

THE NATIONAL ASSEMBLY FOR WALES: AUDIT COMMITTEE

**REPORT 00-06 – Presented to the National Assembly on 24 November 2000 in
accordance with section 102(1) of the Government of Wales Act 1998**

*Welsh Development Agency: the Creation of the Enlarged Agency and the Agency's
Support for Indigenous Businesses in Wales*

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INTRODUCTION

1. This report is about the creation of the enlarged Welsh Development Agency (the Agency) and the range and nature of the Agency's support for indigenous businesses in Wales. On 1 October 1998 the Agency took on expanded powers and functions when it merged with the Development Board for Rural Wales (the Development Board) and the Land Authority for Wales (the Land Authority). The overriding objective of the merger was to enable the enlarged Agency to achieve more effective and efficient delivery of its economic development services across the whole of Wales, a major part of which has been and continues to be the Agency's support for indigenous businesses. The merger partners also aimed to manage the merger process effectively and economically, and to look for opportunities to secure efficiency savings in the ongoing costs of running the enlarged Agency.

2. In preparing this report we took evidence from the National Assembly for Wales and the Welsh Development Agency (Annexes A and B) on the basis of two reports by the Auditor General for Wales¹. This report focuses on the five main issues that emerged from our examination:
 - the planning and implementation of the merger;
 - the management of the Agency's annual running costs;
 - the development of the Agency's strategic operational targets;
 - the needs of indigenous businesses in Wales; and
 - programming support for indigenous businesses.

3. The report sets out our findings and conclusions under each of these headings together with a number of recommendations. Our main conclusions and recommendations are shown in bold. Our recommendations are intended to help the Assembly improve its oversight of the Agency and to assist the Agency with its ongoing efforts to be more effective and efficient in its business processes and use of resources. Annex C to this report sets out a number of key factors we consider important for successfully managing organisational restructuring. We hope this will be a useful checklist for the Assembly and

¹ Report by the Auditor General for Wales *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings*, presented to the National Assembly on 2 May 2000, and report by the Auditor General for Wales *Welsh Development Agency: Support for Indigenous Businesses in Wales*, presented to the National Assembly on 9 May 2000

its sponsored public bodies when carrying out any future mergers or other reorganisations.

PLANNING AND IMPLEMENTING THE MERGER

4. The Auditor General for Wales reported that, overall, the Agency, Development Board and Land Authority planned and implemented the merger of the three organisations effectively². The three bodies met their target of having key staff and merger-critical infrastructure in place when they merged as planned on 1 October 1998. The merger partners set up sound project management arrangements and determined the organisational structure and staffing requirements of the enlarged Agency in good time. They took sensible and timely measures to rationalise and integrate their accommodation arrangements and financial and management information systems. The three bodies also maintained business as usual during the merger process. At the same time the enlarged Agency took on a number of additional functions during 1998-1999 and 1999-2000, and continues to take on new responsibilities in 2000-2001³.

Merger achievements

5. Within its overriding objective to create a single agency to deliver a coherent range of co-ordinated economic development services across the whole of Wales, the merger was designed to achieve four particular aims⁴:
 - a stronger regional presence for the new Agency and stronger links with regional partnerships;
 - a more effective and co-ordinated way of dealing with land, sites and premises for development;
 - savings in running costs by stripping out duplication from the functions and associated overheads of the three merged organisations; and
 - to provide business as usual through a period of substantial change.

² AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 1.26

³ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 4 & 1.10 and Q11

⁴ Q2

We are pleased to learn that Assembly officials consider that the boards and executives of the three bodies substantially achieved their aims in managing the merger⁵.

6. We note that as a result of the merger the Agency considers itself to be a leaner organisation, delivering its growing economic development services uniformly across Wales with fewer overall staff but with more resources in its regional offices⁶. We welcome the synergy being achieved within the Agency since reorganisation. We are pleased to learn that the Agency is spreading the expertise of the former Land Authority and Development Board across the whole of Wales⁷. In particular we note that the Agency does not see any reason to change the allocation of responsibilities between its Land Division and its regional divisions in the next few years⁸. **We endorse the Agency's streamlining of its organisational structure and senior management reporting lines following the merger**
7. We note that undertaking the merger was very disruptive in the short term and that this created uncertainty and anxiety for staff⁹. We are interested to find that staff issues were the most difficult areas of the merger for the three partner organisations to handle¹⁰. We recognise that the success of the merger owes a lot to the performance of the staff of the three bodies¹¹. **We commend the considerable effort and commitment of the staff of the three organisations in contributing to the successful implementation of the merger.**

Staffing shortfall

8. It is important for the effective discharge of its responsibilities and for the quality of service it provides to businesses in Wales that the Agency recruits and retains the maximum number of appropriately skilled and knowledgeable staff it can afford, within the running costs allocated to it by the Assembly. We recognise that recruiting qualified staff can be a problem and takes time¹². We note that the Agency currently has a total of 555 staff in post compared with 573 staff planned and that, within this overall figure, total core staffing is now up to the planned level of 453 staff¹³. However, we are disappointed

⁵ Q3

⁶ Qs8&10

⁷ Q10

⁸ Q11

⁹ Q4

¹⁰ Q6

¹¹ Q5

¹² Qs15&17

¹³ Q15

at the length of time it took the enlarged Agency during 1998-1999 and 1999-2000 to reach its planned core staffing levels following the merger¹⁴. **We welcome the Agency's assurance that its first priority during and after the merger has been to continue to provide service to its customers¹⁵. Despite this assurance, we are concerned about the pressures that delays in recruitment put on the Agency's existing staff to deliver the Agency's services¹⁶.**

9. We are, for example, concerned about the impact that recruitment delays had on the Agency's ability to attend to important internal matters such as long term strategic planning as well as to lower priority housekeeping activities such as archiving¹⁷. We are disappointed to learn that such matters tend to get left until the Agency has the staff to do them¹⁸. We note that the Agency is allocated running costs at the beginning of each year and that the Assembly expects the Agency to manage those costs to have the staff in post to deliver its programmes¹⁹. We also note that the Agency under-spent its staff budget in 1998-1999²⁰ and 1999-2000²¹. **It seems to us that the Agency could and should have done more in 1998-1999 and 1999-2000 to recruit personnel, if only on a temporary basis, to help mitigate the impact of the overall shortfall in permanent staff on delivering services and on progressing internal matters.**

Merger value for money

10. The merger has so far cost about £2.6 million to implement and the total long-term costs of the merger will be some £4.18 million (at 1998-1999 prices) spread over the next twenty-five years²². These are significant sums for the public purse to bear. Set against the costs of undertaking the merger are the recurrent savings in the three bodies' combined running costs that the merger has brought about, amounting to £2.25 million a year from 1999-2000 onwards²³. On this basis the merger should pay for itself in less than two years. We note that the Agency also secured a capital receipt of £1.5 million from the

¹⁴ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 1.11-12 & figure 5 and Q15

¹⁵ Q16

¹⁶ Q16

¹⁷ Q16

¹⁸ Q16

¹⁹ Q17

²⁰ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 2.14 and Q30

²¹ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 2.7

²² AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 2.9 and Q54

²³ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 2.2 and Q31

sale of property as a direct result of the merger, thereby generating additional funds that were applied to the Agency's Land Division programmes²⁴. **We accept the assurance from Assembly officials that value for money has been definitely and measurably achieved from the merger in financial terms, when comparing merger-related costs and savings cash flows²⁵.**

Wider gains and losses

11. The fundamental thinking behind the merger was to secure substantial benefits from bringing together the activities of three previously separate bodies into a single agency providing identical economic development services across the whole of Wales²⁶. Within this, the merger was intended to create a stronger regional presence to be more sensitive to the needs of different localities in Wales²⁷. At the same time, in forging a relationship with the Assembly the Agency can ensure it becomes increasingly sensitive to the issues that Assembly Members consider are important. The Assembly's Economic Development Committee in particular has a key role here in helping to inform the Agency's future priorities²⁸. We too look forward to playing our part in reviewing the extent to which the Agency demonstrates value for money in using its resources. **Consequently, we welcome the bringing together of the responsibility for delivering economic development services in Wales within a single organisation, and the benefits for monitoring the effectiveness and performance of these services that this should yield²⁹.**

12. On the loss side of the equation, the merger led to the winding up of the Development Board for Rural Wales and the Land Authority for Wales, each with its own particular organisational style, image and reputation. We are reassured to hear that Assembly officials consider that, on balance, the losses have been more than compensated for by the gains and there has been significant net benefit in more than just financial terms from the merger³⁰.

²⁴ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 1.17&2.8 and Qs38&39

²⁵ Q4

²⁶ Qs84&85

²⁷ Qs2&86

²⁸ Q86

²⁹ Q85

³⁰ Q84

Merger savings targets

13. We commend the setting of a target level of merger-related financial savings at the outset of the merger process³¹. We note that former Welsh Office officials used their own knowledge and experience of the three bodies to come up with a target they considered both challenging and realistic, a savings estimate of £3 million³². However, we are concerned that the former Welsh Office did not have recourse to a generic process or objective criteria for estimating the level of likely savings achievable from the merger, relying instead on subjective judgement³³.
14. We believe there is scope for the Assembly to develop a more systematic and analytical approach to determining target financial savings for future mergers or restructuring of its sponsored bodies. We note the consideration given to comparing the merger partners' position with that of Scottish Enterprise and the development authorities being set up in England, even though officials concluded that these comparisons would not have been informative in this particular case³⁴. We also note that no cost savings comparisons were made with any private sector organisations³⁵. That said, we are pleased to learn of Assembly officials' enthusiasm generally for benchmarking the Assembly's sponsored public bodies against bodies within and outside Wales³⁶. **We recommend that when the Assembly sets financial savings targets relating to the reorganisation of public bodies in Wales in future, such targets should be determined with reference to an objectively based template or model, informed by relevant public and private sector comparisons.**

MANAGING THE AGENCY'S ANNUAL RUNNING COSTS

15. To manage its annual running costs following the merger, the Agency operates within a control framework of annual running cost limits set by the Assembly³⁷. Officials in the Assembly's Economic Policy Division monitor the way in which the Agency conducts its business and seeks to secure value for money from its resources. Assembly officials also hold formal meetings with Agency staff at least monthly and have regular discussions in between³⁸. On a broader level, the recently announced quinquennial reviews of the

³¹ Qs34-37&44

³² Qs34,36&48

³³ Q45

³⁴ Q45

³⁵ Qs35&36

³⁶ Q45

³⁷ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 5 and Qs17&58

³⁸ Q37

Agency and other Assembly sponsored public bodies, to be completed by 2003, will enable the Assembly to compare the Agency's running cost performance with that of others³⁹.

Incentives to secure savings in running costs

16. The Permanent Secretary of the Assembly and the Chief Executive of the Agency are responsible, as Accounting Officers, for ensuring value for money in the use of resources⁴⁰, and this provides the overall incentive to look for financial savings in operations. Whilst the main mechanism for the Agency to review its plans, resources and running costs is the annual budgeting round, we are pleased to learn that the Agency looks for financial savings in its annual running costs on a continuous basis⁴¹. Assembly officials satisfy themselves that the Agency is managing its running costs effectively, and is making the most of opportunities to reduce these costs, in two main ways⁴². The first is by the process of regular monitoring throughout the year, but particularly in response to the Agency's annual corporate plan and business plan. The second is the in-depth look at the Agency's organisation and performance that takes place periodically under a quinquennial review.
17. We note the draft interim report on the first phase of the quinquennial review of the Agency, which recommended that the functions provided by the Agency should continue and that the Agency was the most appropriate organisation to deliver those functions⁴³. We endorse the existing dynamic challenge relationship between Assembly and Agency officials, whereby Agency proposals and actions are continuously questioned and tested to ensure they are cost-effective⁴⁴. **We encourage the continuing efforts of Assembly officials to look for systems that might give the Agency greater incentives to operate more efficiently⁴⁵.**

³⁹ National Assembly for Wales Official Record, 10 May 2000, *Statement on the Review of Executive Assembly Sponsored Public Bodies* and Q45

⁴⁰ Q41

⁴¹ Q55

⁴² Q57

⁴³ Economic Development Committee minutes EDC-14-00 (13 September 2000) and paper EDC-14-00(p2)

⁴⁴ Q41

⁴⁵ Q41

Accommodation management and space utilisation

18. The Agency wants its offices to convey to both inward investors and its other indigenous customers the image of a modern, high technology, thriving Wales⁴⁶. In managing its estate, the Agency told us that it makes a constant effort to ensure it is using its office space efficiently⁴⁷. With the merger the Agency has tried to rationalise its accommodation as much as possible, to reduce the number of buildings it occupies and thereby to reduce its accommodation costs. The report by the Auditor General for Wales found that, as a direct result of the merger, the Agency achieved a positive improvement in its occupation of space overall, but that there was a wide variation in the density of occupation between individual offices on the Agency's estate⁴⁸. We note that the Agency's demand for accommodation has been constantly changing and that, since the Auditor General for Wales reported to us on the Agency's occupancy of office space, staff numbers and occupation densities have increased in some cases, notably at the QED centre, Treforest⁴⁹.

In the light of the findings of the Auditor General, we look to the Agency to make further efforts to use its office space efficiently and cost-effectively. We intend to follow with interest the Agency's progress with improving occupation densities across its estate to yield cost savings and increased income .

19. The Auditor General for Wales also reported on the scope for the Agency to reduce its demand for permanent accommodation through adopting desk sharing practices⁵⁰. The Agency told us that its accommodation arrangements are now at the stage where it can make a significant impact on space utilisation only by a fairly radical change in the way it works, and that it is putting pilot schemes in place for hot-desking and other flexible working practices such as teleworking⁵¹. **We endorse the Agency's moves to explore more flexible working arrangements.**

20. We note that the Agency considers that major cultural changes will be needed within the organisation to bring in flexible working practices, together with significant investment in information technology equipment⁵². On the specific matter of information technology, we note that increased investment would be necessary to support teleworking, might help mobile staff to be more efficient and effective in their work and might also help in

⁴⁶ Q72

⁴⁷ Q77

⁴⁸ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 3.15-16

⁴⁹ Q77

⁵⁰ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 3.23-27

⁵¹ Qs56,66&82

overcoming office culture issues raised by flexible working practices. We are not convinced, however, that significant investment in information technology is a necessary precondition before moves to desk sharing can be made by the Agency. This is because the Agency is already operating, by all accounts reasonably effectively, with significant numbers of its staff spending some 40 or 50 per cent of their time out of the office under existing working practices and information technology support arrangements⁵³.

21. The key issue as we see it is, given that significant numbers of Agency staff already routinely spend up to 50 per cent of their time out of the office, there is scope for the Agency significantly to reduce its demand for permanent accommodation now by freeing up existing under utilised space through adopting desk sharing. This is likely to involve only modest expenditure on rearranging office space and in making alterations to building security and access systems and could yield significant cost savings or generate additional rental income for the Agency, as the Auditor General for Wales indicated in his report⁵⁴.

We therefore recommend that the Agency moves forward as a matter of priority with piloting desk sharing arrangements that would be relatively inexpensive to set up, separate from its initiatives to explore other flexible working practices such as teleworking that would be likely to require substantial investment in new technology.

Energy management and consumption

22. The report by the Auditor General for Wales indicated that there was potential room for improvement in and further investigation of the Agency's energy management practices⁵⁵. We note that the Agency has undertaken a review of its premises at QED Treforest and has commissioned reviews at Llys-y-Ddraig in Penllergaer, Ladywell House in Newtown and Principality House in Cardiff, with a view to seeking improvements in energy efficiency on its estate⁵⁶. We note that the Agency considers itself constrained to some extent by the quality, age and nature of the buildings it occupies, and we are interested to learn about the particular deficiencies of the QED building in Treforest⁵⁷. But as the Agency owns nearly all of its estate outside Cardiff freehold, these constraints are a result of the Agency's own past decisions about where to locate and what buildings to purchase.

⁵² Q56

⁵³ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 3.23-25 and Q56

⁵⁴ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 3.24-25

⁵⁵ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 3.11-13 and Q59

⁵⁶ Q56

We encourage the Agency in its efforts to improve its energy efficiency and secure savings in energy costs and will be following the Agency's progress in this area with interest.

23. We consider that the Agency has not given sufficient priority to developing a corporate energy management policy or to actively promoting measures to use heat and light more carefully, other than to encourage general awareness among staff of the need to watch and save on energy costs⁵⁸. We are also disappointed to discover that, in the context of the Assembly's policy on the environment and sustainable development, the energy reviews proposed by the Agency do not look at the scope to promote the use of energy produced by environmentally friendly means⁵⁹. However, we endorse a 'spend to save' approach to the Agency's capital investment in energy management and efficiency measures, provided that specific proposals are justified on value for money grounds. **We recommend that the Agency should act as an exemplar to other public bodies in Wales by actively promoting good energy management practices in its own premises and by enthusiastically adopting the Assembly's sustainable development agenda.**

Benchmarking the Agency's management running costs

24. We have already noted (paragraph 14) Assembly officials' interest in benchmarking across the Assembly's sponsored public bodies, through a process of identifying basic common indicators and looking for explanations of differences in performance between them⁶⁰. We believe that the Agency could do more to benchmark its own performance in managing its annual running costs, particularly in the area of office and accommodation costs. We note that the Agency does not systematically benchmark its use of office space, although it compares itself externally to some extent⁶¹. We are pleased to hear that the Agency found the Auditor General for Wales' report to be interesting, helpful and thought-provoking concerning benchmarking, particularly in the area of energy management⁶². **We recommend that the Agency should take immediate action to develop and incorporate appropriate benchmarking into its processes for monitoring and reviewing its management running costs, to include benchmarking of energy and space utilisation as set out in Part 3 of the report by the Auditor General for Wales.**

⁵⁷ Qs60&69

⁵⁸ Qs59&60

⁵⁹ Qs63-65

⁶⁰ Q45

⁶¹ Q78

⁶² AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* Part 3, especially paragraphs 3.11-27 and Q78

DEVELOPING THE AGENCY'S STRATEGIC OPERATIONAL TARGETS

25. The enlarged Agency is the Assembly's main agent for delivering and facilitating economic development in Wales. Since 1 July 1999 the Assembly has been responsible for setting the policy and resources framework for the enlarged Agency, for appointing the Agency's board members and for overseeing the Agency's activities and performance⁶³. Each year the Agency receives strategic guidance and strategic targets from the Assembly to assist the planning and prioritisation of its programmes and resources⁶⁴. The forthcoming quinquennial review of the Agency, to be undertaken during 2000-2001, will provide an opportunity for the Assembly thoroughly to review the Agency's functions and strategic effectiveness⁶⁵.

