the comparison is clear. And we're very happy to produce it in different formats if the committee thinks that that's a good idea.

[236] **Nick Ramsay:** Great. And do you have plans to show how resources are committed to Assembly priorities in future years?

[237] **Ms Antoniazzi:** Yes, Chairman. As you'll have heard in the Finance Committee last year [correction: week], our draft budget did contain a more detailed level of allocation of resources to priorities than has been the case in previous years.

[238] **Nick Ramsay:** It certainly is *déjà vu*—looking forward and back at the same time for the last couple of weeks. Neil Hamilton.

[239] **Neil Hamilton:** Not just a question of *déjà vu*, but also *déjà parlé*, as I'm about to ask you about the digital policies of the Commission, as we did at the Finance Committee last week as well. You acknowledged in February 2016,

[240] 'Whilst there are pockets of good practice, the Assembly's current approach to digital is fragmented and insufficient.'

[241] Well, that was 18 months ago. You've had a programme of projects since to improve practice. Can you perhaps describe how the website has been made more user-friendly and transparent to ensure the public are better able to engage with us, and we to learn from them?

[242] **Suzy Davies:** Yes, I could take you through the immediate changes, which I hope previous Assembly Members might have noticed as well. The first was the redesign of the homepage and the inclusion of something called a mega menu, which just makes it easier for users to navigate their way through, you know, a fairly comprehensive website; you've got to accept that. Our own biography pages are a bit easier to get hold of, and there's been some new templates to make information more visually appealing. But I think the main thing that you will have noticed is the changes to the Record of Proceedings, as part of the wider MySenedd programme, of course. The ability to search the Record of Proceedings is already better than it was a year ago, and quite a lot of the attention in 2016–17 has gone into that. I'm hoping some of you are now using the new tabling arrangements as well that were piloted, and I think they're now in place, aren't they? I'm sure my member of staff was using it earlier today.

[243] **Nick Ramsay:** It's probably our staff you need to ask about that, rather than us humble AMs. [*Laughter.*]

[244] **Suzy Davies:** But, you know, the website is a route through to the Record of Proceedings, which is why I've included that information in my reply to you, Neil.

[245] **Neil Hamilton:** Well, I shall ask my chief of staff whether he's using it. The Commission's ICT service has a detailed action plan to address all the recommendations raised in the cyber security internal audit report. Can you tell us a bit about that? Have we had any cyber security problems that you know of? Are people trying to break into our systems at all, or—?

[246] **Suzy Davies:** I don't know how much you want us to talk about in an open forum on something like that.

[247] **Neil Hamilton:** Well, insofar as you can. I don't know whether—. Obviously, I don't want to compromise—

[248] **Suzy Davies:** We can share a bit, can't we, Manon, I think?

[249] **Ms Antoniazzi:** We can share a bit, yes.

[250] **Suzy Davies:** Yes. Yes, do you want to do that? Because—

[251] **Ms Antoniazzi:** Shall I elaborate? We do have a suite of standard operating procedures—a cyber incident plan—and we’ve improved our log management processes. You’ll be aware there hasn’t been, to date, a successful attack as has been seen on other parts of [correction: delete ‘parts of’] public sector organisations, but we need to be very vigilant. The suite of standards has been developed in line with the Commission’s work on progress towards meeting relevant aspects of the international standard relevant to information security. We’ve also developed a specific cyber incident plan linked to the overall ICT service plan, which identifies the need to strengthen the ICT support network team by increasing expertise related to the proactive management of security threats. We’ve also implemented an intrusion detection system and, as a result of moving services to the cloud, we’ve taken advantage of the latest Microsoft security protection consultancy resources and training. So, this has increased our resilience to cyber attacks. But the audit also identified some instances of devices operating on older versions of Microsoft Windows, and that raises risks of a potential security breach. To address this, ICT are replacing or upgrading such devices with a scheduled completion date of September 2018, obviously budget depending.

[252] **Suzy Davies:** Do you mind, Chair, if I could just take this opportunity to make my appeal once again, that, obviously, when we’re talking about cyber security, all of us are individual risks? I just urge Members and their members of staff to familiarise themselves with the information that’s been shared through Cyber Security Awareness Week, and I think there’s another one planned for a bit later on. I’d hate to think that we as Assembly Members are the main risk to cyber security.

15:30

[253] **Ms Antoniazzi:** May I also just finish by saying that the head of governance and assurance did report back to our audit and risk assurance committee in June of this year, having reviewed the implementation of the internal audit to which you referred, and the grading for the review was uplifted from ‘needs improvement’ to ‘satisfactory’ at that stage, so there is that bit of progress to be banked.

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

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

[256] **Rhianon Passmore:** With regard to it being ‘satisfactory,’ obviously an

improvement. So, what needs to occur to push it up a notch so that it's good?

[257] **Suzy Davies:** What I've just said, basically. I'm on a related committee called ACARAC, which is about assurance and governance, and it was noted there that we as Assembly Members are part of the risk.

[258] **Rhianon Passmore:** Okay, so further to our own progeny here and around the ether of the building, there must be something else other than our own personal actions that are going to move it from 'satisfactory' to 'good.'

[259] **Ms Antoniazzi:** There are, but it is a matter—. We need to keep hardware updated, we need to keep software updated. Obviously, it is a constantly evolving picture, so we're taking advice constantly on what innovations need to be included and taking a balance of what is a prudent degree that protects business continuity whilst being affordable. I think we can write to you with further details—

[260] **Suzy Davies:** I was just going to say, we don't want to reveal our failures in a public forum, if that's okay.

[261] **Rhianon Passmore:** Yes, I would appreciate that. Okay, thank you.

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

[263] **Lee Waters:** I wasn't particularly moved to a question, Chair, but I'm not entirely convinced by the argument that we don't air our dirty linen, because without airing our dirty linen, we'll never learn from our mistakes.

[264] **Suzy Davies:** We're more than happy to write to you with anything that's confidential.

[265] **Lee Waters:** Well, if there are significant risks that we should be aware of, it's right that they're made public. Is it a significant attack that—?

[266] **Suzy Davies:** No.

[267] **Ms Antoniazzi:** No.

[268] **Lee Waters:** Fine, thank you.

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

[270] **Rhianon Passmore:** Thank you. In regard to the assurances that the chief executive has sought from the previous chief executive around governance, are you satisfied that we are in a sound position now, compared to where we are?