Past performance against strategic targets

26. The report by the Auditor General for Wales provides information about the merger partners' performance against their strategic targets for 1998-1999⁶⁶, and the Agency's recently published Annual Report 1999-2000 summarises its performance for that particular year. **We acknowledge the fact that the Agency's business performance in 1998-1999 and 1999-2000 for the most part exceeded the Assembly's expectations, as expressed in the strategic targets set for the Agency, and we look to the Assembly to ensure that future targets are appropriately demanding and rigorous⁶⁷.**

Future strategic targets and performance criteria

27. Turning to the setting of strategic targets for the Agency's operations in 2000-2001, we are concerned that the Agency did not receive formal notification of its strategic targets for 2000-2001 from the Assembly until 14 June 2000, some ten weeks into the financial year to which the targets relate⁶⁸. We understand that this delay in finalising the targets has been due to the wish to harmonise the Agency's targets with the Assembly's own strategic planning documents, whilst also reflecting a change in the methodology by which many of the targets had previously been counted⁶⁹. We also note that the Agency's

⁶³ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraph 5

⁶⁴ Qs12&13

⁶⁵ National Assembly for Wales Official Record, 10 May 2000, *Statement on the Review of Executive Assembly Sponsored Public Bodies* and Q57

⁶⁶ AGW report *Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings* paragraphs 1.23-4

⁶⁷ Q4

⁶⁸ Q13 and Annex B *Written Statement by the First Secretary of the National Assembly for Wales: Welsh Development Agency Strategic Targets 2000-2001*

⁶⁹ Q26

strategic targets are still evolving and that the targets for 2000-2001 represent a snapshot of current thinking rather than a definitive set of final targets⁷⁰. We recognise and endorse the need for adequate consultation within the Assembly about the Agency's strategic targets and support the Assembly's collective efforts to devise a comprehensive, integrated and robust set of strategic business targets for the Agency. **But we see scope for improving the target-setting regime against which the Agency's performance is measured and for ensuring that such targets are finalised each year as early as possible.**

28. Concerning the composition of the Agency's strategic targets, we recognise that the details of the targets are a matter for the Assembly Secretary for Economic Development (in consultation with the Economic Development Committee). However, in helping us to assess the effectiveness of the Agency's use of resources in carrying out its business activities it would be useful to be able to differentiate between the Agency's performance in creating new jobs on the one hand and in safeguarding jobs on the other⁷¹. **Consequently, we welcome the First Secretary's recent statement that the ongoing review of the Agency's strategic targets and performance measurement criteria will consider determining separate targets for new and safeguarded jobs, as well as determining jobs on a net rather than a gross basis⁷².**

THE NEEDS OF INDIGENOUS BUSINESSES IN WALES

29. Indigenous businesses in Wales include firms of many different sizes and from different sectors of the economy. Most of the over 60,000 indigenous businesses in Wales are small and medium-sized enterprises, employing fewer than 200 people each. These enterprises have different needs both within and between business sector and geographical location⁷³. The Agency undertakes a wide range of activities to support the creation and development of existing businesses in Wales, encourage inward investment from outside the region and promote the growth of firms⁷⁴. In doing this, the Agency aims to secure and prepare land for development, facilitate the provision of infrastructure, provide or procure properties, and support business development⁷⁵.

⁷⁰ Q23

⁷¹ Qs26&27

⁷² Annex B *Written Statement by the First Secretary of the National Assembly for Wales: Welsh Development Agency Strategic Targets 2000-2001*

⁷³ AGW report *Welsh Development Agency: Support for Indigenous Businesses in Wales* paragraph 4

⁷⁴ AGW report *Welsh Development Agency: Support for Indigenous Businesses in Wales* paragraph 5

⁷⁵ AGW report *Welsh Development Agency: Support for Indigenous Businesses in Wales* paragraph 6

Agency research into small and medium-sized enterprises in Wales

30. The Auditor General for Wales reported on delays in the Agency undertaking a definitive survey of the characteristics, constraints and needs of small and medium-sized indigenous businesses in Wales⁷⁶. From our own inquiries we found that the Agency has been intending to carry out research into indigenous businesses, including their success in job creation relative to inward investors, since at least July 1998⁷⁷. Given the importance of this research, we were very surprised to hear that the Agency has only recently appointed consultants to undertake the project⁷⁸. **We are very disappointed about the delays in designing and commissioning research into the small and medium-sized enterprise sector in Wales, given the importance of the research for developing policy on support for indigenous businesses, developing appropriate business support programmes and targeting the Agency's resources effectively at the needs of indigenous enterprises.**
31. We note the role of the Assembly's survey control unit in ensuring that businesses are not continually bombarded by surveys and that duplication does not occur⁷⁹. We welcome the fact that the Agency agrees with us on the need to get on with this study as quickly as possible⁸⁰ and that the Assembly's survey control unit has now given the go ahead to this research⁸¹. **We therefore recommend that the Agency gives high priority to the completion of its commissioned research into the characteristics, constraints and needs of small and medium-sized enterprises in Wales.**

Information for small and medium-sized enterprises

32. Turning to the information that is available to small and medium-sized businesses in Wales to help them to get established and to develop, we found agreement on the need to rationalise and co-ordinate the provision of advice to such businesses⁸². We note that Business Connect is a key element in bridging the information gap between the needs of small businesses and the support programmes available to them, and are pleased to hear that the Agency considers Business Connect to be working very successfully at local level⁸³. We are interested to learn that, in trying to meet the needs of small firms, the

⁷⁶ AGW report *Welsh Development Agency: Support for Indigenous Businesses in Wales* paragraph 21
⁷⁷ Q92

⁷⁸ Annex B, *Briefing for the Audit Committee: WDA SME Survey* [In the public domain now by virtue of being presented to the Audit Committee without any confidentiality restriction]

⁷⁹ Qs98-100

⁸⁰ Q95

⁸¹ Q100

⁸² Qs118-120

⁸³ Q120

Agency has a problem with marketing the large number of different schemes it operates, while the firms have problems comprehending what is available to them in terms of advice and support⁸⁴. **We encourage the Agency in its efforts to simplify its provision of information and advice to small and medium-sized businesses in Wales**⁸⁵.

PROGRAMMING SUPPORT FOR INDIGENOUS BUSINESSES

33. The Agency operates its programmes and schemes for supporting indigenous businesses in accordance with its strategic targets, set by the Assembly each year, and organises itself to achieve those targets⁸⁶.

Balance between support for indigenous businesses and inward investors

34. The Agency told us that, apart from the Agency's programmes that are specifically focused on attracting inward investment, almost everything that it does relates to supporting indigenous businesses⁸⁷. The Agency does not specifically attribute its activities to support for either indigenous business or inward investment and does not think of its work in terms of a precise distinction between the two⁸⁸. The Agency spends around £10 million a year directly on inward investment and around £35 million a year on schemes which are specifically geared at local businesses, while the rest of its programme budget (around £130 million in 1999-2000) can go on both⁸⁹. **We note the Agency's commitment to and efforts in supporting indigenous businesses in Wales, despite the fact that the Agency does not formally organise itself or think of itself as working separately in this way.**

35. However, we are concerned at the lack of a clear steer from the Assembly, other than through the mechanism of overall strategic targets, as to the appropriate balance between providing support to indigenous businesses on the one hand and inward investors on the other⁹⁰. In particular we did not see any tailoring of the Agency's activities to respond to the specific challenge of developing indigenous business in Wales⁹¹. We note the Agency's statement that it gives significantly more resources in terms of money and people to supporting indigenous businesses than inward investors⁹². But given that

⁸⁴ Q119

⁸⁵ Q119

⁸⁶ Qs90&126

⁸⁷ Q126

⁸⁸ Q141

⁸⁹ Q124

⁹⁰ Qs125-137

⁹¹ Q126

⁹² Q142

priorities generally have been swinging back and forth in this area in recent years⁹³, we consider clarification is needed to help the Agency with its internal priorities and programming. We also believe that it would be helpful to develop monitoring arrangements that distinguish more clearly between securing inward investment and developing indigenous businesses and so help customers and stakeholders assess the Agency's effectiveness in the round. **We recommend that the Assembly should establish guidelines, in consultation with the Agency, on the appropriate emphasis between supporting indigenous businesses and supporting inward investors within the framework of its strategic targets and performance criteria, and that the Agency should develop appropriate arrangements for assessing the effectiveness of its performance in both these key areas .**

Programme priorities

36. The Agency's support for indigenous businesses in Wales goes much wider than its business development programmes, and ranges from providing premises, sites and infrastructure to the regeneration of the environment to provide a healthier place for businesses to operate in⁹⁴. The Agency has set up a number of individual programmes with their own targets, outputs, expenditure and management arrangements⁹⁵ and offers firms a range of support, including financial grants, for specific projects from within these programmes⁹⁶. In doing this, the Agency identifies the needs of the individual companies and picks out the programme or combination of programmes that might meet these needs⁹⁷.
37. We are pleased to learn that almost all the Agency's programmes focus on promoting the competitiveness of businesses in Wales, including the Agency's Source Wales programmes and their increasing focus on promoting the use of modern information and communications technology⁹⁸. We are also pleased to hear that the impact of the Agency's community regeneration programmes is being felt in both large and small communities across Wales⁹⁹. **In particular we welcome the fact that the Agency's emphasis on community regeneration is much greater now than it has been in the past and is now high up the Agency's list of priorities.**

⁹³ Q128

⁹⁴ Qs87-89

⁹⁵ Q127

⁹⁶ Q144

⁹⁷ Q119

⁹⁸ Qs104&116

⁹⁹ Q103

38. An important part of the Agency's support for indigenous businesses is its work to provide them with access to finance. The Agency operates a small loan fund to provide financial support if a business has difficulty raising funds from the private sector. The small loan fund is part of the wider Agency involvement in Finance Wales, recently established as a subsidiary of the Agency to provide debt, equity and management support to small and medium-sized enterprises in Wales¹⁰⁰. The Agency also operates direct finance schemes, and we note that the Agency has so far placed around 16 loans under these relatively new schemes. We shall be interested in due course to look at the operation of these schemes in more detail. **In the meantime, we note the Agency's intention to compare records of losses under its direct finance schemes with those incurred in the private sector.**
39. Of the Agency's £23 million spending on business development in 1999-2000, nearly half was to support rural areas¹⁰¹. We have some anecdotal evidence that certain businesses in the Valleys are either relocating or thinking of relocating outside Wales and are concerned whether enough is being done to retain such businesses in the Valleys, and in particular to maintain close communications with firms in this area¹⁰². **We are reassured to learn that the Agency believes it is spending a fair share of its business development budget in the Valleys areas .**
40. Finally, we note with interest the recent recommendation of the Economic Development Committee to transfer to the Agency the enterprise functions of the Training and Enterprise Councils when these bodies are wound up on 1 April 2001¹⁰³. **In this connection, we welcome the Agency's recent move towards greater support for small firms than has been the case since the Agency lost its role in supporting small enterprises to the Training and Enterprise Councils in the early 1990s¹⁰⁴.**

SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS

41. Overall we consider the merger to have had a high level of success and to have been well done¹⁰⁵. The merger created an enlarged Agency that is making identical economic development services available across the whole of Wales and providing a single organisation within which to develop these services to be sensitive to the needs of

¹⁰⁰ AGW report *Welsh Development Agency: Support for Indigenous Businesses in Wales* paragraph 19 and Q106

¹⁰¹ AGW report *Welsh Development Agency: Support for Indigenous Businesses in Wales* paragraph 12 and Qs114&115

¹⁰² Q114

¹⁰³ Economic Development Committee minutes EDC-11-00 paragraph 5.5

¹⁰⁴ Qs 101&121

different areas such as the Valleys and rural Wales¹⁰⁶. In our view the merger provides the Agency with great opportunities to consolidate its strategic relationship with the Assembly and to improve its operational relationships with its business partners for delivering economic development services. The merger process also gave the Agency the opportunity to explore the scope for one-off efficiencies in running costs while giving increased momentum to the Agency's ongoing business improvement initiatives. We intend to return to examine the extent to which the enlarged Agency is achieving more effective delivery of services and more efficient administration of its operations after the full impact of the merger has bedded in.

42. Our main conclusions are summarised below.

On the planning and implementation of the merger

- (i) We are pleased to learn that Assembly officials consider that the boards and executives of the three bodies substantially achieved their aims in managing the merger.
- (ii) We endorse the Agency's streamlining of its organisational structure and senior management reporting lines following the merger.
- (iii) We commend the considerable effort and commitment of the staff of the three organisations in contributing to the successful implementation of the merger.
- (iv) We welcome the Agency's assurance that its first priority during and after the merger has been to continue to provide service to its customers. Despite this assurance, we are concerned about the pressures that delays in recruitment put on the Agency's existing staff to deliver the Agency's services.
- (v) The Agency could and should have done more in 1998-1999 and 1999-2000 to recruit personnel, if only on a temporary basis, to help mitigate the impact of the overall shortfall in permanent staff on delivering services and on progressing internal matters.
- (vi) We accept the assurance from Assembly officials that value for money has been definitely and measurably achieved from the merger in financial terms, when comparing merger-related costs and savings cash flows.

¹⁰⁵ Q4

¹⁰⁶ Q86

- (vii) We welcome the bringing together of the responsibility for delivering economic development services in Wales within a single organisation, and the benefits for monitoring the effectiveness and performance of these services that this should yield.

On managing the Agency's annual running costs

- (viii) We encourage the continuing efforts of Assembly officials to look for systems that might give the Agency greater incentives to operate more efficiently.
- (ix) In the light of the findings of the Auditor General, we look to the Agency to make further efforts to use its office space efficiently and cost-effectively. We intend to follow with interest the Agency's progress with improving occupation densities across its estate to yield cost savings and increased income.
- (x) We endorse the Agency's moves to explore more flexible working arrangements.
- (xi) We encourage the Agency in its efforts to improve its energy efficiency and secure savings in energy costs and will be following the Agency's progress in this area with interest.

On developing the Agency's strategic operational targets

- (xii) We acknowledge that the Agency's business performance in 1998-1999 and 1999-2000 for the most part exceeded the Assembly's expectations, as expressed in the strategic targets set for the Agency, and we look to the Assembly to ensure that future targets are appropriately demanding and rigorous.
- (xiii) We see scope for improving the target setting regime against which the Agency's performance is measured and for ensuring that such targets are finalised each year as early as possible.
- (xiv) We welcome the First Secretary's recent statement that the ongoing review of the Agency's strategic targets and performance measurement criteria will consider determining separate targets for new and safeguarded jobs, as well as determining jobs on a net rather than a gross basis.

On the needs of indigenous businesses in Wales

- (xv) We are very disappointed about the delays in designing and commissioning research into the small and medium-sized enterprise sector in Wales, given the importance of the research for developing policy on support for indigenous businesses, developing

appropriate business support programmes and targeting the Agency's resources effectively at the needs of indigenous enterprises.

- (xvi) We encourage the Agency in its efforts to simplify its provision of information and advice to small and medium-sized businesses in Wales.

On programming support for indigenous businesses

- (xvii) We note the Agency's commitment to and efforts in supporting indigenous businesses in Wales, despite the fact that the Agency does not formally organise itself or think of itself as working separately in this way.
- (xviii) We welcome the fact that the Agency's emphasis on community regeneration is much greater now than it has been in the past and is now high up the Agency's list of priorities.
- (xix) We note the Agency's intention to compare records of losses under its direct finance schemes with those incurred in the private sector.
- (xx) We are reassured to learn that the Agency believes it is spending a fair share of its business development budget in the Valley areas.
- (xxi) We welcome the Agency's recent move towards greater support for small firms than has been the case since the Agency lost its role in supporting small enterprises to the Training and Enterprise Councils in the early 1990s.

43. In the light of our findings and conclusions we make the following recommendations:

- (i) We recommend that, when the Assembly sets financial savings targets relating to the reorganisation of public bodies in Wales in future, such targets should be determined with reference to an objectively based template or model, informed by relevant public and private sector comparisons.
- (ii) We recommend that the Agency moves forward as a matter of priority with piloting desk sharing arrangements that would be relatively inexpensive to set up, separate from its initiatives to explore other flexible working practices such as teleworking that would be likely to require substantial investment in new technology.
- (iii) We recommend that the Agency should act as an exemplar to other public bodies in Wales by actively promoting good energy management practices in its own premises and by enthusiastically adopting the Assembly's sustainable development agenda.

- (iv) We recommend that the Agency should take immediate action to develop and incorporate appropriate benchmarking into its processes for monitoring and reviewing its management running costs, to include benchmarking of energy and space utilisation as set out in Part 3 of the report by the Auditor General for Wales.
- (v) We recommend that the Agency gives high priority to the completion of its commissioned research into the characteristics, constraints and needs of small and medium-sized enterprises in Wales.
- (vi) We recommend that the Assembly should establish guidelines, in consultation with the Agency, on the appropriate emphasis between supporting indigenous businesses and supporting inward investors within the framework of its strategic targets and performance criteria, and that the Agency should develop appropriate arrangements for assessing the effectiveness of its performance in both these key areas.



ANNEX A

**Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio**

**The National Assembly for Wales
Audit Committee**

**Awdurdod Datblygu Cymru
The Welsh Development Agency**

**Cwestiynau 1-145
Questions 1-145**

Dydd Iau 11 Mai 2000

Thursday 11 May 2000

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Lorraine Barrett, Peter Black, Alun Cairns, Jane Davidson, Geraint Davies, Brian Gibbons, Alison Halford, Dafydd Wigley.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Sharon Davies, Dirprwy Swyddog Cydymffurfio Cyllid Cynulliad Cenedlaethol Cymru; Frank Grogan, Swyddfa Archwilio Genedlaethol Cymru.

Tystion: Richard Beaumont, Cyfarwyddwr Gweithredol Adnoddau Dynol a Chyllid, Awdurdod Datblygu Cymru; Alan Morgan, Cyfarwyddwr Gweithredol Datblygu Busnes a Chynnyrch, Awdurdod Datblygu Cymru; Steven Phillips, Pennaeth Is-adran Polisi Economaidd, Cynulliad Cenedlaethol Cymru; Jon Shortridge, Ysgrifennydd Parhaol Cynulliad Cenedlaethol Cymru; Brian Willott, Prif Weithredwr a Swyddog Cyllid, Awdurdod Datblygu Cymru.

Assembly Members present: Janet Davies (Chair), Lorraine Barrett, Peter Black, Alun Cairns, Jane Davidson, Geraint Davies, Brian Gibbons, Alison Halford, Dafydd Wigley.

Officials present: Sir John Bourn, the Auditor General for Wales; Sharon Davies, Deputy Finance Compliance Officer of the National Assembly for Wales; Frank Grogan, National Audit Office Wales.

Witnesses: Richard Beaumont, Executive Director of Human Resources and Finance, Welsh Development Agency; Alan Morgan, Executive Director of Business and Product Development, Welsh Development Agency; Steven Phillips, Head of Economic Policy Division, National Assembly for Wales; Jon Shortridge, Permanent Secretary of the National Assembly for Wales; Brian Willott, Chief Executive and Accounting Officer, Welsh Development Agency.

*Dechreuodd y cyfarfod am 9.33 a.m.
The meeting began at 9.33 a.m.*

[1] Janet Davies: I welcome everyone to the Audit Committee's fourth meeting this year. The purpose of the meeting is to take evidence in connection with two reports by the Auditor General for Wales, 'Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings' and 'Welsh Development Agency: Support for Indigenous Businesses in Wales'.

In particular, I welcome Jane Davidson to her first Audit Committee meeting. Brian Gibbons has not yet arrived, but I am sure that he will do so shortly. I welcome the three witnesses, and ask them to introduce themselves.

Mr Shortridge: I am the Permanent Secretary of the National Assembly for

[1] Janet Davies: Hoffwn groesawu pawb i bedwerydd cyfarfod y Pwyllgor Archwilio eleni. Pwrpas y cyfarfod hwn yw cymryd tystiolaeth mewn cysylltiad â dau adroddiad gan Archwilydd Cyffredinol Cymru, 'Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings' a 'Welsh Development Agency: Support for Indigenous Businesses in Wales'.

Yn arbennig, hoffwn groesawu Jane Davidson i'w chyfarfod cyntaf o'r Pwyllgor Archwilio. Nid yw Brian Gibbons wedi cyrraedd eto, ond yr wyf yn siwr y bydd yn cyrraedd cyn bo hir. Hoffwn groesawu'r tri thyst, a gofyn iddynt gyflwyno eu hunain.

Mr Shortridge: Fi yw Ysgrifennydd Parhaol Cynulliad Cenedlaethol Cymru. Yn gwmni

Wales. With me is Steve Phillips, head of the sponsor division responsible for the WDA within the Assembly.

Mr Willott: I am chief executive of the Welsh Development Agency. On my left is Richard Beaumont, the executive director responsible for human resources and finance. If the Committee agrees, if necessary I would like to call on Alan Morgan, who is sitting at the side of the room. He is the executive director responsible for business development. He was one of the key three people who were devolved from their mainstream work to help directly on the merger.

[2] Janet Davies: Before we begin, I remind you that you need to ensure that your microphone is on before you speak and that translation facilities are available. We will have a short demonstration of those facilities.

We will consider the report 'Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings' first. That report is divided into various sections and we will look first at the planning and managing of the merger process. I will kick off with a question to Jon Shortridge. Before we look in detail at the report, it would be a good idea if you could remind the Committee, Mr Shortridge, what the aims of the merger were and what in particular it was expected to achieve.

Mr Shortridge: The aims of the merger are actually set out very clearly by Sir John Bourn in paragraphs 1 and 2 of the introduction to the report. I totally agree with his summary. Rather than simply read that out, perhaps I can put it in my own words.

The start of this exercise was the Labour Party's manifesto commitment in 1997 to establish what it called at the time 'an economic powerhouse for Wales'. It was the development of that policy that led to the proposal contained in the White Paper 'A Voice for Wales' to merge the WDA, the Development Board for Rural Wales and the Land Authority for Wales into a

i mi mae Steve Phillips, pennaeth yr is-adran nawdd sydd yn gyfrifol am ADC o fewn y Cynulliad.

Mr Willott: Fi yw prif weithredwr Awdurdod Datblygu Cymru. Ar y chwith imi mae Richard Beaumont, y cyfarwyddwr gweithredol sydd yn gyfrifol am adnoddau dynol a chyllid. Os yw'r Pwyllgor yn cytuno, os bydd angen hoffwn alw ar Alan Morgan, sydd yn eistedd ar ochr yr ystafell. Ef yw'r cyfarwyddwr gweithredol sydd yn gyfrifol am ddatblygu busnes. Yr oedd yn un o'r tri pherson allweddol a ddirprwywyd o'u gwaith prif ffwrdd i helpu yn uniongyrchol gyda'r uno.

[2] Janet Davies: Cyn inni ddechrau, hoffwn eich atgoffa bod angen ichi sicrhau bod eich meicroffon ymlaen cyn ichi siarad a bod cyfleusterau cyfieithu ar gael. Cawn arddangosiad byr o'r cyfleusterau hynny.

Byddwn yn ystyried yr adroddiad 'Welsh Development Agency: Managing the Creation of the Enlarged Agency and Looking for Future Savings' yn gyntaf. Caiff yr adroddiad hwnnw ei rannu'n amrywiol adrannau a byddwn yn edrych yn gyntaf ar y gwaith o gynllunio a rheoli'r broses uno. Hoffwn ddechrau gyda chwestiwn i Jon Shortridge. Cyn inni edrych yn fanwl ar yr adroddiad, byddai'n dda o beth pe gallech atoffa'r Pwyllgor, Mr Shortridge, beth oedd amcanion yr uno a beth yn union yr oedd disgwyl iddo ei gyflawni.

Mr Shortridge: Nodir amcanion yr uno yn glir iawn gan Syr John Bourn ym mharagraffau 1 a 2 o'r cyflwyniad i'r adroddiad. Cytunaf yn llwyr â'i grynoded. Yn hytrach na dim ond darllen hwnnw ar goedd, efallai y gallaf ei roi yn fy ngeiriau fy hun.

Ymrwymiad ym maniffesto'r Blaid Lafur yn 1997 i sefydlu yr hyn a alwodd ar y pryd yn 'bwerdy economaidd ar gyfer Cymru' oedd man cychwyn yr ymarfer hwn. Datblygiad y polisi hwnnw a arweiniodd at y cynnig a gynhwyswyd yn y Papur Gwyn 'Llais dros Gymru' i uno ADC, Bwrdd Datblygu Cymru Wledig ac Awdurdod Tir Cymru yn un awdurdod

single agency designed to deliver a coherent range of co-ordinated economic development services across the whole of Wales, so that those services were provided more efficiently and more effectively.

Within that, I would pick out four particular aims that the merger was designed to achieve: a stronger regional presence for the new agency and stronger linkages with regional partnerships; a more effective and co-ordinated way of dealing with land sites and premises for development; very importantly, savings in running costs by stripping out duplication from the overheads of the three merged organisations and, throughout the whole merger process, to ensure that business would continue to be provided as usual through a period of very substantial change.

[3] Janet Davies: What is your current assessment of the agency's performance and its progress in achieving those aims?

Mr Shortridge: In terms of the merger itself, as Sir John sets out in his report, I think that all those aims were substantially achieved and that, as he again says, there was a very creditable performance by the boards and executives of those three bodies in that they substantially achieved everything that they were asked to do.

[4] Janet Davies: I suggest to you that such a merger can be very disruptive and extensive and, although the merger has had a high measure of success and has broadly been very well done, it must have taken a great deal of staff time and affected staff morale at times. Do you think that, broadly, value for money has been achieved?

Mr Shortridge: If you put that question in a longer-term context, value for money has definitely been achieved and measurably so in terms of the continuing savings which the merger has brought about as set against the financial costs involved in

wedi'i gynllunio i gyflwyno ystod gydlynus o wasanaethau datblygu economaidd cyd-drefnus ledled Cymru, fel y byddid yn darparu'r gwasanaethau hynny yn fwy effeithlon ac yn fwy effeithiol.

O fewn hynny, byddwn yn nodi pedwar prif amcan y bwriadwyd i'r uno eu cyflawni: presenoldeb rhanbarthol cryfach ar gyfer yr awdurdod newydd a chysylltiadau cryfach gyda phartneriaethau rhanbarthol; ffordd fwy effeithiol a chyd-drefnus o ddelio gyda safleoedd tir ac eiddo i'w datblygu; yn bwysig iawn, arbedion mewn costau rhedeg drwy gael gwared ar ddyblygu o ran gorbenion y tri sefydliad a unwyd a, thrwy gydol yr holl broses uno, sicrhau y byddai busnes yn parhau i gael ei ddarparu fel arfer drwy gyfnod o newid sylweddol iawn.

[3] Janet Davies: Beth yw eich asesiad presennol o berfformiad yr awdurdod a'i gynnydd wrth gyflawni'r amcanion hynny?

Mr Shortridge: O ran yr uno ei hun, fel y noda Syr John yn ei adroddiad, credaf y cyflawnwyd yr holl amcanion hynny yn sylweddol ac, fel y dywed eto, cafwyd perfformiad canmoladwy iawn gan fyrddau a gweithrediaethau y tri chorff hynny yn yr ystyr eu bod wedi cyflawni popeth y gofynnwyd iddynt ei wneud a hynny'n sylweddol.

[4] Janet Davies: Awgrymaf ichi y gall uno o'r fath amharu llawer a gall fod ar raddfa fawr, er bod yr uno wedi bod yn llwyddiannus iawn ac wedi cael ei gyflawni'n dda ar y cyfan, mae'n siwr bod llawer o amser y staff wedi'i dreulio arno a'i fod wedi effeithio ar ysbryd y staff ar brydiau. A ydych o'r farn, yn gyffredinol, y cyflawnwyd gwerth am arian?

Mr Shortridge: Os rhoddwch y cwestiwn hwnnw mewn cyd-destun tymor hwy, cyflawnwyd gwerth am arian yn ddi-os a gellir ei fesur yn nhermau'r arbedion parhaus a ddaeth yn sgîl yr uno fel y'u gosodwyd yn erbyn y costau ariannol a

undertaking the work. In the short term, it was very disruptive. A merger of this scale always establishes a lot of uncertainty and that means anxiety for staff, which feeds into the actual performance. However, if you look at the performance tables in the report you will see that the combined agencies, for the most part, exceeded our expectations throughout that period.

[5] Janet Davies: Mr Willott, if we turn to part 1 of the report, paragraph 1.26 concludes that the Welsh Development Agency, the Development Board for Rural Wales and the Land Authority for Wales planned and implemented the merger effectively. What, in your view, were the crucial things that you got right in planning and managing the merger process?

Mr Willott: I hope that the Committee feels that the agency generally did a good job. In the light of the encouraging report I think that this is something about which Wales is entitled to be reasonably proud. Following the last comment that you made, I would like to pay tribute to the contribution of the staff. We succeeded in carrying out the merger while maintaining business as usual against a background of tremendous personal insecurity for a good proportion of the staff. There is no doubt that the success of the merger owes a lot to their performance in those difficult circumstances.

There are a number of clear objectives and lessons to be learned. One, set clear objectives at the beginning and set clear structures to achieve them, and monitor what you are doing as you go along. You have to assure buy-in from all your partners and particularly the National Assembly for Wales. You also have to recognise the need to allocate proper resources to it. It was painful, but we took three very senior people off their work full time to supervise and run it and we had to set up quite a number of taskforces to address the various issues. Taskforces must have clear objectives and be time limited to get the work done. You have to communicate with staff very regularly, far more than you ever think that you would

oedd yn gysylltiedig ag ymgymryd â'r gwaith. Yn y tymor byr, amharodd yn fawr. Mae uno o'r math hwn o hyd yn creu llawer o ansicrwydd ac mae hynny'n golygu pryder i staff, sydd yn effeithio ar berfformiad. Fodd bynnag, os edrychwch ar y tablau perfformiad yn yr adroddiad fe welwch i'r awdurdodau cyfun, gan fwyaf, fynd y tu hwnt i'n disgwyliadau drwy gydol y cyfnod hwnnw.

[5] Janet Davies: Mr Willott, os trown at ran 1 yr adroddiad, daw paragraff 1.26 i'r casgliad bod Awdurdod Datblygu Cymru, Bwrdd Datblygu Cymru Wledig ac Awdurdod Tir Cymru wedi cynllunio a gweithredu'r uno yn effeithiol. Yn eich barn chi, beth oedd y pethau hanfodol a gawsoch yn iawn o ran cynllunio a rheoli'r broses uno?

Mr Willott: Gobeithiaf fod y Pwyllgor o'r farn i'r awdurdod wneud gwaith da yn gyffredinol. Yng ngoleuni'r adroddiad calonogol credaf fod hyn yn rhywbeth y mae gan Gymru hawl i ymfalchïo i raddau ynddo. Yn dilyn y sylw olaf a wnaethoch, hoffwn dalu teyrnged i gyfraniad y staff. Llwyddasom i gyflawni'r uno tra'n parhau i weithredu fel arfer yn erbyn cefndir o ansicrwydd personol aruthrol ar gyfer cyfran dda o'r staff. Nid oes amheuaeth bod gan lwyddiant yr uno ddyled fawr i'w perfformiad hwy yn yr amgylchiadau anodd hynny.

Mae nifer o amcanion a gwersi clir i'w dysgu. Yn gyntaf, pennu amcanion clir ar y dechrau a phennu strwythurau clir i'w cyflawni, a monitro'r hyn yr ydych yn ei wneud wrth fynd ymlaen. Mae'n rhaid ichi sicrhau y bydd pob un o'ch partneriaid yn prynu i mewn i'r busnes ac yn arbennig Cynulliad Cenedlaethol Cymru. Mae'n rhaid ichi hefyd gydnabod yr angen i ddyrannu adnoddau priodol iddo. Yr oedd yn boenus, ond symudasom dri pherson uchel iawn o'u swyddi yn llawn amser i'w arolygu a'i redeg ac yr oedd yn rhaid inni sefydlu nifer o dasgluoedd i roi sylw i'r amrywiol faterion. Mae'n rhaid i dasgluoedd gael amcanion clir gyda therfynau amser er mwyn cyflawni'r gwaith. Mae'n rhaid ichi gyfathrebu gyda

need to, if you are to reduce uncertainty and keep them on board. I think that those are the main lessons that I would draw from it.

[6] Janet Davies: So you think that staff issues were the most difficult areas to handle?

Mr Willott: I would say so, yes. To add a comment at a tangent, this particular merger was conducted in slightly unusual circumstances in the sense that it was announced that it would happen in summer 1997, but of course the legal enactment necessary to abolish the Development Board and the Land Authority did not happen until 1 October 1998 when the Government of Wales Bill came into force. So we had to create the merged body against the background of three existing boards carrying on the business of their existing organisations while putting in place the combined structure of the new organisation and shedding all the staff so that it was in place and up and running for 1 October. It was a rather interesting set of circumstances in which to try to carry out the operation.

[7] Janet Davies: We noticed that it was all very much underway before the legal niceties were completed. Peter Black would like to ask a few questions.

[8] Peter Black: Why did the agency adopt the organisational structure set out in figure 3 on page 9 of the report, following the completion of the merger on 1 October 1998?

Mr Willott: This, essentially, followed from a lot of discussion and analysis. The Government had determined that the operations of the agency should fall into four regions. There was a consultation process which determined the boundaries of those regions. The Development Board for Rural Wales fitted in exactly into the Mid Wales Division and so it was natural that it became the Mid Wales Division. The thrust of the reorganisation was in fact to push more of the resources out into the four regional offices to bring the services of the WDA closer to the

staff yn rheolaidd iawn, yn llawer amlach nag y credech byth y byddai ei angen, os ydych am leihau ansicrwydd a'u cadw. Credaf mai dyna'r prif wersi y byddwn yn eu tynnu ohono.

[6] Janet Davies: Felly yr ydych o'r farn mai materion yn ymwneud â'r staff oedd y rhai anoddaf i'w trin?

Mr Willott: Byddwn yn dweud hynny, ie. I ychwanegu sylw nad yw'n ymwneud yn uniongyrchol â'r mater hwn, cynhaliwyd yr uno hwn mewn amgylchiadau ychydig yn anarferol yn yr ystyr y cyhoeddwyd y byddai'n digwydd yn ystod haf 1997, ond wrth gwrs ni ddigwyddodd y deddfu cyfreithiol a oedd yn angenrheidiol er mwyn diddymu'r Bwrdd Datblygu a'r Awdurdod Tir tan 1 Hydref 1998 pan ddaeth Mesur Llywodraeth Cymru i rym. Felly yr oedd yn rhaid inni greu'r corff unedig yn erbyn cefndir o dri bwrdd presennol yn parhau â busnes eu sefydliadau presennol tra'n sefydlu strwythur cyfun sefydliad newydd a chael gwared ar yr holl staff fel ei fod wedi'i sefydlu ac yn weithredol ar gyfer 1 Hydref. Yr oeddynt yn amgylchiadau eithaf diddorol i geisio gweithredu'r broses.

[7] Janet Davies: Sylwasom fod y cyfan yn sicr ar y gweill cyn i'r camau cyfreithiol gael eu cwblhau. Hoffai Peter Black ofyn rhai cwestiynau.

[8] Peter Black: Pam y bu i'r awdurdod fabwysiadu'r strwythur trefniadol a nodir yn ffigur 3 ar dudalen 9 yr adroddiad, yn dilyn cwblhau'r broses uno ar 1 Hydref 1998?