[271] **Ms Anotniazzi:** Yes, I am. Handover arrangements were put in place between my predecessor and myself. I took over on 24 April. That's the date of my appointment as principal accounting officer, so it was a little bit into this year. My predecessor played a key role in the drafting of the governance statement, and in fact submitted that to ACARAC, the Commission's audit body [correction: committee], before she departed so that, when I arrived, I could have an element of assurance that she was content. However, I assume personal responsibility for signing the accounts, and therefore what I have done is drawn on those same sources of assurance that she drew upon: assurance at operational level from the directors, from ACARAC, the audit committee and the Commission itself, and, indeed, the management letter that was provided by the Wales Audit Office. So, all those processes I participated in at the beginning of this financial year and felt able to sign the accounts.

[272] **Rhianon Passmore:** And so how would you encapsulate the challenges now facing—we slightly touched upon them, I think—our current governance arrangements?

[273] **Ms Antoniazzi:** In terms of governance, we have a number of large changes facing the Assembly, the extent of which we cannot yet foresee completely accurately. We have changes constitutionally, we have legislative changes coming through, we have an increasing focus on engaging with the people of Wales and with advocating the Assembly. So, there are a lot of wonderful initiatives under way. They absorb resources. I think the main challenge this year, recognising the constraints that there are on public spending, is to make sure that the resources are maximised and best placed to respond to all of those needs. We are facing a very tight year this year. To come in on a very narrow target of being within 0.5 per cent of operational expenditure at the end of the year is going to require, and is already requiring, very tight management. So, that will continue. So, overseeing that whilst responding to the needs of Assembly Members and the wider public, I think, is the core challenge and is the core risk.

[274] **Rhianon Passmore:** So, how do you—and there is a tension there, a dichotomy there—prioritise that ongoing agenda? You mentioned a number of different facets there. Compared to the ambitious plans that the Commission has outlined, how do you prioritise between the two in terms of where everything lies?

[275] **Ms Antoniazzi:** Well, you'll have, laid out in the annual report and accounts, the framework of the priorities that have been set out for this year in the context of the priorities that have been set out for the five years of the Assembly. Within that, the main engine for making day-to-day decisions is the investment and resources board, which I chair and which has representation of the directors on it. We have been looking at ways in which we can develop a slightly more systematic prioritisation. We are piloting a system at the moment, where various values are weighted to enable us to make fine discriminations between the various priorities that exist. Obviously, we have given absolute priority to statutory duties, to health and safety, to business continuity, and then, beyond that, it is a matter of ongoing dialogue between the investment and resources board and the Commission on one hand, which is the body charged with giving us the steer, and on the other hand with our heads of service, who keep us informed of the ongoing pressures on business and the constraints on their ability to deliver.

[276] **Rhianon Passmore:** So, with regard to the previous reviews on the investment and resources board, how is it bedding in in implementing the new principles?

[277] **Ms Antoniazzi:** We did have a very useful internal audit of the IRB and that was presented to me when I arrived. We are in the process of drawing up new formal terms of reference for the IRB. But a number of improvements have been implemented already. For example, there is a regular update that is now going to be presented to the Commission on decisions taken by IRB in the interval between its meetings. So, there's a clear line of sight by the Commission on those day-to-day decisions, and there is also going to be more of an emphasis on post-project evaluation and learning lessons and so forth, going forward. Directors are going to bring, twice a year, an overview of the major projects that they're involved in to IRB so that things are kept under tight review, going forward. So, tweaks like that are being implemented already.

[278] **Rhianon Passmore:** Is that enough? Do you think it should go further in terms of—? Because tweaking doesn't sound extremely rigorous.

[279] **Ms Antoniazzi:** It is more than tweaking—forgive me, I used the wrong word. This adjustment I think is appropriate. It's an evolution rather than the internal audit having concluded that the IRB system was not fit for purpose. That's not what it concluded, and therefore these improvements are ongoing. We're also looking at the role of the management board, which is the wider board with all the heads of service on it, and its role in strategically managing the duties that are delegated to us by the Commission. So, that is an ongoing matter as well.

[280] We have a very thorough capacity review ongoing. That is where we are directing our energy at the moment. Last year, we produced an efficiency and effectiveness review, which evidenced a lot of the project improvements that were being introduced. This year, we have turned our attention to the staff budget, which is the largest element of the budget, and this is particularly useful for me as an incoming chief executive. I've been able to take a step back and look at how resources are deployed across the organisation, how that has come to be historically, and, harnessing all the expertise and knowledge that the Commission staff have, make an assessment of whether the services we're providing still fit the needs of the users of those services. This is a demand-led organisation; we respond to demand. So, it's important that we understand what those demands are and how they change over time, whether they're from the wider public or, of course, critically, Assembly Members.

[281] **Rhianon Passmore:** Okay. Diolch.

[282] **Nick Ramsay:** Suzy, did you want to come in on that?

[283] **Suzy Davies:** Yes, I think it is just worth mentioning that in the year that we're talking about, we had, once again, a very strong audit report. So, there was nothing fundamentally of concern regarding the IRB. It was just something that came through the ACARAC route that was raised about the Commission's line of sight, about seeing things in the round rather than just decision after decision after decision. So, that was the key driver behind that, effectively. So, I just wanted to reassure you that, as the audit says, there's nothing fundamentally wrong with the old way of doing it; we just want to make it even better.

[284] **Nick Ramsay:** Okay. Lee Waters.

[285] **Lee Waters:** Can I just follow up on that with the chief executive on the focus on staffing? Do I understand you right in thinking that you have concerns that the level of the staffing in the Assembly is rather generous?

[286] **Ms Antoniazzi:** I wouldn't say that. I think as a new chief executive, it's appropriate for me to learn why the levels of staffing are where they are, and why staff are distributed where they're distributed and have that shared understanding with the Commission. So, that's the stage at which I am at the moment. I think that drawing conclusions is for the next step in the process. We're due to report back to the Commission by the end of this calendar year, and so we're going to be speaking to the Commission in December and possibly in January as well about recommendations emerging.

[287] **Lee Waters:** Do you share my surprise—because like you, I'm still relatively new—that the level of staffing for the Assembly Commission is pretty much the same as for the entire Scottish Parliament?

[288] **Ms Antoniazzi:** To put that in context, there are a number of factors that complicate a direct comparison. I think that there is a very strong Member focus here in the Assembly that means that an awful lot of information is tailored specifically for Members. This is an opportunity for us to test whether that is, in fact, required and wanted. The element of bilingualism is something that I talked about in the Finance Committee last Thursday. That is an element of our service that we take great pride in at the Assembly and there is a cost of doing that, but it is a dimension of our service that is an excellence that other Parliaments look to us to learn lessons from around the world. And I think just in terms of our engagement with the public and informing the public, at times like this, we have different challenges to Scotland. I'm not saying that our job is necessarily more difficult, but they're different challenges and we respond in different ways.