Mr Willott: Deilliodd hyn, mewn gwirionedd, o lawer o drafod a dadansoddi. Yr oedd y Llywodraeth wedi penderfynu y dylai gweithrediadau'r awdurdod syrthio i bedwar rhanbarth. Cynhaliwyd proses ymgynghori a benderfynodd ffiniau'r rhanbarthau hynny. Yr oedd Bwrdd Datblygu Cymru Wledig yn ffitio'n union i Is-adran Canolbarth Cymru ac felly yr oedd yn naturiol iddo ddod yn Is-adran Canolbarth Cymru. Yr oedd pwyslais yr ad-drefnu mewn gwirionedd ar roi mwy o adnoddau allan yn y pedair swyddfa

customer. The second was to rationalise all the central functions of the three organisations and this is where the main cutbacks came. They had to be in one place. You obviously have to have a finance, legal and human resources function and so on. We had to have an international function because that was an ongoing activity of the WDA. We determined to have a business development division, essentially as a policy division, because we perceived the need to constantly develop services for business in Wales. Strategic policy brought together our economic functions, the rural policy unit that was created within it and so on. The Land Division was the outcome of much discussion as to whether it was appropriate to bring in the Land Authority as a totally dispersed organisation around the regions or to retain it as a separate unit. After considerable discussion with the Land Authority and the National Assembly for Wales, our conclusion was that it was, on balance, best to keep it as a separate organisation but that the staff would be brought within the offices of the organisation to achieve the synergy that we wanted.

[9] Peter Black: Why then did you change the structure so quickly and put a new one in place on 1 April 1999?

Mr Willott: That was always foreseen. In the note to staff that I distributed in March 1998, before this structure was put in place, I said that this was a provisional structure and that it was deliberately flat to facilitate the merger but that in due course I would actually be reducing the number of direct reports to me to a more manageable level. That was what happened in due course.

[10] Peter Black: Can you expand on the benefits that you expected and what has actually happened in practice since April 1999?

Mr Willott: We clearly have a leaner organisation delivering the services uniformly across Wales. We have clearly sought to learn from the contributions of

ranbarthol i ddod â gwasanaethau ADC yn agosach at y cwsmer. Yr ail oedd rhesymoli holl swyddogaethau canolog y tri sefydliad a dyma ble cafwyd y prif doriadau. Yr oedd yn rhaid iddynt fod mewn un lle. Yn amlwg mae'n rhaid cael swyddogaeth ariannol, cyfreithiol ac adnoddau dynol ac ati. Yr oedd yn rhaid inni gael swyddogaeth ryngwladol gan fod hynny'n weithgaredd parhaus gan ADC. Penderfynasom gael is-adran datblygu busnes, fel is-adran bolisi yn bennaf, gan ein bod yn rhagweld yr angen i ddatblygu gwasanaethau ar gyfer busnes yng Nghymru. Daeth polisi strategol â'n swyddogaethau economaidd, yr uned polisi gwledig a grewyd oddi mewn iddi, ac ati, ynghyd. Deilliodd yr Is-adran Tir o drafodaethau maith ynglyn ag a oedd yn briodol dod â'r Awdurdod Tir i mewn fel sefydliad hollol wasgaredig o amgylch y rhanbarthau neu ei gadw fel uned ar wahân. Yn dilyn cryn drafodaeth gyda'r Awdurdod Tir a Chynulliad Cenedlaethol Cymru, daethom i'r casgliad, ar ôl pwyso a mesur, ei bod yn well ei gadw fel sefydliad ar wahân ond y byddai'r staff yn cael eu cynnwys o fewn swyddfeydd y sefydliad er mwyn cyflawni'r synergedd yr oeddem ei eisiau.

[9] Peter Black: Pam felly y newidasoch y strwythur mor gyflym a rhoi un newydd ar waith ar 1 Ebrill 1999?

Mr Willott: Rhagwelwyd hynny ers y cychwyn. Yn y nodyn i staff a ddsbarthais ym Mawrth 1998, cyn i'r strwythur hon gael ei sefydlu, dywedais mai strwythur dros dro oedd hon a'i bod yn fwriadol wastad er mwyn hwyluso'r uno ond y byddwn maes o law yn lleihau nifer yr adroddiadau uniongyrchol i mi i lefel fwy hydrin. Dyna a ddigwyddodd maes o law.

[10] Peter Black: A allwch ymhelaethu ar y manteision yr oeddech yn eu disgwyl a beth sydd wedi digwydd mewn gwirionedd yn ymarferol ers Ebrill 1999?

Mr Willott: Yn amlwg mae gennym sefydliad mwy darbodus sydd yn cyflenwi'r gwasanaethau yn unffurf ledled Cymru. Yr ydym yn amlwg wedi ceisio

the three organisations so the expertise of the Land Authority, for example, is being applied across Wales in conjunction with our regional offices. The particular character and expertise of the Development Board for Rural Wales in mid Wales and its focus on rural matters is something that we have been extending through other regions of Wales in the regional offices. All in all, we have managed to conduct a growing business with fewer staff.

[11] Janet Davies: Could I tease out the part about the Land Authority being a separate division rather than the possibility of it being divided between the different regions? Do you see your present organisation as permanent in the medium term—I do not think anyone can talk about the long term—or do you see any changes coming about in the organisation in the next few years?

Mr Willott: Since the merger formally took place, we have seen so many changes in the nature of the role of the Welsh Development Agency within just a year that I would not say that any structure will be stable for more than months at a time. For example, we took over Welsh Food Promotions Limited and agri-food. We are now taking over parts of the Cardiff Bay Development Corporation. We have shed the international trade back to the Assembly. There are many changes happening all the time. As far as the Land Division is concerned, it appears to be working extremely well as it is. We are getting the synergy from direct relations between the Land Division staff and the regions, in particular. The Land Division staff in north Wales are now relocated in the north Wales office. They operate under a different financial regime. They are operating within the ring-fenced budget. So far, I do not see a reason for change.

[12] Dafydd Wigley: Gofynnaf gwestiwn byr yn deillio o sylwadau Mr Willott. Pryderaf fod y newidiadau yn ystod y

dysgu o gyfraniadau'r tri sefydliad fel bod arbenigedd yr Awdurdod Tir, er enghraifft, yn cael ei gymhwyso ledled Cymru ar y cyd â'n swyddfeydd rhanbarthol. Mae cymeriad ac arbenigedd penodol Bwrdd Datblygu Cymru Wledig yng nghanolbarth Cymru a'i ffocws ar faterion gwledig yn rhywbeth yr ydym wedi bod yn ei ymestyn drwy ranbarthau eraill yng Nghymru yn y swyddfeydd rhanbarthol. Ar y cyfan, yr ydym wedi llwyddo i gynnal busnes sydd yn tyfu gyda llai o staff.

[11] Janet Davies: A allaf fanylu ar y rhan ynglyn â bod yr Awdurdod Tir yn is-adran ar wahân yn hytrach na'r posibilrwydd o'i rannu rhwng y gwahanol ranbarthau? A ydych yn gweld eich sefydliad presennol fel un parhaol yn y tymor canolig—nid wyf yn credu y gall unrhyw un sôn am y tymor hir—neu a ydych yn rhagweld unrhyw newidiadau yn y sefydliad yn yr ychydig flynyddoedd nesaf?

Mr Willott: Ers i'r uno ddigwydd yn ffurfiol, yr ydym wedi gweld cymaint o newidiadau yn natur rôl Awdurdod Datblygu Cymru o fewn dim ond blwyddyn fel na fyddwn yn dweud y byddai unrhyw strwythur yn sefydlog am fwy na misoedd ar y tro. Er enghraifft, meddiannwyd Hybu Bwyd Cymru Cyfyngedig ac amaeth-fwyd gennym. Yr ydym bellach yn meddiannu rhannau o Gorfforaeth Datblygu Bae Caerdydd. Yr ydym wedi trosglwyddo'r fasnach ryngwladol yn ôl i'r Cynulliad. Mae nifer o newidiadau yn digwydd gydol yr amser. O ran yr Is-adran Tir, ymddengys ei bod yn gweithio'n dda iawn fel ag y mae. Yr ydym yn cael y synergedd drwy gysylltiadau uniongyrchol rhwng staff yr Is-adran Tir a'r rhanbarthau, yn abrennig. Mae staff yr Is-adran Tir yng ngogledd Cymru bellach wedi'u hadleoli yn swyddfa gogledd Cymru. Maent yn gweithredu o dan system ariannol wahanol. Maent yn gweithredu o fewn cyllideb sydd wedi'i neilltuo'n benodol. Hyd yma, ni welaf reswm dros newid.

[12] Dafydd Wigley: I will ask a short question arising from Mr Willott's comments. I am concerned that changes

cyfnod diweddar yn ei gwneud yn anodd i chi weld yn union beth fydd y patrwm ar gyfer y dyfodol. Yn amlwg, wrth lunio'r ffordd ymlaen—ac mae hyn yn wir ar gyfer unrhyw gorff—mae angen gwybod yn union i ble yr ydych am fynd neu fe fydd yn anodd ichi adeiladu ar gyfer hynny. A ydych yn derbyn arweiniad digon cadarn gan y lefel uchaf o fewn y Cynulliad ar gyfer cynllunio ymlaen yn y materion hyn? A ydych hefyd yn cael cyfarfodydd rheolaidd gyda'r Ysgrifennydd sydd yn gyfrifol am yr economi i drafod hyn?

Mr Willott: In terms of forward planning, we have received strategic guidance from the Secretary responsible for the economy. We have meetings from time to time with him.

[13] Dafydd Wigley: Gofynnais a oeddech yn cael arweiniad digonol a chyfarfodydd pwrpasol. Nodaf eich ateb eich bod yn cael cyfarfodydd o bryd i'w gilydd. Awgryma hynny nad yw'r cyfarfodydd o bosibl yn ddigon cyson ac nad oes ganddynt ffocws penodol ar y strwythur ar gyfer y dyfodol. Yn amlwg, pe baech wedi ateb cwestiwn cynharach y Cadeirydd yn fanwl, byddai hynny'n dangos eich bod yn gwybod yn union ble yr ydych yn mynd. Yr oedd y modd yr oeddech yn ateb yn awgrymu bod mymryn o ansicrwydd yn hynny o beth.

Mr Willott: I said that we received strategic guidance. We await the strategic targets for this year. We have ongoing dialogue at all levels with the Assembly.

[14] Dafydd Wigley: You have made your point.

[15] Geraint Davies: Figure 5 on page 11 of the report shows that when the enlarged agency was established on 1 October 1998, it had a core staff complement of 460, rising to 500 when non core staff were included. Throughout the period covered by the report, the actual number of staff in post remained well below the complement. For example, the planned staffing at September 1999 was 573. Altogether, the number of staff in post was 517, which is 10 per cent below the planned

during the recent period have made it difficult for you to predict exactly what the pattern will be for the future. Obviously, as you plan the way ahead—and this is true for any body—it is necessary to know in exactly what direction you are heading or it will be difficult for you to build for that. Are you receiving sufficiently firm guidance from the highest level in the Assembly on forward planning on these matters? Are you also having regular meetings with the Secretary responsible for the economy to discuss this?

Mr Willott: O ran cynllunio ymlaen llaw, yr ydym wedi derbyn arweiniad strategol gan yr Ysgrifennydd sydd yn gyfrifol am yr economi. Cawn gyfarfodydd gydag ef o bryd i'w gilydd.

[13] Dafydd Wigley: I asked if you were receiving sufficient guidance and purposeful meetings. I note your answer that you have meetings from time to time. That suggests that the meetings are possibly not regular enough and that they do not have a specific focus on the structure for the future. Obviously, if you had answered the Chair's earlier question in detail, that would show that you know exactly where you are going. The way in which you answered suggested that there was a little uncertainty in that respect.

Mr Willott: Dywedais inni dderbyn arweiniad strategol. Yr ydym yn aros am y targedau strategol ar gyfer eleni. Mae gennym ddialog parhaus ar bob lefel gyda'r Cynulliad.

[14] Dafydd Wigley: Yr ydych wedi gwneud eich pwynt.

[15] Geraint Davies: Mae ffigur 5 ar dudalen 11 o'r adroddiad yn dangos bod gan yr awdurdod estynedig, pan sefydlwyd ef ar 1 Hydref 1998, nifer llawn o staff craidd o 460, yn codi i 500 pan gynhwyswyd staff di-graidd. Drwy gydol y cyfnod a gwmpesir gan yr adroddiad, arhosodd nifer gwirioneddol y staff a oedd mewn swyddi yn llawer is na'r nifer llawn. Er enghraifft, 573 oedd nifer y staff a gynlluniwyd ym Medi 1999. Gyda'i gilydd, yr oedd cyfanswm y staff mewn swyddi yn

complement. What is the current position?

Mr Willott: We currently have 555 staff in posts against the 573 figure. The core staffing is up to the level planned in September 1999. That represents the fact that there is always a frictional problem in recruiting staff. There is no point in taking staff that do not match the requirements of the job. It takes time to recruit them.

[16] Geraint Davies: Further to that, it is stated in paragraph 1.7 on page 8 of the report that the core staff complement represents the minimum number of staff that the agency needs to carry out its function and responsibility effectively. Given this, and in view of the shortfall between the number of staff in post and the complement, how have you ensured that the agency has done everything that it is supposed to do to the standard required by the Assembly? You have a service to provide for business in Wales. Are you doing so when you are not up to complement with regard to staff?

Mr Willott: The answer is that our first priority has been to continue to provide the service to the customer. A shortfall of staff tends to have two consequences. First, the staff that we have in post are having to work harder. They are under pressure when delivering the service. Second, some of the other things that should be done such as longer-term thinking, tidying up the archives and so on tend to get left until you have staff to do them.

[17] Geraint Davies: Mr Shortridge, how did the Assembly ensure that the agency has sufficient staff to discharge its responsibility efficiently and effectively?

Mr Shortridge: Essentially, by allocating at the beginning of each financial year the running costs which, in turn, will be sufficient to deliver a level of staff. Thereafter, our expectation is that Brian and his colleagues will manage those

517, sydd 10 y cant yn is na'r nifer llawn bwriadedig. Beth yw'r sefyllfa bresennol?

Mr Willott: Ar hyn o bryd mae gennym 555 aelod o staff mewn swyddi yn erbyn y ffigur o 573. Mae'r staffio craidd wedi cyrraedd y lefel fwriadedig a bennwyd ym Medi 1999. Mae hynny'n cynrychioli'r ffaith bod problem ffrithiannol bob amser wrth recriwtio staff. Nid oes pwrpas cyflogi staff nad ydynt yn cyfateb â gofynion y swydd. Mae'n cymryd amser i'w recriwtio.

[16] Geraint Davies: Yn ychwanegol at hynny, nodir ym mharagraff 1.7 ar dudalen 8 yr adroddiad bod nifer llawn y staff craidd yn cynrychioli isafswm nifer y staff sydd ei angen ar yr awdurdod er mwyn gweithredu ei swyddogaeth a'i gyfrifoldeb yn effeithiol. O gofio hyn, ac yng ngoleuni'r diffyg rhwng nifer y staff mewn swyddi a'r nifer llawn, sut yr ydych wedi sicrhau bod yr awdurdod wedi gwneud popeth y dylai ei wneud i'r safon sydd yn ofynnol gan y Cynulliad? Mae gennych wasanaeth i'w ddarparu i fusnes yng Nghymru. A ydych yn gwneud hynny pan nad yw'r nifer llawn o safbwynt staff gennych?

Mr Willott: Yr ateb yw mai ein prif flaenoriaeth fu parhau i ddarparu'r gwasanaeth i'r cwmser. Mae dau ganlyniad yn dueddol o ddeillio o ddiffyg staff. Yn gyntaf, mae'n rhaid i'r staff sydd gennym mewn swyddi weithio'n galetach. Maent o dan bwysau wrth gyflwyno'r gwasanaeth. Yn ail, mae rhai o'r pethau eraill a ddylai gael eu gwneud fel meddwl yn y tymor hwy, tacluso'r archifau ac ati yn tueddu i gael eu gadael hyd nes bod gennych staff i'w cyflawni.

[17] Geraint Davies: Mr Shortridge, sut wnaeth y Cynulliad sicrhau bod gan yr awdurdod ddigon o staff i gyflawni ei gyfrifoldeb yn effeithlon ac effeithiol?

Mr Shortridge: Yn bennaf, drwy ddyrannu ar ddechrau pob blwyddyn ariannol y costau rhedeg a fydd, yn eu tro, yn ddigonol i ddarparu lefel o staff. Wedi hynny, yr ydym yn disgwyl y bydd Brian a'i gydweithwyr yn rheoli'r costau rhedeg

running costs to have the staff in post that they need to deliver their programmes. I agree with Brian that converting those objectives into action is not always easy. I am operating in the Assembly with a large number of vacancies at the moment. At any one time, when you take a snapshot, it is not at all unlikely that there will be a deficiency of staff. Essentially, the control mechanism that we have is through the budget.

Mr Willott: From an accounting officer's point of view, the worst sin that we can commit is to overspend. You will therefore always tend to be under-staffed rather than over-staffed.

[18] Geraint Davies: It is important that we get the maximum staff to maximise the service that we give to business in Wales.

Mr Willott: Absolutely.

[19] Lorraine Barrett: I am looking at paragraph 1.22 to 1.25 relating to figures 8 and 9. Figure 8 of the report contains some examples of minor lapses in financial and managerial controls during the merger process. What action did the agency take to deal with these?

Mr Willott: These are the kind of things which I regret happening. It is nothing to do with the merger process as such. They are the kind of things that happen during the year. There are various factors that account for them. In one or two cases, they arose—in particular the fourth one, which was in mid Wales—as a result of staff having new systems to learn. They were trained, but there were a couple of oversights and we went back and did further training. Those are the kinds of steps that we took.

[20] Lorraine Barrett: That seemed to be a bit of problem with some of the other points in figure 8. I am looking at the first one, relating to some local authorities and the money being reclaimed from them for

hynny i gael y staff mewn swyddi sydd eu hangen arnynt er mwyn cyflwyno eu rhaglenni. Cytunaf gyda Brian nad yw rhoi'r amcanion hynny ar waith bob amser yn hawdd. Yr wyf yn gweithredu yn y Cynulliad gyda nifer fawr o swyddi gwag ar hyn o bryd. Ar unrhyw un adeg, pan gymerwch gipolwg, nid yw'n annhebygol o gwbl y bydd diffyg staff. Mewn gwirionedd, y ddyfais reoli sydd gennym yw drwy'r gyllideb.

Mr Willott: O safbwynt swyddog cyfrifo, y pechod mwyaf y gallwn ei gyflawni yw gorwario. Felly byddwch wastad yn tueddu i gael prinder staff yn hytrach na gormod o staff.

[18] Geraint Davies: Mae'n bwysig ein bod yn cael yr uchafswm staff er mwyn gwneud y gorau o'r gwasanaeth a roddwn i fusnes yng Nghymru.

Mr Willott: Yn hollol.

[19] Lorraine Barrett: Yr wyf yn edrych ar baragraffau 1.22 i 1.25 sydd yn ymwneud â ffigurau 8 a 9. Mae ffigur 8 yr adroddiad yn cynnwys rhai enghreifftiau o fân fethiannau mewn rheolaethau ariannol a rheoli yn ystod y broses uno. Pa gamau a gymerwyd gan yr awdurdod i ddelio gyda'r rhain?

Mr Willott: Dyma'r mathau o bethau y mae'n ddrwg gennyf eu bod wedi digwydd. Nid oes a wnelo hyn ddim â'r broses uno fel y cyfryw. Dyna'r mathau o bethau sydd yn digwydd yn ystod y flwyddyn. Mae amrywiol ffactorau yn gyfrifol amdanynt. Mewn un neu ddau o achosion, deilliasant—yn arbennig y pedwerydd un, a oedd yng nghanolbarth Cymru—o ganlyniad i'r ffaith bod yn rhaid i staff ddysgu systemau newydd. Cawsant hyfforddiant ond yr oedd ambell i beth a esgeuluswyd a dychwelasant i roi hyfforddiant pellach. Dyna'r mathau o gamau a gymerasant.

[20] Lorraine Barrett: Ymddengys bod hynny'n dipyn o broblem gyda rhai o'r pwyntiau eraill yn ffigur 8. Yr wyf yn edrych ar y cyntaf, sydd yn ymwneud â rhai awdurdodau lleol a'r arian sydd yn

European Regional Development Fund projects. Do you have any figure for or any idea how much money may still be outstanding? I see that you now have a new co-ordinator to try to recover anything that is still outstanding, but what sort of moneys are we talking about?

Mr Willott: Can I ask Richard Beaumont to answer?

Mr Beaumont: These are rather exceptional cases in that they relate to an early period of the structural funds programme, when bodies such as the WDA and local authorities were allowed by the Commission to put in retrospective submissions for assistance. What we have had to do, without a sound contractual basis, is to go back to those local authorities, where moneys were provided by Europe late in the day, to achieve what we regard to be a fair sharing of those receipts. Therefore, there has been an element of negotiation about this. We really felt, by the time of the merger, that we had probably taken it as far as we could.

[21] Lorraine Barrett: I am sorry to pursue this, but we have no idea of what sort of moneys we are talking about. Would you consider them not to be sufficient enough to warrant the expenditure on staff time?

Mr Beaumont: There is no evidence of loss of public money here at all.

Mr Willott: It is a question of which body has the money. Just to give you a feel for this, over the previous two years the total amount that we collected was £880,000. Therefore, what we are talking about is probably a minute fraction of that sort of figure.

[22] Lorraine Barrett: Mr Willott, figure 9 of the report provides information on the agency's performance for 1998-99. Can you tell us what the latest information is on the agency's performance for 1999-

cael ei ail hawlio ganddynt ar gyfer prosiectau'r Gronfa Datblygu Rhanbarthol Ewropeaidd. A oes gennych unrhyw ffigur ar gyfer neu unrhyw syniad faint o arian a allai fod yn parhau i fod yn ddyledus? Gwelaf fod gennych bellach gyd-drefnydd newydd i geisio adfer unrhyw beth sydd yn parhau i fod yn ddyledus, ond am faint o arian yr ydym yn sôn?

Mr Willott: A allaf ofyn i Richard Beaumont ateb?

Mr Beaumont: Mae'r rhain yn achosion eithaf anghyffredin gan eu bod yn ymwneud â chyfnod cynnar y rhaglen cronfeydd strwythurol, pan oedd y Comisiwn yn caniatáu i gyrff fel ADC ac awdurdodau lleol gyflwyno ôl-geisiadau am gymorth. Yr hyn y bu'n rhaid inni ei wneud, heb sail gytundebol gadarn, yw mynd yn ôl at yr awdurdodau lleol hynny, lle y darparwyd arian gan Ewrop yn hwyr yn y dydd, er mwyn cyflawni'r hyn yr ydym yn ei ystyried fel rhannu'r derbynebion hynny yn deg. Felly, bu elfen o negodi ynglyn â hyn. Erbyn yr uno, yr oeddem yn teimlo mewn gwirionedd ein bod wedi mynd â hynny cyn belled ag y gallem.

[21] Lorraine Barrett: Mae'n ddrwg gennyf fynd ar drywydd hyn, ond nid oes gennym unrhyw syniad o faint o arian yr ydym yn sôn amdano. A fyddech yn ystyried ei fod yn annigonol i gyflawnhau'r gwariant ar amser staff?

Mr Beaumont: Nid oes unrhyw dystiolaeth o golli arian cyhoeddus yma o gwbl.

Mr Willott: Mae'n gwestiwn o ba gorff sydd â'r arian. I roi ymdeimlad o hyn ichi, dros y ddwy flynedd flaenorol y cyfanswm a gasglwyd gennym oedd £880,000. Felly, yr ydym yn sôn amdano'n fwy na thebyg yw cyfran fechan iawn o'r math hwnnw o ffigur.

[22] Lorraine Barrett: Mr Willott, mae ffigur 9 yr adroddiad yn darparu gwybodaeth ar berfformiad yr awdurdod ar gyfer 1998-99. A allwch ddweud wrthym beth yw'r wybodaeth

2000?

Mr Willott: We are just finalising the figures at the moment. They are not absolutely finalised. However, the provisional figures suggest that we have actually exceeded almost all the targets that we were set for the year.

[23] Lorraine Barrett: I have a question for Mr Shortridge. Paragraph 1.25 of the report notes that the agency's targets for 1999-2000 are transitional and that new targets are being developed. What progress has been made on these and can you tell us when you expect to have finalised the new targets?

Mr Shortridge: I would hope that we would have finalised the new targets very shortly. Rhodri Morgan wrote to the Chair at the beginning of April, I think, with the strategic guidance letter, promising the targets. At official level, I think that we have virtually finalised them ourselves. However, there will be a process to go through. I think that it is quite likely that the Economic Development Committee, for example, may want to have a look at them. Therefore, I would have thought that we are talking about the end of May or beginning of June before they come out.

In terms of the transition, perhaps I should make this point: clearly, the creation of the Assembly and everything that goes with that has had an effect on the issues that have to be covered by the targets. The process of thinking and development is reflected in all the work that has been going on in the single programming document and in 'Betterwales.com'. Therefore, I think that we have not yet necessarily reached an end state in terms of what the final targets will be. However, we do have to take a snapshot pretty much now of where the thinking has got to. That will be translated into a set of detailed targets for the agency very shortly, as I say.

ddiweddaraf ar berfformiad yr awdurdod ar gyfer 1999-2000?

Mr Willott: Yr ydym wrthi'n gweithio ar y ffigurau terfynol ar hyn o bryd. Nid ydynt yn hollol derfynol. Fodd bynnag, mae'r ffigurau dros dro yn awgrymu ein bod, mewn gwirionedd, wedi mynd y tu hwnt i bron bob targed a osodwyd ar ein cyfer am y flwyddyn.

[23] Lorraine Barrett: Mae gennyf gwestiwn i Mr Shortridge. Mae paragraff 1.25 o'r adroddiad yn nodi bod targedau'r awdurdod ar gyfer 1999-2000 yn drosiannol a bod targedau newydd yn cael eu datblygu. Pa gynnydd a wnaethpwyd ar y rhain ac a allwch ddweud wrthym pryd y gallwch ddisgwyl i'r targedau newydd fod yn derfynol?

Mr Shortridge: Byddwn yn gobeithio y byddem wedi gosod y targedau newydd terfynol yn fuan iawn. Ysgrifennodd Rhodri Morgan at y Cadeirydd ddechrau Ebrill, fe gredaf, gyda'r llythyr canllaw strategol, yn addo'r targedau. Ar lefel swyddogol, yr wyf yn credu ein bod fwy neu lai wedi pennu'r rhai terfynol ein hunain. Fodd bynnag, bydd proses i fynd drwyddi. Credaf ei bod yn eithaf tebygol y bydd y Pwyllgor Datblygu Economaidd, er enghraifft, am gael golwg arnynt. Felly, buaswn yn credu ein bod yn sôn am ddiwedd Mai neu ddechrau Mehefin cyn iddynt gael eu cyhoeddi.

O ran y trosiad, efallai y dylwn wneud y pwynt hwn: yn amlwg, mae creu'r Cynulliad a phopeth sydd yn mynd gyda hynny wedi cael effaith ar y materion y mae'n rhaid i'r targedau eu cwmpasu. Adlewyrchir y broses o feddwl a datblygu yn yr holl waith sydd wedi bod yn mynd rhagddo yn y ddogfen rhaglennu sengl ac yn 'Gwellcymru.com'. Felly, credaf nad ydym o anghenraid wedi cyrraedd cyflwr terfynol eto o ran beth fydd y targedau terfynol. Fodd bynnag, mae'n rhaid inni gymryd cipolwg yn awr fwy neu lai ar ble mae'r syniadaeth wedi cyrraedd. Caiff hynny ei drosi'n set o dargedau manwl ar gyfer yr awdurdod yn fuan iawn, fel y dywedaf.

[24] Janet Davies: Alun, you wanted to come in?

[25] Alun Cairns: Yes. I return to figure 8 on page 16 of the report and its examples of minor lapses in financial and managerial controls. What would your estimate be of the total cost of the examples and, in addition, of the others that are not quoted?

Mr Willott: Zero.

[26] Dafydd Wigley: Hoffwn ofyn un cwestiwn byr ar dargedau. Nid mater i ni, wrth gwrs, yw manylion ffigurau'r targedau; mater i Bwyllgor arall yw hwnnw. Fodd bynnag, wrth ystyried creu targedau, a ydych yn edrych ar y cwestiwn o wahaniaethu rhwng nifer y swyddi newydd sydd wedi eu creu a nifer y swyddi sydd wedi eu diogelu? Mae gwahaniaeth sylfaenol yn hynny. Nid yw'r modd y mae'r ffigurau wedi eu cyplysu yn ffigur 9 yn rhoi'r darlun llawn y byddwn yn tybio y byddai'r Cynulliad am wybod amdano er mwyn asesu perfformiad yr awdurdod.

Mr Shortridge: I think that I will have to ask Steve to help on this one because he is the man who is going to have to deliver the targets.

Mr Phillips: Essentially, that distinction has been made in the past. It is part of the debate that is going on with the agency at the moment. However, in addition, and quite separate from the merger, there has been a change in the methodology of how many of these targets have been calculated in recent years. For example, new jobs were scored on the basis of the time when the announcement of a project was made. Now they are scored on the basis of when a firm commitment is made by the company. Therefore, we are factoring all these discussions and points into the debate on targets and trying to read across to documents such as 'Betterwales.com' and the single programming document to arrive at the best, or optimum, collective whole, as it were. However, we are looking at the distinction between safeguarding jobs and new jobs.

[24] Janet Davies: Alun, yr oeddech am ddod i mewn?

[25] Alun Cairns: Oeddwn. Dychwelaf at ffigur 8 ar dudalen 16 yr adroddiad a'i enghreifftiau o fân fethiannau mewn rheolaethau ariannol a rheoli. Faint fyddai eich amcangyfrif o gyfaswm cost yr enghreifftiau ac, yn ogystal, o'r rhai eraill nas dyfynnir?

Mr Willott: Dim.

[26] Dafydd Wigley: I would like to ask one brief question on targets. The details of the target figures is not a matter for us, of course; that is a matter for another Committee. However, in considering creating targets, do you look at the question of differentiating between the number of new jobs created and the number of jobs safeguarded? There is a fundamental difference in that. The way in which the figures have been combined in figure 9 does not give the full picture that I suspect that the Assembly would want to know about to assess the agency's performance.

Mr Shortridge: Credaf y bydd yn rhaid imi ofyn i Steve helpu gyda hwn gan mai ef yw'r dyn sydd yn mynd i orfod cyflawni'r targedau.

Mr Phillips: Mewn gwirionedd, mae'r gwahaniaeth hwnnw wedi cael ei wneud yn y gorffennol. Mae'n rhan o'r ddadl sydd yn mynd rhagddi gyda'r awdurdod ar hyn o bryd. Fodd bynnag, yn ogystal, ac ar wahân yn llwyr i'r uno, bu newid o ran y fethodoleg o sawl un o'r targedau hyn a gyfrifwyd yn ystod y blynyddoedd diwethaf. Er enghraifft, sgoriwyd swyddi newydd ar sail yr amser pan wnaethpwyd cyhoeddiad ynglyn â phrosiect. Yn awr cânt eu sgorio ar sail pryd y bydd y cwmni'n gwneud ymrwymiad cadarn. Felly, yr ydym yn ffactorio'r holl drafodaethau a'r pwyntiau hyn yn y ddadl ar dargedau ac yn ceisio cyfeirio at ddogfennau fel 'Gwelcymru.com' a'r ddogfen rhaglennu sengl i gyflawni'r cyfanwaith gorau, neu optimwm, fel petai. Fodd bynnag, yr ydym yn edrych ar y gwahaniaeth rhwng diogelu swyddi a swyddi newydd.

[27] Dafydd Wigley: Pwysaf, Gadeirydd, ar ran y Pwyllgor—a gobeithiaf y bydd aelodau o bob plaid yn cytuno â hyn—y byddai o gymorth i'r Pwyllgor hwn, wrth asesu llwyddiant yr awdurdod, i gael ffigurau sydd yn gwahaniaethu ar y pwynt hwnnw. Pwysaf yn gryf iawn arnoch, Gadeirydd, i geisio darganfod modd o wneud hynny.

Mr Shortridge: I am sure, Chair, that once these targets have been finalised I can submit a note to the Committee providing as much of the information that Mr Wigley has asked for as possible.

[28] Janet Davies: I wish to raise something on inward investment and the number of jobs created and safeguarded. Mr Willott, clearly in earlier years—1996-97 and 1997-98—you had not changed your methodology. However, I was quite intrigued when I looked at the table to see that in 1996-97 you had a target of 10,000 jobs and achieved 15,118. Having exceeded the target that year, you then reduced the target for the following year; exceeded it again and then reduced it again. I wondered why you were reducing the targets when, in fact, you exceeded your targets in one year.

Mr Willott: I can give you a good part of the explanation. In 1996-97 we scored the LG Semicon project under the old system. Therefore, the full number of jobs to arise from the LG Semicon project were scored in that year. That is why the number of jobs that were created—15,000—was so high compared with the 10,000 set. When the target was set, of course, you could not necessarily predict that you were going to land such a big lumpy project as that. The change from 1997-98 to 1998-99 reflects, as Steven Phillips has just said, the change in methodology. That means that, instead of scoring the jobs at the time when the deal is announced, which is essentially what the Investment Britain bureau basis is—and that is the way they produce common figures across the United Kingdom—we

[27] Dafydd Wigley: I urge, Chair, on behalf of the Committee—and I hope that members from all parties will agree with this—that it would be helpful for this Committee, in assessing the agency's success, to have figures that differentiate on that point. I strongly urge you, Chair, to try to find a way of doing that.

Mr Shortridge: Yr wyf yn sicr, Gadeirydd, unwaith y bydd y targedau hyn yn derfynol y gallaf gyflwyno nodyn i'r Pwyllgor yn darparu cymaint â phosibl o'r wybodaeth y mae Mr Wigley wedi gofyn amdani.

[28] Janet Davies: Hoffwn godi rhywbeth ar fewnfuddsoddi a nifer y swyddi a gafodd eu creu a'u diogelu. Mr Willott, yn amlwg yn y blynyddoedd cynharaf—1996-97 a 1997-98—nid oeddech wedi newid eich methodoleg. Fodd bynnag, yr oedd yn achos chwilfrydedd imi pan edrychais ar y tabl i weld bod gennych darged o 10,000 o swyddi yn 1996-97 a'ch bod wedi cyflawni 15,118. Wedi ichi fynd y tu hwnt i'r targed y flwyddyn honno, gostyngwyd y targed gennych ar gyfer y flwyddyn ganlynol; aethoch y tu hwnt iddo eto ac yna ei ostwng eto. Yr oeddwn yn meddwl tybed pam eich bod yn gostwng y targedau pan aethoch, mewn gwirionedd, y tu hwnt i'ch targedau mewn un flwyddyn.

Mr Willott: Gallaf roi rhan helaeth o'r esboniad ichi. Yn 1996-97 sgoriwyd prosiect LG Semicon o dan yr hen system. Felly, sgoriwyd nifer llawn y swyddi a ddeilliodd o brosiect LG Semicon yn y flwyddyn honno. Dyna pam bod nifer y swyddi a grewyd—15,000—mor uchel o'i gymharu â'r targed o 10,000 a osodwyd. Pan osodwyd y targed, wrth gwrs, ni allech o anghenraid ragweld eich bod yn mynd i ddenu prosiect mor fawr â hynny. Mae'r newid o 1997-98 i 1998-99 yn adlewyrchu, fel y dywedodd Steven Phillips yn awr, y newid mewn methodoleg. Mae hynny yn golygu, yn hytrach na sgorio'r swyddi ar adeg pan gyhoeddir y ddél, sef mwy neu lai beth yw sail y biwro Investment Britain—a dyna sut y maent yn cynhyrchu ffigurau cyffredin ledled y Deyrnas Unedig—yr

have moved to score the jobs at the time when the company actually occupies the factory with intent to start up. Therefore, there was quite a timing shift. The total number of jobs over a period of years will not be any different, but the targets and the rate of build up of them will be different. That is why we have that pattern in those three years.

[29] Janet Davies: I can think of one or two other questions but I think perhaps that I will leave them until another time.

Mr Willott: I can elaborate. If you want to send us any questions, I am very happy to respond in writing to give you a fuller explanation.

[30] Janet Davies: Thank you. I would like to move on now to the next section, which concerns controlling the cost of the merger and securing financial savings. I will start with a question to Mr Willott. On this issue of the financial savings flowing from the merger, to what extent has the level of vacancies that we have been discussing been helpful to the agency in securing the savings? Would a full establishment reduce those reported savings?