[289] But I would say that one of the aims of the review that is currently under way is to benchmark our provision with that of other Parliaments. So, your question will be very relevant. We will ask ourselves what accounts for the difference and check that back with stakeholders.

[290] **Lee Waters:** Because you may be Member-focused compared to the Scottish Parliament, which was the implication of your question, but they've got far more Members to serve than the Commission has here. So, I just ask

you still: were you surprised that the numbers were equivalent?

[291] **Ms Antoniazzi:** It does mean that each Member needs to have more tailored information. For example, for Members who are on multiple committees, as you all are, then there's so much more work that needs to be done to make sure that the Assembly Member has as much condensed information as possible. So, all of—

[292] **Lee Waters:** You can see my committee papers and we can have a discussion on how condensed the information is, but that's another subject. Sorry, carry on—that was an aside.

[293] **Suzy Davies:** Perhaps I can come in there. The point is it would be great if there were one and a half Lee Waters to do that work, but we're not in that comfortable position, and we rely, perhaps collectively, more heavily on central services than we would if there were more of us.

[294] **Lee Waters:** But the driver behind my question is that every public service that we're all coming into contact with are having to make cuts because of austerity, and to front-line public service delivery, and we have 448 staff costing us £19.8 million. I think it's right that we as a committee test and challenge whether or not that is appropriate. What has been the impact of austerity on the Assembly Commission?

[295] **Ms Antoniazzi:** Well, I think we are going—. The review that's under way, we had intended that to be shared with the Finance Committee. We will certainly share it with you as well so that you can have a line of sight as to the kind of choices that we will be making, depending on what the Assembly grants us as a budget for next year. There is an extent to which my hands are tied by the fact that I have inherited a body of staff that are in post now, and we need to look at that. But the imperative is that we stay within the budget that is voted to us by the Assembly. The Assembly has seen fit to vote to the Assembly the resources that it has done over the last 10 years, and we will aim to maintain the standards of excellent financial management to remain within that envelope in future years.

15:45

[296] **Lee Waters:** So, what has the impact of austerity been so far?

[297] **Ms Antoniazzi:** Well, I think you're asking the wrong person because

I've only been here for six months.

[298] **Suzy Davies:** We could spend an awful lot more. There's quite a lot of stuff that doesn't get done because we literally can't afford it.

[299] **Lee Waters:** But there hasn't been a declining budget for the Assembly Commission as a result of austerity.

[300] **Ms Antoniazzi:** I think it's fair to say that, over the years, my predecessor and her team have considered that investment in staff has been a high priority to meet the changing needs of the Assembly.

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

[302] **Suzy Davies:** It's also worth mentioning that, actually, our operational budget, its percentage of the overall Welsh consolidated fund, has remained pretty static for as long as I can remember, at about 0.3, 0.34 of the figure—

[303] **Mrs Morgan:** For the budget that we looked at with the Finance Committee last week, it will be 0.34 for the next year. For the whole of the fourth Assembly, it was 0.35, so, it's actually decreased. So, we are doing the same with less, as a percentage of the—

[304] **Lee Waters:** Right. So, you have shrunk as a result of austerity. That was my question.

[305] **Mrs Morgan:** As a percentage of the amount voted on by the Welsh Assembly, yes.

[306] **Lee Waters:** Well that's just because the amount audited has gone up, not because the Commission has shrunk, isn't it?

[307] **Suzy Davies:** In proportion to the—

[308] **Lee Waters:** It was just a simple question. I wasn't trying to catch anybody out. Every public service has had to shrink. Has the Assembly Commission had to shrink? That's my question.

[309] **Suzy Davies:** Well, I can give you an indication of where perhaps the—. It's been in finance—and I want to just to follow this line across—and in communications that there has been least investment in terms of staffing, if I

can put it like that. The actual number of staff that we employ has gone down in those two particular areas.

[310] **Lee Waters:** But overall—I'm asking overall. I'm really not trying to be difficult. Overall, has the Assembly Commission decreased in size as a result of austerity?

[311] **Suzy Davies:** In certain departments—that's what I'm trying to say—yes.

[312] **Lee Waters:** That's not my question. You've picked certain departments that have gone down, but overall—

[313] **Suzy Davies:** Well, I can give you two where they've gone up. One of which is security. Do you want me to go down this road?

[314] **Lee Waters:** That wasn't the question I was asking.

[315] **Nick Ramsay:** Let Suzy Davies answer the question.

[316] **Lee Waters:** I'd love her to answer the question.

[317] **Suzy Davies:** Okay. I'll just give you an example. The greatest growth in staffing has been in ICT, which is a result of the system coming in-house and saving several million pounds, but obviously needing more staff in-house as a result of that, and the other was security, which was raised with this committee, and certainly with the Finance Committee, last year, and the requirements of the remuneration board to actually spend some of the money, the underspend from them, on security. So, those were the two main areas of growth in the last 10 years.

[318] **Nick Ramsay:** We've got a lot of interest here, whether you like it or not. Rhianon Passmore first, then Neil Hamilton.

[319] **Rhianon Passmore:** We've slightly touched upon this in terms of the documented prioritisation criteria, but with regard to accommodation facilities costs being 30 per cent above approved budget, ICT costs, which has just been referenced, possibly around security, being 12 per cent above, other costs above, and income less than approved budget—obviously, the thread of my question earlier was: how are we managing these different budgets? And, as has been mentioned earlier, in terms of the austerity

agenda, which is affecting every other public organisation, and every other local authority across Wales, it does seem, on the surface, as if there is an approach that's needed here. So, to reassure myself, and possibly this committee, on future projects that the Commission is going to pursue, how are we going to have a better handle on public money?

[320] **Ms Antoniazzi:** I am confident that Green Book protocols of project management are being applied throughout. There is one big project in there, which you'll no doubt wish to ask about further, which is the ground floor refurbishment of Tŷ Hywel. By and large, there is a very thorough level of oversight of projects. There may be agreed overspend on some projects, but that is always at the expense of underspends in other projects in the course of the year. We have an annual budget, and the Commission brings that budget in at the end of the year, whilst taking advantage of opportunities to fulfil various needs that may become obvious in the course of the year by Assembly Members, sometimes by moving budgets around. Nia, do you want to comment any more about that?

[321] **Mrs Morgan:** On the overall governance, and the management of the accounts, my colleagues here from WAO can assure you that we've had the cleanest of audits, again, for the second year running—no recommendations, no issues to bring to the attention of ACARAC. So, you can be fully assured around our governance arrangements, and Manon's touched on the governance statement, which you've had an opportunity to look at. So, there are no concerns around our oversight in production of the accounts themselves.