Mr Willott: No. Can I make two points? First, in the run up to the actual merger, we deliberately declined to fill posts as they became vacant in order to avoid making an unnecessary number of people compulsorily redundant. So in the approach to the merger we were deliberately running with no recruitment and, therefore, increasing vacancies. The figure of savings of £2.25 million is predicated on the full staff numbers being in place, so the fact that we were actually below complement during the period means that the actual management running costs were lower, and the saving was actually greater than £2.25 million.

[31] Janet Davies: What would be your target for savings for the new financial year—this financial year?

ydym wedi symud i sgorio swyddi ar yr adeg pan fydd y cwmni yn cymryd meddiant o'r ffatri gyda'r bwriad o ddechrau busnes. Felly, yr oedd tipyn o symudiad o ran amseriad. Ni fydd cyfanswm nifer y swyddi dros gyfnod o flynyddoedd yn wahanol o gwbl, ond bydd y targedau a chyflymder eu datblygiad yn wahanol. Dyna pam bod gennym y patrwm hwnnw yn y tair blynedd honno.

[29] Janet Davies: Gallaf feddwl am un neu ddau o gwestiynau eraill ond credaf efallai y gadawaf hwy tan adeg arall.

Mr Willott: Gallaf ymhelaethu. Os ydych am anfon unrhyw gwestiynau atom, yr wyf yn fwy na pharod i ymateb yn ysgrifenedig er mwyn rhoi esboniad llawnach ichi.

[30] Janet Davies: Diolch. Hoffwn symud ymlaen yn awr i'r adran nesaf, sydd yn ymwneud â rheoli cost yr uno a sicrhau arbedion ariannol. Dechreuaf gyda chwestiwn i Mr Willott. O ran mater yr arbedion ariannol yn llifo o'r uno, i ba raddau y mae lefel y swyddi gwag yr ydym wedi bod yn eu trafod wedi helpu'r awdurdod i sicrhau'r arbedion hyn? A fyddai sefydliad llawn yn gostwng yr arbedion hynny a adroddwyd?

Mr Willott: Na fyddai. A allaf wneud dau bwynt? Yn gyntaf, yn y cyfnod yn arwain at yr uno, gwrthodasom lenwi swyddi wrth iddynt ddod yn wag yn fwriadol er mwyn osgoi diswyddo nifer o bobl yn orfodol. Felly wrth nesáu at yr uno yr oeddem yn fwriadol yn rhedeg heb recriwtio ac, felly, gyda swyddi gwag cynyddol. Rhagfynegwyd y ffigur o £2.25 miliwn o arbedion ar sail y nifer llawn o staff mewn swyddi, felly mae'r ffaith ein bod yn is na'r nifer llawn yn ystod y cyfnod yn golygu bod y costau rhedeg o ran rheoli yn is, ac yr oedd yr arbedion yn fwy na £2.25 miliwn mewn gwirionedd.

[31] Janet Davies: Beth fyddai eich targed ar gyfer arbedion ar gyfer y flwyddyn ariannol newydd—y flwyddyn ariannol hon?

Mr Willott: Well, that is a difficult question to answer because the £2.25 million is there permanently. That is the new baseline from which we are starting. Therefore, year after year, compared with the organisations before, it is there. The savings for future years then depend upon the volume of work and the nature of the work that we are required to do and the targets that are set by the Assembly.

[32] Janet Davies: Alun Cairns, would you like to continue with this?

[33] Alun Cairns: Mr Shortridge, can I ask you first, on what basis do Assembly officials agree the financial savings targets with the agency?

Mr Shortridge: I think that I need to be clear what your question is addressing. Is it addressing the financial savings target which we gave the three bodies for the merger or are you talking about how we set the running costs for the agency annually?

[34] Alun Cairns: Well, both actually, but I wanted to cover the merger at this point. I will come on to the annual costs thereafter.

Mr Shortridge: In the case of the merger, where we indicated to the WDA that what we were looking for were savings of up to £3 million per annum in running costs, that was based upon discussions that we had within the office on what we regarded, based on the information that we had, would be a challenging but realistic target for the bodies to achieve. It was not possible for us, in advance of all the detailed work which Brian Willott and his colleagues did, to accurately assess for ourselves what the outcome should be, so we needed to have a figure that was, as I say, realistic and challenging. That is the figure that we alighted upon—up to £3 million.

[35] Alun Cairns: Accepting that each of the organisations were wholly unique, what comparisons could be drawn with

Mr Willott: Wel, mae hwnnw'n gwestiwn anodd i'w ateb gan fod y £2.25 miliwn yno yn barhaol. Dyna'r waelodlin newydd yr ydym yn dechrau ohoni. Felly, flwyddyn ar ôl blwyddyn, o gymharu â'r sefydliadau blaenorol, mae yno. Mae'r arbedion ar gyfer blynyddoedd sydd i ddod yna'n dibynnu ar swm y gwaith a natur y gwaith y gofynnir inni ei wneud a'r targedau a osodir gan y Cynulliad.

[32] Janet Davies: Alun Cairns, a hoffech barhau gyda hyn?

[33] Alun Cairns: Mr Shortridge, a allaf ofyn ichi yn gyntaf, ar ba sail y mae swyddogion y Cynulliad yn cytuno ar y targedau arbedion ariannol gyda'r awdurdod?

Mr Shortridge: Credaf bod angen imi fod yn glir ynglyn â'r hyn y mae eich cwestiwn yn rhoi sylw iddo. A yw'n rhoi sylw i'r targed arbedion ariannol a roddasom i'r tri chorff ar gyfer yr uno neu a ydych yn sôn am sut yr ydym yn pennu'r costau rhedeg ar gyfer yr awdurdod yn flynyddol?

[34] Alun Cairns: Wel, y ddau a dweud y gwir, ond yr oeddwn am gwmpasu'r uno ar y pwynt hwn. Dof at y costau blynyddol wedi hynny.

Mr Shortridge: Yn achos yr uno, ble y nodasom i ADC mai'r hyn yr oeddem yn chwilio amdano oedd arbedion o hyd at £3 miliwn y flwyddyn mewn costau rhedeg, yr oedd hynny'n seiliedig ar drafodaethau a gawsom gyda'r swyddfa ar yr hyn a ystyriasom a fyddai'n darged heriol ond realistig i'r cyrff ei gyflawni, yn seiliedig ar yr wybodaeth a oedd gennym. Nid oedd yn bosibl inni, cyn y gwaith manwl a wnaethpwyd gan Brian Willott a'i gydweithwyr, asesu'n gywir drosom ein hunain beth ddylai'r canlyniad fod, felly yr oedd angen inni gael ffigur a oedd, fel y dywedaf, yn realistig ac yn heriol. Dyna'r ffigur y penderfynasom arno—hyd at £3 miliwn.

[35] Alun Cairns: Gan dderbyn bod pob un o'r sefydliadau yn hollol unigryw, pa gymariaethau y gellid eu tynnu gydag

mergers in the private sector in terms of cost savings at managerial level? What comparisons were drawn and were they reflected upon in the merger of these organisations?

Mr Shortridge: We did not make a comparison of that nature.

[36] Alun Cairns: Would there have been any benefit in looking at the potential managerial savings costs in the private sector that may well reflect these organisations?

Mr Shortridge: There may have been, but I think that what we were relying on was our own knowledge and intelligence of the three agencies concerned, bearing in mind that officials within what was then the Welsh Office had a very close relationship with these three organisations. Therefore, we did know how the existing running costs were being set and being allocated. We considered that, on the basis of that information, we were able to come up with, as I say, a challenging and realistic target. I think that the work that Sir John Bourn has done in evaluating the outcome demonstrates that we did not get it far wrong.

[37] Alun Cairns: Mr Shortridge, how did officials ensure that the agency achieved these savings and did so without compromising its performance?

Mr Shortridge: In terms of how and whether it achieved the savings, that is done through audit and this particular external audit has given me assurance on that. In terms of how we monitor the way in which the agency does its business and seeks to get best value for money from the resources that it has, the officials in Mr Phillips's sponsor division have very regular meetings with the staff concerned in the agency. By regular, I mean at least monthly formal meetings and then regular discussions between those meetings. Therefore, we keep very close to the way in which the agency is managing its business.

[38] Alun Cairns: Mr Willott, paragraph

uniadau yn y sector preifat o ran arbedion cost ar lefel rheoli? Pa gymariaethau a dynnwyd ac a fyfyrwyd arnynt wrth uno'r sefydliadau hyn?

Mr Shortridge: Ni wnaethom gymariaethau o'r natur honno.

[36] Alun Cairns: A fyddai unrhyw fudd wedi deillio o edrych ar y costau arbedion rheoli posibl yn y sector preifat a allai adlewyrchu'r sefydliadau hyn?

Mr Shortridge: Mae hynny'n bosibl, ond credaf mai'r hyn yr oeddem yn dibynnu arno oedd ein gwybodaeth a'n deallusrwydd ein hunain o'r tri awdurdod dan sylw, gan gofio bod gan y swyddogion o fewn y Swyddfa Gymreig bryd hynny berthynas agos gyda'r tri sefydliad hyn. Felly, yr oeddem yn gwybod sut yr oedd y costau rhedeg presennol yn cael eu pennu a'u dyrannu. Ystyriasom, ar sail yr wybodaeth honno, y gallem bennu targed a oedd, fel y dywedais, yn heriol ac yn realistig. Credaf fod y gwaith y mae Syr John Bourn wedi'i wneud o ran gwerthuso'r canlyniad yn dangos nad aethom ymhell o'n lle.

[37] Alun Cairns: Mr Shortridge, sut y gwnaeth swyddogion sicrhau bod yr awdurdod yn cyflawni'r arbedion hyn a'i fod yn gwneud hynny heb gyfaddawdu ar ei berfformiad?

Mr Shortridge: O ran sut a pha un ai a gyflawnodd yr arbedion, gwneir hynny drwy archwiliad ac mae'r archwiliad allanol arbennig hwn wedi rhoi sicrwydd imi yn hynny o beth. O ran sut yr ydym yn monitro'r ffordd y mae'r awdurdod yn cynnal ei fusnes ac yn ceisio cael y gwerth gorau am arian o'r adnoddau sydd ganddo, mae'r swyddogion o fewn is-adran noddi Mr Phillips yn cael cyfarfodydd rheolaidd iawn gyda'r staff dan sylw yn yr awdurdod. Mae rheolaidd yn golygu cyfarfodydd ffurfiol misol o leiaf ac yna drafodaethau rheolaidd rhwng y cyfarfodydd hynny. Felly, yr ydym cadw'n glôs iawn at y ffordd y mae'r awdurdod yn rheoli ei fusnes.

[38] Alun Cairns: Mr Willott, mae

2.8 of the report describes how the agency secured £1.5 million in capital receipts by vacating freehold property. Why did the agency select this option, rather than one that may have contributed to increased running cost savings?

Mr Willott: Can I start by making one comment that bears on this and on the previous questions to Mr Shortridge? You should not underestimate the role of the board and, in particular, the effect of having some fairly hard-nosed businessmen on the boards of the organisations. I can assure you that they are fairly tough in looking at savings and economies when they are encouraged to do so. In this particular case, for example, we looked pretty hard at central services and the central finance services for the combined organisations came down from 101 staff to 44. Therefore, you can be quite sure that we looked very hard at getting a lean and efficient organisation. The question that you addressed to me, I am sorry—

[39] Alun Cairns: It relates to the freehold property.

Mr Willott: That was a matter of common sense to be honest, because we only wanted one central headquarters building. We were interested in trying to rationalise the offices in order to have maximum synergy between staff and economy. There was no way that we could get all the headquarters staff that we needed to have in Cardiff into the Custom House building. We could get them all into Principality House, so we squeezed them all in there. We had a building and therefore it was sensible to sell it and realise savings to the public purse. That did not accrue to our running costs but it generated £1.5 million of savings for the public purse. It was a sensible thing to do.

[40] Alun Cairns: What scope is there for ensuring that the rules and regulations under which the agency operates offer sensible incentives to secure the most cost-efficient use of the agency's resources and

paragraff 2.8 o'r adroddiad yn disgrifio sut y sicrhodd yr awdurdod £1.5 miliwn mewn derbynebion cyfalaf drwy ymadael ag eiddo rhydd-ddaliad. Pam y dewisodd yr awdurdod yr opsiwn hwn, yn hytrach nag un a allai fod wedi cyfrannu tuag at gynyddu arbedion costau rhedeg?

Mr Willott: A allaf ddechrau drwy wneud un sylw sydd yn gysylltiedig â hyn ac â'r cwestiynau blaenorol i Mr Shortridge? Ni ddylech danbrizio rôl y bwrdd ac, yn arbennig, yr effaith o gael rhai dynion busnes eithaf digyfaddawd ar fyrddau'r sefydliadau. Gallaf eich sicrhau eu bod yn eithaf caled o ran edrych ar arbedion a chynilion pan gânt eu hannog i wneud hynny. Yn yr achos arbennig hwn, er enghraifft, edrychasom yn eithaf manwl ar wasanaethau canolog a daeth y gwasanaethau cyllid canolog ar gyfer y sefydliadau cyfun i lawr o 101 o staff i 44. Felly, gallwch fod yn eithaf sicr ein bod wedi edrych yn fanwl ar gael sefydliad darbodus ac effeithlon. Y cwestiwn a ofynnasoch imi, mae'n ddrwg gennyf—

[39] Alun Cairns: Mae'n ymwneud â'r eiddo rhydd-ddaliad.

Mr Willott: Mater o synnwyr cyffredin oedd hynny a bod yn onest, gan mai dim ond un adeilad pencadlys canolog yr oedd ei angen arnom. Yr oedd gennym ddiddordeb mewn ceisio rhesymoli'r swyddfeydd er mwyn cael cymaint o synergedd â phosibl rhwng staff a chynildeb. Nid oedd yn bosibl o gwbl cynnwys yr holl staff pencadlys yr oedd eu hangen arnom yng Nghaerdydd yn adeilad Custom House. Gallem eu cynnwys i gyd o fewn Ty Principality, felly cawsant oll eu gwasgu i mewn i'r fan honno. Yr oedd gennym adeilad ac felly yr oedd yn synhwyrol ei werthu a chreu arbedion i bwrs y wlad. Ni chronnodd hynny i'n costau rhedeg ond cynhyrchodd arbedion o £1.5 miliwn i bwrs y wlad. Yr oedd yn beth synhwyrol i'w wneud.

[40] Alun Cairns: Faint o gyfle sydd i sicrhau bod y rheolau a'r rheoliadau y mae'r awdurdod yn gweithredu oddi tanynt yn cynnig cymhelliannau synhwyrol i sicrhau'r defnydd mwyaf cost

secure financial savings?

Mr Willott: There are slight constraints in the public sector in the sense that you have the separation between running costs and capital costs. However, I think that, in the main, we just believe in running a lean ship and we discuss with the Assembly what we should do and what our budget should be in order to achieve that. It looks fairly carefully at what we are proposing and it either agrees with that or it does not.

Mr Beaumont: May I add to that? It is absolutely true that the capital receipts from the sale of these properties were credited to the agency's income line and did not bestow any direct benefits on the management running costs budget. However, we did persuade colleagues in the then Welsh Office of what actually was the most sensible thing to do for the public purse. As Sir John mentions in paragraph 2.12 of the report, we were granted an additional £100,000 in order to facilitate the move of the former Land Authority staff into the then headquarters building of the agency.

[41] Alun Cairns: Mr Shortridge, do you have anything to add in relation to that point?

Mr Shortridge: I think that the point is one of asking if there is more that could be done to incentivise the agency to operate more efficiently and to generate receipts. I am always looking for incentive systems because it then becomes self-delivering. However, it is actually quite difficult to see what more could be done. As Brian Willott says, we have a responsibility in the public sector as accounting officers to do all that we can to ensure that we are getting best value for money from the inputs that are going in.

effeithiol o adnoddau'r awdurdod a sicrhau arbedion ariannol?

Mr Willott: Mae rhywfaint o gyfyngiadau o ran y sector cyhoeddus yn yr ystyr bod gennych y gwahaniad rhwng costau rhedeg a chostau cyfalaf. Fodd bynnag, credaf, ar y cyfan, ein bod ond yn credu mewn rhedeg sefydliad darbodus a thrafod yr hyn y dylem ei wneud gyda'r Cynulliad a faint ddylai ein cyllideb fod er mwyn cyflawni hynny. Mae'n edrych yn eithaf gofalus ar yr hyn yr ydym yn ei gynnig a bydd naill ai'n cytuno â hynny neu'n anghytuno.

Mr Beaumont: A allaf ychwanegu at hynny? Mae'n hollol wir i'r derbynebion cyfalaf o werthu'r eiddo hyn gael eu credydu i linell incwm yr awdurdod ac na ddaeth ag unrhyw fanteision uniongyrchol i'r gyllideb costau rhedeg o ran rheoli. Fodd bynnag, llwyddasom i ddarbwylllo cydweithwyr yn y Swyddfa Gymreig bryd hynny ynghylch y peth mwyaf synhwyrol i'w wneud er budd pwrs y wlad. Fel y crybwyllir gan Syr John ym mharagraff 2.12 o'r adroddiad, rhoddyd £100,000 yn ychwanegol inni er mwyn hwyluso'r broses o symud staff y cyn Awdurdod Tir i adeilad pencadlys yr awdurdod bryd hynny.

[41] Alun Cairns: Mr Shortridge, a oes gennych unrhyw beth i'w ychwanegu mewn cysylltiad â'r pwynt hwnnw?

Mr Shortridge: Credaf mai'r pwynt yw gofyn a oes mwy y gellid ei wneud i gymell yr awdurdod i weithio'n fwy effeithlon a chynhyrchu derbynebion. Yr wyf bob amser yn edrych am systemau cymhelliant gan fod hynny'n dod yn hunan-gyflawnedig wedyn. Fodd bynnag, mae'n eithaf anodd mewn gwirionedd i weld faint mwy y gellid ei wneud. Fel y dywed Brian Willott, mae gennym gyfrifoldeb yn y sector cyhoeddus fel swyddogion cyfrifo i wneud popeth o fewn ein gallu i sicrhau ein bod yn cael y gwerth gorau am arian o'r mewnbynnau sydd yn mynd i mewn.