[322] As far as you mentioning some of the overspends and underspends, again, WAO can comment that we are not assessed on the size of our underspends or overspends; it is on that bottom line that we must not exceed. So, when we are faced with prioritisation and requests for funds by the IRB, which I sit on with Manon, when a request for funds comes to us, we don't look at it and say, 'Oh, there was a budget of £500,000 for capital—we must hit £500,000.' We always look at the basket of cases in front of us, and decide which is the best value for money, the most efficient, the one that gives best service to you as Members, and we make the decisions that way, not in terms of, 'We must come in and spend exactly £500,000 on capital.' So, those underspends and overspends are as a result of our prioritisation at the IRB.

[323] **Rhianon Passmore:** I accept that is the bottom line, and I'm not

inferring any different. But, really, the thrust of what I'm asking you is, for instance, in terms of income, it's 60 per cent less than what we have approved for the budget. So, there are things there that we can address, I'm sure, in terms of the committee.

[324] **Mrs Morgan:** Do you want a full explanation on that reason?

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

[326] **Mrs Morgan:** The budget itself, if you can see the line for income, was set at £400,000. Now, this budget, as you will appreciate, was set back in 2015. At that point in time, secondment income, which we would have received, was historically included within that income line. But as our colleagues from WAO can confirm, that is now net off against staff costs, so that now is not shown with an income, so that reduces the amount of income that we get.

[327] And the other reason is that, within Tŷ Hywel itself, we used to sublet some of our office space to the BBC and ITV. And during the past year, as the Finance Committee will be aware, we are very constrained on the space that we have here at Tŷ Hywel. So, we have lost that income, because we need the space—we are running out of space in Tŷ Hywel—and this was highlighted to Finance Committee last Thursday. Hopefully that answers the question. And all of the other underspends and overspends are for very similar reasons—it is not, 'We spend money here, there, and have no control over it.'

[328] **Rhianon Passmore:** I'm not inferring that—

[329] **Mrs Morgan:** There's a specific reason for each and every one of these.

[330] **Rhianon Passmore:** —however, it needs to be asked.

[331] **Mrs Morgan:** Thank you for asking.

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

[333] **Neil Hamilton:** Just to go back to the point Lee Waters raised earlier on, in comparison with the Scottish Parliament—they've got twice the number of Members that we've got, and they've had, for some time, a wider policy remit than the Assembly has in Cardiff. But we wouldn't expect, if the number of Members here were to increase, that your staffing budget and so

on would go up to the same extent.

[334] **Ms Antoniazzi:** No.

[335] **Neil Hamilton:** So, there's a certain element of core funding, which any institution of this kind is bound to have. Is it your case that everything that you currently do is a core budget, which can't be reduced? And are we the leanest and fittest organisation that we could be? I appreciate that some budgets go down, and some budgets go up, because priorities change, but, nevertheless, if we take that out of the equation, do we have, in effect, the bare minimum of what we can get away with in terms of staff support and what goes with that?

[336] **Ms Antoniazzi:** I would just like to pay tribute, as an incoming chief executive, to the quality and the dedication of the staff who are here. And I think that services are provided to a very high level. I think part of what we are doing in this review this autumn is to make sure that we do ask ourselves those questions, and whether we're providing the services that are most essential to allow the Assembly to do its job of holding Government to account. And that's already proving a very fruitful process. It's going to be an iterative process—it will need for us to speak to committee Chairs and to Assembly Members before we draw any conclusions.

[337] **Neil Hamilton:** I'm sure we can all recommend some candle-end economies, but making substantial economies is rather more difficult, because then you have to axe whole projects or facilities or whatever, given the nature of the budgets that we have, which, presumably, you wouldn't have any plans to do.

[338] **Ms Antoniazzi:** As it happens, we've just had a management board meeting this morning and one of the most striking things that came out of that meeting was the interdependency of a lot of the projects that we work on. Most of the things—for example, the youth parliament—will touch pretty much all the departments of the Commission staff, and that means that we have to work together in a very concerted way in order to identify those areas where we can make economies.

[339] **Nick Ramsay:** Oscar, did you have a brief supplementary before I bring Vikki in?

[340] **Mohammad Asghar:** Thank you very much indeed. I'm sure the budget

has been done in your predecessor's time, so the questions I have are actually on this budget's overspend or underspend. I've seen it just added up quickly: £3 million balance, which was recovered and paid off. On page 108, if you look at that, the last bit is capital expenditure of £386,000, and non-cash depreciation and amortisation is the same amount. So, actually, depreciation and other non-cash value is written there. The fact is: if there is no underspend, how can you spend the money in this year? Last year, there was money underspent. This year, if there is no underspend, are you going to use the budget for those—? It's virtually balancing figures here.

[341] **Mrs Morgan:** For those two items.

[342] **Mohammad Asghar:** Yes, unless you've just balanced—somebody just balanced the books.

[343] **Mrs Morgan:** No, that's just coincidence that they're the same figure.

[344] **Mohammad Asghar:** It's just coincidence that that's the exact right figure—after nearly £3 million?

[345] **Mrs Morgan:** It happens to be a £386,000—

[346] **Mohammad Asghar:** Yes, but the total budget underspend/overspend is virtually nearly just under £3 million, when you add up all those one to six—one to nine, actually. Leave the eight and nine; the first seven, the underspend and overspend is virtually under £3 million, the same, balancing the books.

[347] **Mrs Morgan:** One of our KPIs and one of the items that we focus on throughout the year is an underspend—

[348] **Mohammad Asghar:** Sorry to interrupt—I'm not picking on this chief executive or anything, because these were done before. I just want to know how this figure arrives—it's below approved budget, depreciation. You do budget for depreciation and everything, amortisation.

[349] **Mrs Morgan:** Yes. Our capital expenditure, for example, in this current year—we don't depreciate in the year of purchase, we depreciate in the forthcoming year. So, there is an element that we are able to budget for it. This is working its way out since the bringing of ICT in-house, where in the past we did capitalise ICT items where we don't any more. So, there may be

an element of over budgeting on depreciation because the expectation back in 2015 was that there may have been some elements of capitalisation. So, that's a reason for an underspend there on depreciation.

[350] **Mohammad Asghar:** Okay, thank you very much. My question is: while it is good to see that proactive management has increased awareness of stress and anxiety among employees, what measures are being undertaken to ensure that stress and anxiety can be properly managed in the workplace? I understand that there is, I think, a survey among the staff in the Assembly. So, what is the report on that and what is the decision you are going to take in respect of the survey?

[351] **Ms Antoniazzi:** Well, we undertake a staff survey every year. So, over time, that is useful in terms of showing trends of how staff feel about a whole range of factors in terms of their working life. Again, I mentioned this briefly at the Finance Committee last week—the staff survey this year has already been discussed at management board. A more formal report is due to be taken forward and we are going to be addressing, in our teams, various themes that came out. Most of the indicators were positive or there or thereabouts in terms of last year. There is a slightly worrying spike in people feeling concerned about their work–life balance, which connects to your original question about people's mental health in the workplace. That is something that is a grave concern to us, obviously, and the Commission's HR business partners do work closely with the heads of service to monitor this and support the well–being of employees, with timely referral to occupational health, support for line managers and, of course, in more serious and acute cases, exercising our full duty of care by providing access to specialist mental health provision.

16:00

[352] We have had a variety of events over the last 12 months relating to mental health. There was the first mental health awareness week held in October 2016, and we had another such week in May of this year, where we launched a staff network for those who may wish to have some additional support in terms of mental health issues. That was launched by Joyce Watson, who's the Commissioner who takes a particular interest in these matters. The increased days lost attributed to mental ill–health, I think, together with reducing rates of absence more generally, suggests that this approach to reducing stigma in talking about mental health issues is having a positive impact. But, of course, I think we would acknowledge that there is

a way to go. I would just also note in closing that, because the staff numbers are not huge, a small number of long-term absences can have a disproportionate [correction: considerable] effect on the statistics here. So, we need to analyse the facts behind the statistics before placing too much weight on them.

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

[354] **Nick Ramsay:** We are getting perilously close to Vikki Howells's question but, in the meantime, Lee Waters. [*Laughter.*]

[355] **Lee Waters:** I just want to follow-up on—[*Inaudible.*]—sickness absence rates, which is relevant to that answer. There's been marginal progress on last year but overall the most recent sickness absence figures are close to an average of eight days taken sick per employee, which compares to five years ago when it was around six days per year. Are you satisfied that this is entirely down to legitimate health reasons or do you think there's something else at play here?

[356] **Ms Antoniazzi:** I don't think I could answer that question without further analysis. It is certainly a matter of concern that staff rates are higher than our target. We have a stretch target of 3.18 per cent. That is quite challenging in relation to the benchmark figure of 3.7 per cent, which the Chartered Institute of Personnel and Development sets as its benchmark across all public services. Nevertheless, we are going to—. Our figure comes out as 3.54 per cent, which is set against 3.68 per cent last year, which, as you say, is a marginal improvement, but there is a way to go. I think that, through the methods I've already explained in terms of close management, good line management, scrutiny of these absences as they occur, offering staff suitable support, and referring longer-term cases onwards, we can get a grip on it. But, certainly, it is something that is receiving a lot of attention.

[357] **Suzy Davies:** It's worth saying we are asking a lot of our staff, of course, during this period when there are so many changes happening. So, even though we are taking new staff on in small numbers, the existing staff are asked to be very agile in the work that they take on.

[358] **Ms Antoniazzi:** Can I just finish by saying, in July of last year, the Commission staff managed to be rated gold in the Investors in People assessment again, which was a more challenging assessment this time round? So, that is testament again to the fact that the Commission is a good

employer, this is seen as a good place to work, and I don't think any of us would wish that to change.

[359] **Lee Waters:** That's behind my question really. On all measures of industry, the Assembly wins all sorts of prizes for the quality of the support it gives its staff and, yet, over the last five years, there's been an upward trajectory in sickness absence and I'm just wondering how robustly we've looked into why that was.

[360] **Ms Antoniazzi:** Well, it is a slightly downward trend this year, but—

[361] **Lee Waters:** In terms of the number of days taken off, it's gone up in the last five years. As I said, in March 2013, it was an average of 6.16, and, in March 2017, it's 7.78—unless I'm misreading those figures—working days per year.

[362] **Ms Antoniazzi:** Yes. I was comparing between last year and this year, but—

[363] **Lee Waters:** Well, I wasn't. I'm talking about a longer term trajectory.

[364] **Ms Antoniazzi:** No, no, and I acknowledge that.

[365] **Suzy Davies:** But even individual instances can have an effect on those figures. I'm just picking up something here that this summer there was an unusual concentration of hospital and medical procedures in staff, which, you know, you can't anticipate that.

[366] **Lee Waters:** But I'm looking at a five-year trajectory, Suzy, which should overcome those little spikes, shouldn't it?

[367] **Suzy Davies:** But that will affect the figures for any given individual year. So, there could have been a trend that was on its way down, but there was a compensating effect—

[368] **Lee Waters:** Well, I can quote you the figures for the last five years, and there's no evidence to suggest that that's a mitigating factor. I think you need to confront the fact there's an upward trajectory rather than trying to explain away the figures. That's why I'm asking you how seriously has this been taken—or do you genuinely think there are growing pressures around mental health that explain this? I'm trying to get to the bottom of what's

going on here.

[369] **Ms Antoniazzi:** In terms of mental health in particular, I think that, as I mentioned just now, the fact that more mental health issues are being reported is a healthy thing because it suggests that we are destigmatising that issue and that people feel more confident that they can say that that is why they have to be absent and therefore it is easier for us to address that problem directly. I think that there are a number of HR issues that we are going to need to confront in the next few years going forward. That doesn't mean to say that these issues have not been prioritised in recent years. It's simply that, like any organisation, we're growing and changing, lots of pressures on us, and I think we need to keep an eye on the well-being of our staff, and Assembly Members, indeed, and respond to those pressures.

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

[371] **Nick Ramsay:** And, now, Vikki Howells.

[372] **Vikki Howells:** Thank you, Chair. The Commission has just spent almost £2 million on refurbishing the ground floor of Tŷ Hywel, the committee rooms there, and I'd like to ask you some questions around that. First of all, what were the estimated costs of the project at the time it was agreed and how did those costs then compare to the final project costs?

[373] **Ms Antoniazzi:** To dive into the numbers, I'm going to ask Nia—.

[374] **Mrs Morgan:** The estimated cost included in the business case that was presented to the investment and resourcing board, and this was back in December of 2016, was £1.84 million. This covered the costs of renovating the whole of the ground floor. As highlighted in a letter to Finance Committee back in June of this year, the actual cost of the project amounted to around £1.93 million. So, there was a variance of around 5 per cent on that budget.

[375] **Vikki Howells:** What was the reason behind that variance, then?

[376] **Mrs Morgan:** As I mentioned, this was presented to Finance Committee, so we did a full scrutiny and highlighted all of those to Finance Committee. The majority of the items—there was £67,000 overspend on the ICT works.

[377] **Vikki Howells:** Okay. I have to say, as an Assembly Member, when I go out into my constituency and see first-hand the effects of austerity and deal with that in casework, in visits to food banks, when I come, then, to the Assembly and sit in one of these new committee rooms, I personally feel uncomfortable with the amount of money that was spent there. I think it's very hard for all of us to justify that to our constituents. What were the costs associated with other options of refurbishing that part of the building?