The system—I suppose that you could, in a sense, call it the incentive system—that we have is essentially the challenge relationship that exists between the agency, which is coming up, as you would expect, with proposals, and officials in the department who are testing and questioning and coming up with what may actually be off the wall ideas as to how it could achieve these things cheaper. Therefore, that is the system that we have. It is a challenge system. Sometimes, the relationships between Mr Phillips and his colleagues and Mr Willott and his colleagues actually get quite strained, but both sides do that in what we regard as being in the interests of the public good—to have that dynamic in place.

Y system sydd gennym—efallai y gallech, ar un ystyr, ei galw'n system cymhelliant—mewn gwirionedd yw'r berthynas her sydd yn bodoli rhwng yr awdurdod, sydd yn cyflwyno, fel y byddech yn disgwyl, cynigion, a swyddogion yn yr adran sydd yn profi ac yn holi ac yn creu yr hyn a allai fod yn syniadau gwallgof o ran sut y gellir cyflawni'r pethau hyn yn rhatach. Felly, dyna'r system sydd gennym. Mae'n system heriol. Weithiau, mae'r berthynas rhwng Mr Phillips a'i gydweithwyr a Mr Willott a'i gydweithwyr o dan gryn bwysau mewn gwirionedd, ond mae'r ddwy ochr yn gwneud yr hyn sydd yn ein barn ni o fudd i'r cyhoeddd—sef cael y ddynameg honno yn ei lle.

[42] Janet Davies: Brian Gibbons would like to come in with a question.

[42] Janet Davies: Hoffai Brian Gibbons ofyn cwestiwn.

[43] Brian Gibbons: I would like to return to the process of setting the targets for savings and so forth. The way that you described it, there does not seem to be a specific template or generic process by which these targets are set. The explanation that you gave was that people who had an intimate knowledge of these organisations sat around a table and, using their knowledge, came up with what would be reasonable targets. Do you actually have an instrument or a mechanism or a template and a benchmarking process to come up with potential savings?

[43] Brian Gibbons: Hoffwn ddychwelyd at y broses o bennu targedau ar gyfer arbedion ac ati. Yn ôl eich disgrifiad chi, nid ymddengys bod unrhyw dempled neu broses gyffredinol benodol a ddefnyddir er mwyn pennu'r targedau hyn. Yr esboniad a roddwyd gennych oedd bod pobl oedd â gwybodaeth drylwyr am y sefydliadau hyn yn eistedd o amgylch bwrdd a, thrwy ddefnyddio eu gwybodaeth, wedi llunio'r hyn a fyddai'n dargedau rhesymol. A oes gennych mewn gwirionedd offeryn neu ddyfais neu dempled a phroses feincnodi er mwyn pennu arbedion posibl?

Mr Shortridge: Just so that we are clear, we are talking here of the savings target of up to £3 million, as opposed to the performance targets?

Mr Shortridge: Er mwyn inni fod yn glir, a ydym yn sôn yma am y targed arbedion o hyd at £3 miliwn, yn hytrach na thargedau perfformiad?

[44] Brian Gibbons: The savings in the merger process, yes.

[44] Brian Gibbons: Yr arbedion yn y broses uno, ie.

Mr Shortridge: We did not have a template. We did not benchmark. This was, as far as we were concerned, a one-off exercise. We have not regularly been in the business of merging organisations. Within the office, we consulted widely among all the officials that had an interest in this matter and we wanted to come up with a figure that we thought was realistically achievable as

Mr Shortridge: Nid oedd gennym dempled. Nid oeddem yn meincnodi. Ymarfer unigryw oedd hwn o'n rhan ni. Nid ydym wedi bod yn ymwneud yn rheolaidd ag uno sefydliadau. O fewn y swyddfa, ymgynghorasom yn eang ymysg yr holl swyddogion a oedd â diddordeb yn y mater hwn ac yr oeddem am gael ffigur y tybiem fod modd ei gyflawni yn realistig

opposed to something that was spurious, which may have looked good on paper but would not get ownership from the agencies concerned. I think that the percentage of the running costs of the three organisations that the target represented was somewhere between 11 and 12 per cent.

Mr Phillips: Can I just add one point to that? I think that the context is important, because these savings of which the agency's share was one component part, were identified in and were requirements of the financial memorandum for the Government of Wales Bill in late 1997. That was before we had received the detailed proposals from the agency about the structure of the merged organisation. Therefore, in effect, we were making an informed estimate at that time. As the Permanent Secretary has said, we have reviewed that estimate and monitored it, but it was an estimate. We have taken decisions or made an analysis of the savings in the light of the merger process.

[45] Brian Gibbons: Following on from that, we are in a new political climate and let us say that people are looking more critically or sceptically at quangos, for the lack of a better word. In the light of your experience here, do you think that there would be a use for some sort of template or generic process because I suppose, politically, people may be looking to replicate this type of exercise in other organisations and it may be useful to have some sort of objective criteria rather than have people using subjective judgments?

Mr Shortridge: I think, if I can put it this way, that I am a strong believer in benchmarking to the extent that, across the Assembly sponsored public bodies, we could be picking up basic common indicators and seeing what those are for the sponsored bodies and then seeing the extent to which there is a satisfactory explanation of the differences. That is something that I would welcome and I

yn hytrach na rhywbeth annilys, a allai fod wedi edrych yn dda ar bapur ond na fyddai'r awdurdodau dan sylw yn cymryd perchenogaeth ohono. Credaf o ran canran costau rhedeg y tri sefydliad bod y targed a gynrychiolir rywle rhwng 11 a 12 y cant.

Mr Phillips: A allaf ychwanegu un pwynt at hynny? Credaf fod y cyd-destun yn bwysig, oherwydd nodwyd yr arbedion hyn lle yr oedd cyfran yr awdurdod yn un rhan gydrannol, ym memorandwm ariannol Mesur Llywodraeth i Gymru ar ddiwedd 1997 ac yr oedd yn un o'i ofynion. Yr oedd hynny cyn inni dderbyn cynigion manwl gan yr awdurdod ynglyn â strwythur y sefydliad unedig. Felly, mewn gwirionedd, yr oeddem yn gwneud amcangyfrifiad hyddysg ar yr adeg honno. Fel y dywedodd yr Ysgrifennydd Parhaol, yr ydym wedi adolygu'r amcangyfrif hwnnw a'i fonitro, ond amcangyfrif ydoedd. Yr ydym wedi gwneud penderfyniadau neu wedi gwneud dadansoddiad o'r arbedion yng ngoleuni'r broses uno.

[45] Brian Gibbons: Yn dilyn hynny, yr ydym mewn hinsawdd wleidyddol newydd a gadewch inni ddweud bod pobl yn edrych yn fwy beirniadol ar gwangos, neu'n fwy amheus ohonynt. Yng ngoleuni eich profiad yma, a ydych yn credu y byddai defnydd i ryw fath o dempled neu broses gyffredinol oherwydd, yn wleidyddol, efallai bod pobl yn awyddus i efelychu'r math hwn o ymarfer mewn sefydliadau eraill a gallai fod yn ddefnyddiol cael rhyw fath o feini prawf gwrthrychol yn hytrach na bod pobl yn defnyddio barnau goddrychol?

Mr Shortridge: Credaf, os gallaf ddweud fel hyn, fy mod yn gredwr cryf mewn meincnodi i'r graddau, ar draws cyrff cyhoeddus a noddir gan y Cynulliad, y gallem fod yn nodi dangosyddion cyffredin sylfaenol a gweld beth yw'r rheini ar gyfer y cyrff a noddir ac yna gweld i ba raddau y ceir esboniad boddhaol o'r gwahaniaethau. Mae hynny'n rhywbeth y byddwn yn ei groesawu a chredaf y bydd

think that the quinquennial reviews that are about to be undertaken will provide an opportunity to do that. However, it is not just benchmarking within Wales. There is the opportunity to benchmark outside Wales. I know that, in this particular case, some consideration was given to, for example, comparing the position with Scottish Enterprise and the development authorities being set up in England. I think that the view taken—which perhaps was a superficial view, but nonetheless it was the view taken—was that you were not sufficiently comparing like with like for such a comparison to be able to inform the particular figure that found its way into the expenditure memorandum of the Bill.

yr arolygon pum mlynedd sydd ar fin cael eu cynnal yn rhoi cyfle i wneud hynny. Fodd bynnag, nid ydym yn sôn am feincnodi o fewn Cymru yn unig. Ceir cyfle i feincnodi y tu allan i Gymru. Gwn, yn yr achos penodol hwn, y rhoddwyd peth ystyriaeth, er enghraifft, i gymharu'r sefyllfa gyda Scottish Enterprise a'r awdurdodau datblygu sydd yn cael eu sefydlu yn Lloegr. Credaf mai'r safbwynt a gymerwyd—a oedd o bosibl yn safbwynt arwynebol, ond dyna oedd y safbwynt a gymerwyd serch hynny—oedd nad oeddech yn cymharu tebyg at ei debyg yn ddigonol er mwyn i gymhariaeth o'r fath allu llywio'r ffigur penodol a ganfu ei ffordd i femorandwm gwariant y Mesur.

[46] Brian Gibbons: One last question, if I may. If the target is too challenging, obviously there would be an overrun and the savings will not be made. If the target is too easy, then surely the organisations will be tempted just to walk within the comfort zone of reaching the target. How do you know that, in the merger process, the various companies were not working within the comfort zone with which you had provided them?

[46] Brian Gibbons: Un cwestiwn terfynol, os gallaf. Os yw'r targed yn rhy ymestynnol, yn amlwg byddai yna orredeg ac ni chyflawnir yr arbedion. Os yw'r targed yn rhy hawdd, yna yn sicr caiff y sefydliadau eu temptio i gerdded o fewn yr ardal gyfforddus o gyrraedd y targed. Sut gwyddoch nad oedd yr amrywiol gwmnïau yn gweithio o fewn yr ardal ddiogel a ddarparwyd gennych ar eu cyfer yn y broses uno?

Mr Shortridge: I took some assurance from Sir John's report, which indicated to me that real savings had been secured and that the staffing levels of the agency were appropriate to fulfilling its functions. Sorry, there was a second point?

Mr Shortridge: Cefais beth sicrwydd gan adroddiad Syr John, a awgrymodd i mi fod arbedion gwirioneddol wedi eu cyflawni a bod lefelau staffio'r awdurdod yn briodol er mwyn cyflawni ei swyddogaethau. Mae'n ddrwg gennyf, yr oedd ail bwynt?

[47] Brian Gibbons: Yes, but if the targets were too easy, how do you know that they were too easy?

[47] Brian Gibbons: Oedd, ond os oedd y targedau'n rhy hawdd, sut y gwyddoch eu bod yn rhy hawdd?

Mr Shortridge: I know that, when I shared these targets with Mr Willott and the chairman of the board, their body language suggested to me that—

Mr Shortridge: Gwn, pan rennais y targedau hyn gyda Mr Willott a chadeirydd y bwrdd, bod eu hiaith corff yn awgrymu i mi bod—

[48] Brian Gibbons: They would say that, would they not?

[48] Brian Gibbons: Fe fyddent yn dweud hynny, oni fyddent?

Mr Shortridge: Indeed. However, we do have a pretty close working relationship

Mr Shortridge: Yn wir. Fodd bynnag, mae gennym berthynas waith eithaf agos

with these people and therefore you know the nature of the people with whom you are dealing. All I can say is that I personally—and I was the Director of Economic Affairs at this time—was satisfied that we had pitched the targets reasonably in all the circumstances.

[49] Janet Davies: Lorraine has a few more questions on this section.

[50] Lorraine Barrett: I am looking at paragraph 2.14, which sets out some factors contributing to the agency underspending its running cost budget for 1998-99, Mr Willott. To what extent was this a product of the agency seeking to keep within the cost estimates agreed for merger-related expenditure?

Mr Willott: I think that the first two items were just a result of the timing of the process of handling all the staffing issues.

[51] Lorraine Barrett: You mentioned earlier not filling vacancies leading up to the merger.

Mr Willott: That is right. And, also, the process of assessing the applications for voluntary redundancy. That was quite a task and we had to carry it out with scrupulous fairness and also, of course, with regard to the law. On the spending on information systems, basically, the spend that we had planned slipped because we had to concentrate on those systems that were important for unifying the combined organisation, for example the net and the e-mail and so on. Some of the other spend that we would have incurred during the year just had to be deferred. We just did not have the capacity for carrying out those projects. They had been deferred to later years.

[52] Lorraine Barrett: Could you tell me what the current estimated out-turn for the agency's expenditure on the merger is?

Mr Willott: I think that the figure that is

gyda'r bobl hyn ac felly yr ydych yn gwybod natur y bobl yr ydych yn delio â hwy. Y cyfan y gallaf ei ddweud yw fy mod i yn bersonol—fi oedd y Cyfarwyddwr Materion Economaidd ar y pryd—yn fodlon ein bod wedi gosod y targedau yn rhesymol ym mhob un o'r amgylchiadau.

[49] Janet Davies: Mae gan Lorraine ychydig mwy o gwestiynau ar yr adran hon.

[50] Lorraine Barrett: Yr wyf yn edrych ar baragraff 2.14, sydd yn nodi rhai ffactorau sydd yn cyfrannu at danwariant yr awdurdod o ran y gyllideb costau rhedeg ar gyfer 1998-99, Mr Willott. I ba raddau yr oedd hyn yn deillio o'r ffaith i'r awdurdod geisio cadw o fewn yr amcangyfrifon costau a gytunwyd ar gyfer gwariant yn gysylltiedig â'r uno?

Mr Willott: Credaf i'r ddwy eitem gyntaf ddeillio o amseriad y broses o ymdrin â'r holl faterion yn ymwneud â staffio.

[51] Lorraine Barrett: Soniasoch yn gynharach am beidio â llenwi swyddi gwag yn arwain at yr uno.

Mr Willott: Mae hynny'n wir. A, hefyd, y broses o asesu ceisiadau am ddiswyddiadau gwirfoddol. Yr oedd honno'n gryn orchwyl ac yr oedd yn rhaid inni ei chyflawni gyda thegwch llwyr a hefyd, wrth gwrs, o ran y gyfraith. O ran y gwariant ar systemau gwybodaeth, mewn gwirionedd, llithrodd y gwariant a fwriadwyd gennym gan fod yn rhaid inni ganolbwyntio ar y systemau hynny a oedd yn bwysig ar gyfer uno'r sefydliad cyfun, er enghraifft y rhyngwyd a'r e-bost ac ati. Yr oedd yn rhaid inni ohirio peth o'r gwariant arall y byddai'n rhaid inni fod wedi ei wneud yn ystod y flwyddyn. Nid oedd y gallu gennym i gynnal y prosiectau hynny. Cawsant eu gohirio i flynyddoedd diweddarach.

[52] Lorraine Barrett: A allwch ddweud wrthyf faint yw'r amcangyfrif cyfredol o'r alldro ar gyfer gwariant yr awdurdod ar yr uno?

Mr Willott: Credaf fod y ffigur a

quoted, the cost of the merger, or savings—

[53] Lorraine Barrett: The estimated out-turn.

Mr Willott: Sorry, can you clarify? The out-turn of what?

[54] Lorraine Barrett: Of the agency's expenditure on the merger. The cost.

Mr Willott: The cost so far is about £2.6 million. The estimated final cost, years down the road when all the contributions to the pension fund are included, comes to, I think—and it was quoted in the headlines of newspapers—£4.18 million. That is the total long-term cost of the merger.

[55] Janet Davies: Does anybody have any further questions on that? I see that they do not. We will turn therefore to the section concerned with securing additional financial savings in running the new and bigger agency. In continuously searching for further financial savings, what is the agency doing to review and reduce its running costs where appropriate, Mr Willott?

Mr Willott: We do this on a continuous basis. The main stage is obviously the annual budgeting round, where we review the plans and proposals of the divisions for the resources and staff that they need for the year ahead.

[56] Janet Davies: In the report, there are some specific observations about the use of accommodation. Will you take this up and act upon it?

Mr Willott: Yes, we are already doing a number of things. For example, on the energy side, which is referred to, we carried out a review of QED a year and a half ago and are in the process of implementing what we can to improve its energy efficiency. We have commissioned another company to carry out a similar study of Llys-y-Ddraig in Penllergaer, Ladywell House and Principality House, to see what we could do in terms of

ddyfynnir, cost yr uno, neu'r arbedion—

[53] Lorraine Barrett: Amcangyfrif o'r all-dro.

Mr Willott: Mae'n ddrwg gennyf, allwch chi egluro? Alldro beth?

[54] Lorraine Barrett: Gwariant yr awdurdod ar yr uno. Y gost.

Mr Willott: Mae'r gost hyd yma tua £2.6 miliwn. Daw'r amcangyfrif o'r gost derfynol, ymhen blynnyddoedd pan fydd yr holl gyfraniadau i'r gronfa bensiwn wedi'u cynnwys—a chafodd ei ddyfynnu ym mhenawdau papurau newydd—i £4.18 miliwn, fe gredaf. Dyna gyfanswm cost tymor hir yr uno.

[55] Janet Davies: A oes gan unrhyw un unrhyw gwestiynau eraill ar hynny? Gwelaf nad oes. Trown felly at yr adran sydd yn ymwneud â sicrhau arbedion ariannol ychwanegol o ran rhedeg awdurdod newydd, mwy. Wrth chwilio'n barhaus am arbedion ariannol eraill, beth mae'r awdurdod yn ei wneud i adolygu a lleihau ei gostau rhedeg lle y bo'n briodol, Mr Willott?

Mr Willott: Yr ydym yn gwneud hyn yn barhaus. Y prif gam wrth gwrs yw'r rownd pennu cyllidebau blynnyddol, lle yr ydym yn adolygu cynlluniau a chynigion yr is-adrannau ar gyfer yr adnoddau a'r staff sydd eu hangen arnynt ar gyfer y flwyddyn i ddod.

[56] Janet Davies: Yn yr adroddiad, ceir rhai sylwadau penodol ynglyn â'r defnydd o lety. A fyddwch yn cymryd sylw o hyn ac yn gweithredu arno?