[378] **Ms Antoniazzi:** I'll address that. I've reviewed the business cases that were considered at the time. The costs of providing short-term alternatives were fairly low, if you except the staff and contractor time that was required to set them up. The Commission did have mobile broadcasting equipment and interpretation facilities. However, whilst that was satisfactory for ad hoc meetings, it wasn't suitable for regular long-term use. It was the assessment then that the cost of converting those ad hoc arrangements into fully operational committee rooms would be at least as much as the cost of the ground floor refurbishment due to the equipment needs, the needs to make adaptations to buildings and rooms and the greater complexity in fitting the work into an operational requirement [correction: environment]. What it came down to, at the end of the day, was that the core responsibility of the Commission is to provide the facilities for the Assembly to carry out its work. Due to the additional committees created by the Assembly, they needed these additional facilities, and, therefore, budget that was available that year was used for that purpose. I'm aware that the Finance Committee—obviously, you will be aware that the Finance Committee has taken an interest in this as well and we've been questioned twice on it by the Finance Committee. The money was well within the delegation of the chief executive to agree, but I know that there were conversations with the Commission about that expenditure. And the rooms are now pretty well used, but I hear the point that you're making.

[379] **Vikki Howells:** Do you have any further information on how well utilised those rooms are compared to the old committee room 4?

[380] **Ms Antoniazzi:** I have, yes. In the year from May 2016 to April 2017, committee room 4 was used for committee business 18 times. By contrast, in the 14 sitting weeks since they were opened in May 2017, committee rooms 4 and 5 were used for committee business 23 times, so that's in the year to date. In addition, those rooms have been used for a variety of informal committee activities, for example as breakout rooms for a stakeholder event that was held jointly by the Constitutional and Legislative Affairs Committee

and the External Affairs and Additional Legislation Committee, and along with the adjoining conference rooms, committee rooms 4 and 5 have also been used for other purposes, such as cross-party group meetings, internal meetings and the reception of international guests. I'm very conscious that the rationale for the committee room part of the ground floor refurbishment was not to host external meetings but to allow for Assembly business, so what it comes back to is that those rooms are now available should the rooms in this building be inoperable in some way.

[381] **Vikki Howells:** Okay, thank you. Your correspondence with the Finance Committee suggests that there were impacts in both the last two financial years in terms of delayed projects and tough decisions being made on staffing. Wasn't that kind of outcome factored into the opportunity costs or risks of taking on a project of this scale?

[382] **Suzy Davies:** Yes, it certainly was factored in. In the year that we're talking about, actually the impact wasn't that huge. Some of the elements of, I think it was the ICT three-year rolling programme, were delayed slightly, so they weren't essential to have them in this year, but we probably will need to deal with them, at least by next year. So, I think the example we gave the Finance Committee were laptops for Commission staff that need upgrading, but of course we're now mindful of the fact that those are so old they're representing a potential risk to cyber security. So, we are going to have to really consider that, if not next year, the year after. Well, it shouldn't go that late. So, the knock-on effects, I suppose, are impacting next year rather than this year. I think that would be fair to say.

[383] **Ms Antoniazzi:** The impact was felt in the year that we're looking at at the moment, last year—

[384] **Suzy Davies:** Oh, yes. Sorry. Take it back a year.

[385] **Ms Antoniazzi:** —and is still being felt this year. There won't be an effect next year.

[386] **Suzy Davies:** I was out by a year, sorry.

[387] **Ms Antoniazzi:** The main impact has been phasing projects that might originally have taken place this year. They will be pushed into next year's budget if they can be afforded, and so the balancing decisions and judgments are ongoing.

[388] **Nick Ramsay:** Rhianon Passmore, a supplementary.

[389] **Rhianon Passmore:** Thank you. Obviously, in terms of context, everything that is said is important. From the outside looking in, when you have a budget and that envelope is X amount, it's tempting to use X amount. So, from the outside looking in, it seems an incredibly extravagant amount of money that was used to do these refurbishments. So, in regard—and they're very beautiful refurbishments, I must say—but in regard to the expediency of how necessary it is to go from 14 meetings to 23 meetings, I struggle with the efficacy of that in this climate of austerity.

[390] **Ms Antoniazzi:** Can I just add—? That's not—. The period since May this year is nothing like a full year—

[391] **Rhianon Passmore:** I accept that. I do accept that.

[392] **Ms Antoniazzi:** —so obviously it'll be much more than that during a full year, and it is the effectiveness, the broadcasting capability, the ability to host witnesses and so forth that makes the operation of the committees more effective, which, I believe, was the driving force in agreeing these changes. I would also just remind the committee that this is a cost for the refurbishment of the whole ground floor, therefore there is a reconfiguration of security facilities as well as the committee facilities that are included in that total.

[393] **Rhianon Passmore:** I accept that, it just still seems a very large amount.

[394] **Ms Antoniazzi:** And we hear that.

[395] **Rhianon Passmore:** That's my comment.

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

[397] **Mohammad Asghar:** Thank you, Chair. Will a separate summary accounts document be published, and if yes, when should we be expecting that publication?

[398] **Ms Antoniazzi:** I think we touched on this right at the beginning. We're very happy to produce a summary document if you would like us to. The

evidence from last year is that there wasn't a very large take-up for a summary document. Therefore, we concentrated our resources this year on making the full annual report and accounts as accessible and visually appealing and as readily understandable as we could. However, as I say, if the committee would like us to produce a summary version, we will do so.

16:15

[399] **Mohammad Asghar:** Thank you. What assurance do you have that resettlement grants have been calculated accurately and there will be no need for write-offs in future years? And what actions will you take to minimise these costs in future?

[400] **Ms Antoniazzi:** As part of the internal audit programme for 2016–17, all of the payments made to retiring Members at the end of the fourth Assembly were tested, and no issues or errors were identified as a result of this work. The head of governance and assurance presented his report on this work to ACARAC, the audit and risk assurance committee, in June of this year. So, I would say that the detailed remuneration board determination has now been in place for a number of years, and that determination includes far greater clarity of what can and cannot be paid out in respect of resettlement grants and Members' entitlement to them. This was not always the case in the past, but the strong internal controls, the assurance from internal audit and the clear guidance from the determination mean that I think we can take a high level of assurance that write-offs in the future won't be necessary.

[401] **Mohammad Asghar:** Thank you. How are savings targets set, measured and evidenced? And have you explored possible savings in back-office functions, please?

[402] **Ms Antoniazzi:** We have indeed, and I mentioned that a report was produced last year on efficiency and effectiveness. We're looking at staffing this year. Certainly, we've been looking at back-office functions: security, front of house, visitor services, and in the finance department as well. Would you like to elaborate on that?

[403] **Mrs Morgan:** We introduced a new finance system—a bilingual finance system—Microsoft NAV. It went live on 4 April 2017, and that's in this new financial year, so in next year's annual report there will be a full case study on that new system, in which we can provide all of that information to you at that point.

[404] **Ms Antoniazzi:** You'll be aware from the annual report that there were savings, made from renegotiating contracts in the year we're looking at now, of £538,000. Contractual savings will vary from year to year, depending on what contracts are coming up for renewal. Looking forward to next year, in previous Assembly budgets a sum has been set aside as an investment fund for projects. There is no such fund being proposed for 2018–19, and therefore the culture of saving money is going to have to be fully utilised to pay for the projects that we wish to pay for.

[405] **Nick Ramsay:** Okay. We're into the last 10 minutes or so now, so if Members could be succinct. Lee Waters.

[406] **Lee Waters:** I just want to ask about two rather generous pay-offs that were made—one for £70,000—that were referred to as 'enhanced voluntary exit scheme', to give it its proper language. Can you tell us what the process is for agreeing voluntary exit above the standard rate, and how can you be sure that that represents good value for money?

[407] **Suzy Davies:** 'Yes, we can' is the answer to that. We can tell you why, but I'm just finding it.

[408] **Nick Ramsay:** Talk amongst yourselves.

[409] **Ms Antoniazzi:** Yes, I'm having trouble—.

[410] **Suzy Davies:** Too much paper.

[411] **Ms Antoniazzi:** This is separate to the voluntary exit scheme, obviously. These are special payments made in particular circumstances where the accounting officer agrees that there is a particular case because no alternative solution can be found. I'm going to ask Nia to talk specifically to these two cases, which she's more familiar with.

[412] **Mrs Morgan:** So, in these cases—. I won't go into detail, because they involve actual individuals, but normally an assessment would be that an individual is no longer in a position to undertake their role because the nature of the role has fundamentally changed, for example, redeployment not feasible, or a suitable alternative vacancy doesn't exist. So, they would be special severance payments in excess of the normal terms and conditions and outside of any VES scheme that we would be running at that point in

time. In both of these specific cases, final payments were approved by the accounting officer. Now, since this occurred—these were back in April of last year—we've changed our internal controls. Any of those decisions would now be made at IRB. So, the accounting officer doesn't make those decisions in isolation. So, that's been a change since these have occurred. So, the accounting officer has that responsibility along with IRB. As I mentioned, this is a delegated function from the Commissioners, but if there is an amount that's greater than a nominal amount—one of these cases is—the Commissioners themselves, Suzy included, would be consulted ahead of any final decision as well, although it is a delegated function. Both of these special severance payments, again, were thoroughly audited by WAO at the time of the accounts, and WAO have provided assurance on the process and on value for money.

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

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

[415] **Neil Hamilton:** We've talked about increasing priority for the Assembly's communications with the outside world, and I'd like to know what action you're taking to improve satisfaction with, and I quote,

[416] 'engaging with all the people of Wales, and championing the Assembly'

[417] which is one of the targets that you have.

[418] **Suzy Davies:** It's the main focus of the 2018–19 budget in terms of staffing. You'd have been aware of the project called MySenedd, which not only deals with, shall we say, the organisation of information within this organisation, but helps the organisation as a whole to communicate with the outside world as well, mainly through digital, and we've got a digital taskforce report to consider fairly shortly at Commission as well. The two are—. I think you mentioned earlier, didn't you Manon, that everything is kind of interrelated. But the MySenedd work at the moment is affecting communications.

[419] We also have to look at what we do with our communications team at the moment, because there'll be some pressure put on them should we decide as an Assembly to proceed with the youth parliament, and one of the effects we've already seen in assessing how much that's likely to cost is

trying to use existing staff to do that work as well as existing work, which is proving rather difficult. There's a whole range of things. You may want to take us through some detail on that. There's a lot on this plate at the moment.

[420] **Ms Antoniazzi:** By all means. The youth parliament is an important strand of engagement work. The digital news and information taskforce report is going to be, as Suzy mentioned, considered by the Commission shortly, and there will be actions emerging from that that no doubt you'll want to ask us about at future meetings. This ranges from that huge project right down to individual levels of activity. We're upping the game in terms of digital communication on social media and also the very important engagement work that a number of the committees are able to undertake. For example, we did some specific evaluation work on outreach activity undertaken by the economy committee last year when they were conducting a participation exercise into business rates, and we saw a significant improvement in the understanding of the people who took part in that exercise in the process, and they moved from—. Apparently, at the start of them, all the participants agreed with the gloomy statement that

[421] 'People like me don't have a say in the decisions the National Assembly for Wales makes'.

[422] Two thirds of them were converted by the end. So, I think we need to improve the evaluation of our activity and we will carry on doing that. Certainly, there are easy measures of how many people engage with our digital communications and so forth, but measuring the impact is another matter, and we are going to be looking at key performance indicators again in the next six months to make sure that the ones we have and the ones that are reported on in this annual report remain fit for purpose.

[423] **Suzy Davies:** Sorry, can I just add in there—? You'll be familiar with one sort of new style of engagement as well from the Culture, Welsh Language and Communications Committee: the way that we went out to the general public to find out what they thought should be our priorities as a committee, and certainly, with the music education inquiry, they've been fundamental to what we've been doing.

[424] **Neil Hamilton:** Well, I've done my best to raise the profile of the Assembly, but it usually ends up with me being ticked off by the Llywydd, but there we are.

[425] Performance against KPIs is generally good, and targets have been met: percentage achievements against service level agreement targets have increased from 82.6 per cent to 89.1 per cent and to 91.3 per cent in 2016–17, and customer satisfaction has increased from 7.9 out of 10 to 8.8 out of 10. So, clearly you're doing well, or else these targets aren't really stretching enough. So, I wonder what you might have to say to the latter possibility.

[426] **Ms Antoniazzi:** Yes. I think I slightly anticipated your question maybe in my last sentence. We are looking at the KPIs from year to year. If you're achieving your goal, then it's probably time to set a stretch goal, and we will be looking at not only, as I said, the absolute numbers of people who engage with our communications on social media, but trying to evaluate the impact that is having on public understanding.

[427] **Neil Hamilton:** Yes. As regards social media traffic, are you able to evaluate whether this is from outside the Assembly or from inside the Assembly? I mean, are you able to tell to what extent—

[428] **Ms Antoniazzi:** Yes, we are.

[429] **Neil Hamilton:** —you are being effective and that we're not just navel-gazing?

[430] **Ms Antoniazzi:** Talking to ourselves? No. The vast majority comes from outside. About 16 per cent comes from inside. The non-Assembly traffic—that 84 per cent—saw a 4.33 per cent increase in the last year, which is going in the right direction, but I would hope, and I'm sure the communication team would hope, that we would increase it by more next year.

[431] **Neil Hamilton:** Good. Okay.

[432] **Nick Ramsay:** Just turning finally to the Assembly Member pension scheme for the fifth Assembly, did you get an explanation from the actuary for the significant change in valuation in the first year of the new scheme?

[433] **Suzy Davies:** I think we'd better ask Nia to answer that one, if she's happy to do it.

[434] **Mrs Morgan:** Thank you. Yes, it was due to the increase in the liability,

the net liability. If I could draw your attention to page 131 of the accounts—.

[435] **Neil Hamilton:** We haven't got—.

[436] **Nick Ramsay:** That's your 131, not our 131.

[437] **Ms Griffiths:** It's 248.

[438] **Neil Hamilton:** I see, yes.

[439] **Nick Ramsay:** It's such a simple thing, a page number, isn't it? It can cause confusion. Yes, 248.

[440] **Mrs Morgan:** So, on the top of your page 248, you'll see movements in liabilities during the year. The opening balance was £38 million and at the end of year the liabilities at 31 March were nearly £50 million. You can see within that column that the actuarial loss was around £10 million. Now, this would be determined by the actuarial assumptions used, and our actuary is the Government actuarial department. If you turn over the page, you can see the actuarial assumptions used by the actuary. At the top of your page 249, you can see that the discount rate has decreased. A decrease in the discount rate means that the liabilities have a higher net present value. So, it's a higher liability that we have in our accounts, and you'll see there that the expectation of life at age 65 for Members has increased, and, again, that's bad for the pension scheme. So, that explains the increase in the liability. So, you're all expected to live much longer.

[441] **Lee Waters:** Does that mean—*[Inaudible.]*—younger than expected or just they're living longer?

[442] **Mrs Morgan:** They're living longer.

[443] **Nick Ramsay:** I'm sorry our longevity is a problem. *[Laughter.]* The alternative is not to be thought of at this time.

[444] **Mrs Morgan:** Now, you mentioned the new pension scheme that came into effect on 6 May 2016. That's come through. That's shown in the accounts on our page 108. At the bottom of our page 108, you'll see the Members' pension finance cost.

[445] **Rhianon Passmore:** What page is that on?

[446] **Nick Ramsay:** It's 225.

[447] **Mrs Morgan:** In the last but one line, you'll see the Members' pension finance costs. The first column is just over £1 million, and the comparative figure last year was nearly £1.5 million. So, that's where the impact of the new pension scheme, where there are less generous benefits for the Assembly Members—that's how it's shown itself in the accounts.

[448] **Nick Ramsay:** And what assurances do you have that the Commission's responsibilities under the Public Audit (Wales) Act 2013 and other legislation identified will be effectively implemented in future?

[449] **Ms Antoniazzi:** We are aware that there was a historic oversight, which was uncovered in the course of last year, which is referred to in the annual report and accounts. To avoid any future oversight, we've introduced a number of additional systematic checks, and we have shared details of those checks with the Permanent Secretary of the Welsh Government and relevant members of her staff. So, primarily, the Assembly Commission's Legal Services have taken on specific responsibility for drawing up a plan setting out what needs to be done, by whom and by when, if a Bill in progress places obligations on the Assembly or Commission staff. The head of Legal Services will ensure this takes place and will alert individuals internally, and also build in time for contingency.

16:30

[450] Secondly, the Assembly Commission's legislation board will consider all new pieces of legislation and identify whether there are any implications for the Assembly Commission, so that issues such as the oversight in relation to the auditor general's salary do not arise again. This will be a further independent check, in addition to and separate from, the work of the relevant committee helping to put the legislation in place.

[451] Thirdly, the head of Commission and Member support, who's a member of my staff, will have an oversight role in relation to the internal processes supporting Crown and public appointments that fall within the remit of the Assembly or the Commission. And, finally, specifically in relation to the Public Audit (Wales) Act 2013, the Assembly Commission is committed to ensuring that a full and proper process is followed on the appointment of the next Auditor General for Wales, and remuneration arrangements for that

appointment are included in the planning process that are currently in the early stages of preparation. I believe the recruitment has just gone live, and it's anticipated that the new appointee will take up their post in the summer of next year.

[452] **Nick Ramsay:** So, basically, that oversight that happened two, three years ago, couldn't happen—wouldn't happen today?

[453] **Ms Antoniazzi:** We have put systems in place to make sure that the chances of it happening are very minimal.

[454] **Nick Ramsay:** Because that oversight came out of a previous readjustment, didn't it? There was a prolonged look at this whole area, which—

[455] **Ms Antoniazzi:** When the Act was introduced in 2013, there was a process that should've happened then that didn't, and this came to light last year and everybody agreed how to correct it. Because it was corrected within the year, it doesn't mean that there was an error at the end of the year, but remedial action had to be taken in the course of the year when it came to light.

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

[457] **Rhianon Passmore:** Chair, I'm struggling to follow the whole conversation. So, in regard to whether or not the process was in place two or three years ago, or wasn't in place, or whether the process was in place and wasn't followed. Just a bit of clarity on that.

[458] **Ms Antoniazzi:** It wasn't in place; it is now.

[459] **Rhianon Passmore:** It wasn't in place and it is now. Okay. Right, thank you.

[460] **Nick Ramsay:** Following the conversation?

[461] **Rhianon Passmore:** Just about, Chair.

[462] **Nick Ramsay:** Good. Okay, I think, unless anyone else has any further questions. No, we're all happy. Can I thank Manon Antoniazzi, Nia Morgan and Commissioner Suzy Davies for being with us today? Second time in a

week. Maybe we'll see you next week somewhere in the corridors of power.  
[*Laughter.*]

[463] **Suzy Davies:** You make me sound like a character in a Batman movie.

[464] **Nick Ramsay:** Thanks for that, and we will finalise our report and send a transcript to you to check for accuracy.

[465] **Ms Antoniazzi:** Thank you, Chair.

[466] **Nick Ramsay:** Thank you for this afternoon. Bye.

16:33

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

Cynnig:

Motion:

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

*accordance with Standing Order  
17.42(vi).*

*Cynigiwyd y cynnig.*

*Motion moved.*

[467] **Nick Ramsay:** Okay. I propose Standing Order 17.42 to move into private session to discuss what we've heard.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 16:33.*

*The public part of the meeting ended at 16:33.*