Mr Willott: Byddwn, yr ydym eisoes yn gwneud nifer o bethau. Er enghraifft, o ran ynni, y cyfeirir ato, cynhaliwyd arolwg o QED flwyddyn a hanner yn ôl ac yr ydym yn y broses o weithredu yr hyn a allwn er mwyn gwella ei effeithlonrwydd ynni. Yr ydym wedi comisiynu cwmni arall i gynnal astudiaeth debyg o Llys-y-Ddraig ym Mhenllergaer, Ty Ladywell a Thy Principality, i weld beth y gallem ei wneud o ran cynyddu arbedion yno.

increasing savings there.

When it comes to the accommodation and increasing the usage of space, since the merger, because of the various additional functions that we have taken on, the staff numbers in a number of the offices have already increased within the same accommodation. The figures, therefore, have already evolved and accommodation use has become more efficient. However, for a number of the buildings, Principality House in particular, we are now at the stage where the only way that we can make a significant impact on this is by a fairly radical change in the way that we work. We are putting a pilot scheme in place. Basically, we are talking about teleworking and have asked British Telecom to carry out a consultancy for us on this. We are also talking about hot-desking. Given that some people are on the road for probably 40 or 50 per cent of the time and should be out with customers, they will not have a desk. We will then be able to reduce the desks and space per person that we have proportionately. However, there are two consequences. One is that we have to spend quite a bit on equipment because you cannot be on the road without having the appropriate IT equipment to be in touch. Secondly, quite major cultural changes will be needed to bring this about in the organisation, which is why we are starting with a pilot scheme in Principality House shortly to see what is involved organisationally in achieving this.

[57] Janet Davies: Mr Shortridge, how do you and your officials satisfy yourselves that the agency is managing its running costs effectively and making the most of any opportunities to reduce those costs?

Mr Shortridge: I think that there are probably two elements to that. One is the process of regular monitoring and challenge, which I have described before, which goes on throughout the year, but particularly in response to the corporate plan and the business plan that the agency prepares. In addition, we need to be in a position to take a strategic look, which is why the quinquennial reviews are so important, and Edwina Hart announced

O ran y llety a chynyddu'r defnydd o le, ers yr uno, oherwydd yr amrywiol swyddogaethau ychwnaegol yr ydym wedi ymgymryd â hwy, mae nifer y staff mewn nifer o'r swyddfeydd eisoes wedi cynyddu o fewn yr un llety. Felly, mae'r ffigurau eisoes wedi esblygu ac mae'r defnydd o lety wedi dod yn fwy effeithlon. Fodd bynnag, ar gyfer nifer o'r adeiladau, Ty Principality yn arbennig, yr ydym bellach wedi cyrraedd man lle mai'r unig ffordd y gallwn gael effaith sylweddol ar hyn yw drwy newid y ffordd yr ydym yn gweithio yn eithaf radical. Yr ydym yn rhoi cynllun peilot ar waith. Mewn gwirionedd, yr ydym yn sôn am deleweithio ac wedi gofyn i British Telecom gynnal ymgynghoriad ar ein rhan ar hyn. Yr ydym hefyd yn sôn am system o weithio wrth sawl gweithfan. Gan fod rhai pobl yn teithio am 40 i 50 y cant o'r amser ac y dylent fod allan gyda chwsmeriaid, nid fydd ganddynt ddesg. Yna gallem leihau nifer y desgiau a'r gofod ar gyfer pob person sydd gennym yn gyfrannol. Fodd bynnag, mae dau ganlyniad i hyn. Y cyntaf yw bod yn rhaid inni wario cryn dipyn ar offer gan na allwch deithio heb gael yr offer TG priodol er mwyn cadw mewn cysylltiad. Yn ail, bydd angen newidiadau diwylliannol eithaf mawr i weithredu hyn o fewn y sefydliad, a dyna pam yr ydym yn dechrau gyda chynllun peilot yn Nhy Principality yn fuan i weld beth mae hyn yn ei olygu yn sefydliadol wrth gyflawni hyn.

[57] Janet Davies: Mr Shortridge, sut yr ydych chi a'ch swyddogion yn bodloni eich hunain bod yr awdurdod yn rheoli ei gostau rhedeg yn effeithiol ac yn gwneud y gorau o unrhyw gyfleoedd i leihau'r costau hynny?

Mr Shortridge: Credaf fod dwy elfen i hynny fwy na thebyg. Un ohonynt yw'r broses o fonitro'n rheolaidd a'r her, a ddisgrifiais yn gynharach, sydd yn mynd rhagddi drwy gydol y flwyddyn, ond yn arbennig mewn ymateb i'r cynllun corfforaethol a'r cynllun busnes y mae'r awdurdod yn eu paratoi. Yn ogystal, mae angen inni fod mewn sefyllfa i gymryd golwg strategol, a dyna pam bod yr arolygon pum mlynedd mor bwysig, a

yesterday that there will be a forthcoming quinquennial review of the agency. I take a lot of assurance from the work that goes into those reviews. They allow an opportunity to have a really in-depth look at the way in which the agency organises itself and, as I was saying earlier, if appropriate, to test how it is performing against how other comparable organisations are performing.

[58] Janet Davies: What kind of order of cost savings are you looking for from the agency in the current financial year?

Mr Shortridge: I do not think that I am viewing it in terms of cost savings. We have set a running cost limit for the agency for the year and we expect it to operate within that limit.

[59] Alison Halford: Mr Willott, the report indicates that there is possibly room for improvement and further investigation into energy management. Could you let us know what action the agency is taking to encourage greater awareness among its staff of the benefits of using lighting and heating more carefully?

Mr Willott: I would have to say that I think that it is probably no more than the general encouragement and awareness that these are costs that ought to be watched and saved on. I think that I referred in earlier comments to the fact that we have taken on consultants to advise us on what we can do specifically to save energy in Penllergaer, Ladywell House and Principality House. When we have their recommendations I think that we will be in a clear position to take action.

[60] Alison Halford: Would that mean that the agency has not done very much to develop an energy management policy or to review its energy management so as to identify room for improvement?

Mr Willott: We did so at the QED building. The problem is that we are to some extent

chyhoeddodd Edwina Hart ddoe y bydd arolwg pum mlynedd o'r awdurdod yn y dyfodol agos. Mae'r gwaith sydd yn cael ei wneud ar gyfer yr arolygon hynny yn rhoi llawer o sicrwydd imi. Maent yn rhoi cyfle i edrych yn fanwl iawn ar y ffordd y mae'r awdurdod yn trefnu ei hun ac, fel y dywedais yn gynharach, os yn briodol, profi sut mae'n perfformio yn erbyn sut mae sefydliadau cymaradwy yn perfformio.

[58] Janet Davies: Tua faint o arbedion cost yr ydych yn edrych amdanynt gan yr awdurdod yn y flwyddyn ariannol gyfredol?

Mr Shortridge: Nid wyf yn credu fy mod yn ei ystyried o ran arbedion cost. Yr ydym wedi pennu terfyn costau rhedeg ar gyfer yr awdurdod am y flwyddyn ac yr ydym yn disgwyl iddo weithredu o fewn y terfyn hwnnw.

[59] Alison Halford: Mr Willott, noda'r adroddiad fod yna o bosibl le i wella ac i ymchwilio ymhellach i reoli ynni. A allech roi gwybod inni pa gamau y mae'r awdurdod yn eu cymryd i annog mwy o ymwybyddiaeth ymysg ei staff o fanteision defnyddio golau a gwres yn fwy gofalus?

Mr Willott: Byddai'n rhaid imi ddweud fy mod o'r farn nad yw'n fawr mwy nag anogaeth ac ymwybyddiaeth gyffredinol y dylid cadw llygad ar y costau hyn a gwneud arbedion arnynt. Credaf fy mod wedi cyfeirio mewn sylwadau cynharach at y ffaith ein bod wedi cyflogi ymgynghorwyr i'n cynghori ar yr hyn y gallwn ei wneud yn benodol i arbed ynni ym Mhenllergaer, Ty Ladywell a Thy Principality. Pan gawn eu hargymhellion credaf y byddwn mewn sefyllfa glir i weithredu.

[60] Alison Halford: A fyddai hynny'n golygu nad yw'r awdurdod wedi gwneud llawer i ddatblygu polisi rheoli ynni nac i adolygu ei reolaeth o ynni er mwyn nodi a oes lle i wella?

Mr Willott: Gwnaethom hynny yn adeilad QED. Y problem yw ein bod yn cael ein

constrained by the quality, age and nature of the buildings that we occupy. QED, for example, has a poorly insulated roof, and there are other defects that will cost a substantial amount of money to rectify in order to achieve energy savings. We obviously have to do this in the most cost-effective and economical way that we can.

[61] Alison Halford: As the climate change problem escalates, as a public body, do you not feel that you should set a good example to the rest of us?

Mr Willott: Yes, absolutely. This is why we are carrying out studies to see what we can actually do. Bear in mind that we are not the owners of Principality House. We occupy floors 2, 3, 6 and 7.

[62] Alison Halford: Therefore, you would not feel that it would be right to criticise you for not looking at this issue a little more carefully and a little earlier?

Mr Willott: Of course you can criticise us. That is your role. We have done as much as we can, I think, and we could obviously do more. It is a matter of relative priorities with all of the other things that we have to do.

[63] Dafydd Wigley: Mae gennyf un cwestiwn sydd yn dilyn y patrwm hwnnw. Mr Willott, a yw'r adolygiad sydd yn cymryd lle ar hyn o bryd yn mynd cyn belled ag edrych ar bolisi ar gyfer defnyddio a hyrwyddo'r defnydd o ynni a gynhyrchir drwy ddulliau amgylcheddol gyfeillgar?

Mr Willott: I think that the answer is no. It is simply focused on what we can do to reduce energy consumption in our buildings.

[64] Dafydd Wigley: A ydych yn meddwl y dylai'r adolygiad wneud hynny ac y dylid ystyried hyn, yn unol â pholisi cyffredinol y Cynulliad ar yr amgylchedd?

Mr Willott: I think that we are a very small

cyfyngu i ryw raddau gan ansawdd, oedran a natur yr adeiladau yr ydym yn eu meddiannu. Mae to QED, er enghraifft, wedi'i inswleiddio'n wael, ac mae namau eraill a fydd yn costio swm sylweddol o arian i'w cywiro er mwyn cyflawni arbedion ynni. Yn amlwg mae'n rhaid inni wneud hyn yn y ffordd fwyaf cost effeithiol a darbodus â phosibl.

[61] Alison Halford: Wrth i'r broblem c newid hinsawdd waethygu, fel corff cyhoeddus, onid ydych o'r farn y dylech osod esiampl dda i'r gweddill ohonom?

Mr Willott: Ydw, yn bendant. Dyna pam ein bod yn cynnal astudiaethau i weld beth y gallwn ei wneud mewn gwirionedd. Cofiwch nad ni yw perchenogion Ty Principality. Yr ydym yn meddiannu lloriau 2, 3, 6 a 7.

[62] Alison Halford: Felly, ni fyddech o'r farn y byddai'n iawn i'ch beirniadu am beidio ag edrych ar y mater hwn ychydig yn fwy gofalus ychydig yn gynharach?

Mr Willott: Wrth gwrs y gallwch ein beirniadu. Dyna eich rôl. Yr ydym wedi gwneud cymaint ag y gallwn, yn fy marn i, a gallem wrth gwrs wneud mwy. Mae'n fater o flaenoriaethau perthnasol gyda'r holl bethau eraill y mae'n rhaid inni eu gwneud.

[63] Dafydd Wigley: I have one question that follows that pattern. Mr Willott, does the review being conducted at the moment go so far as to look at a policy of using and promoting the use of energy produced by environmentally friendly means?

Mr Willott: Credaf mai'r ateb yw nac ydy. Mae'n canolbwyntio'n syml ar yr hyn y gallwn ei wneud i leihau'r defnydd o ynni yn ein hadeiladau.

[64] Dafydd Wigley: Do you think that the review should do that and that it should be considered, in line with the Assembly's general policy on the environment?

Mr Willott: Credaf mai defnyddiwr ynni

consumer of energy. What we can do will probably not be hugely influential. I think that the Assembly itself has a much greater ability to influence this.

[65] Peter Black: I will ask you some more questions about that, Mr Willott. When Edwina Hart announced her quinquennial review yesterday, she was at pains to stress that she expects the Assembly sponsored public bodies to take the Assembly's agenda on board in terms of a number of issues, particularly sustainable development. You are obviously at the forefront in social inclusion. The Assembly is adopting a policy on sustainable development, which will focus to a great extent on energy use and on the use of alternative sources of energy. Although that may not always be the most cost-effective way, it would be useful if agencies, such as yours, would look at their energy use and at how the environment can be helped by considering other, environmentally-friendly sources of energy. We are not only talking about sources of energy. You said that the roof of Principality House leaks heat. Therefore, the energy efficiency of buildings needs to be considered.

Mr Willott: On sustainable development, as I think you know, the agency published a consultancy document some five or six months ago on this. We have consulted extensively on what we can do to promote sustainable development and we are now in a position to finalise our document in the light of the Assembly having finalised its policy on sustainable development. So I think that that will obviously be very important in setting guidelines for what we do, both in terms of work with our customers and for the agency as a whole. Sustainable development and energy saving is not just, of course, about energy consumption in buildings. It is about other things like transport and so on. We are at the moment trying to develop a green travel plan for people working in Cardiff. So there are various fronts on which we have to try to attack this issue.

bach iawn ydym. Mae'n debyg na chaiff yr hyn y gallwn ei wneud ddylanwad mawr. Credaf fod gan y Cynulliad ei hun lawer mwy o allu i ddylanwadu ar hyn.

[65] Peter Black: Hoffwn ofyn mwy o gwestiynau ichi ynglyn â hynny, Mr Willott. Pan gyhoeddodd Edwina Hart ei harolwg pum mlynedd ddoe, yr oedd yn awyddus i bwysleisio ei bod yn disgwyl i gyrff cyhoeddus a noddir gan y Cynulliad fabwysiadu agenda'r Cynulliad ar nifer o faterion, yn arbennig datblygiad cynaliadwy. Yr ydych yn amlwg yn flaenllaw ym maes cynhwysiant cymdeithasol. Mae'r Cynulliad yn mabwysiadu polisi ar ddatblygu cynaliadwy, a fydd yn canolbwyntio i raddau helaeth ar ddefnyddio ynni ac ar ddefnyddio ffynonellau ynni amgen. Er nad dyna fydd y ffordd fwyaf cost-effeithiol bob tro, byddai'n ddefnyddiol pe bai awdurdodau, fel eich un chi, yn edrych ar eu defnydd o ynni ac ar sut y gellid helpu'r amgylchedd drwy ystyried ffynonellau ynni eraill sydd yn gyfeillgar i'r amgylchedd. Nid dim ond am ffynonellau ynni yr ydym yn sôn. Dywedasoeh fod gwres yn dianc drwy do Ty Principality. Felly, mae angen ystyried effeithlonrwydd ynni adeiladau.

Mr Willott: O ran datblygu cynaliadwy, fel y gwyddoch mae'n siwr, cyhoeddodd yr awdurdod ddogfen ymgynghorol ar hyn ryw bum neu chwe mis yn ôl. Yr ydym wedi ymgynghori'n eang ar yr hyn y gallwn ei wneud i hyrwyddo datblygu cynaliadwy ac yr ydym bellach mewn sefyllfa i gyflwyno'r ddogfen ar ei ffurf derfynol yng ngoleuni'r ffaith i'r Cynulliad benderfynu ar ffurf derfynol ei bolisi ar ddatblygu cynaliadwy. Felly credaf y bydd hynny'n bwysig iawn o ran pennu canllawiau ar gyfer yr hyn a wnawn, o ran gwaith gyda'n cwsmeriaid ac ar gyfer yr awdurdod yn gyffredinol. Wrth gwrs, nid yw datblygu cynaliadwy ac arbed ynni yn ymwneud â'r defnydd o ynni mewn adeiladau yn unig. Mae'n ymwneud â phethau eraill fel cludiant ac ati. Yr ydym ar hyn o bryd yn ceisio datblygu cynllun teithio gwyrdd ar gyfer pobl sydd yn gweithio yng Nghaerdydd. Felly dylem geisio mynd i'r afael â'r mater

hwn ar sawl agwedd.

[66] Peter Black: You mentioned earlier that a lot of your staff spend up to 50 per cent of their time on the road. Have you looked at trying to reduce that amount of travel through more extensive use of teleworking?

Mr Willott: Yes, we have actually commissioned a specific study from BT as to the extent to which we can use it, and how we can organise and use teleworking better.

[67] Janet Davies: I was a bit concerned, Mr Willott, when you said that there are problems with energy efficiency—you are talking about the QED building in Treforest, I presume.

Mr Willott: Yes.

[68] Janet Davies: That is a fairly new building.

Mr Willott: It is not all that new.

[69] Janet Davies: Well, it is not that old either. Would you think that there are lessons for the future to ensure that buildings are more energy efficient, rather than simply going for the cheapest option always?

Mr Willott: Yes. I think that there is much more awareness now of the need for energy efficiency in building design and it is certainly a part of our sustainable development policy to do that. The QED building does not have ideal roof insulation, it is structured with a large reception area, and it uses electric storage heating. All of this is not ideal and we can obviously change it, but it costs quite a lot in capital to replace all this and so we have to balance the rate at which we spend capital expenditure against the energy savings achieved. It does cost money up front.

[70] Janet Davies: I think that there are a few other things that we wish to pursue on this report before going on to the next one.

[66] Peter Black: Soniasoch yn gynharach fod llawer o'ch staff yn treulio hyd at 50 y cant o'u hamser yn teithio. A ydych wedi ystyried ceisio lleihau'r swm hwnnw o deithio drwy ddefnydd ehangach o deleweithio?

Mr Willott: Do, mewn gwirionedd yr ydym wedi comisiynu astudiaeth benodol gan BT ar i ba raddau y gallwn ei ddefnyddio, a sut y gallwn drefnu a defnyddio teleweithio yn well.

[67] Janet Davies: Yr oeddwn ychydig yn bryderus, Mr Willott, pan ddywedoch bod problemau gydag effeithlonrwydd ynni—yr ydych yn sôn am adeilad QED yn Nhrefforest, fe dybiaf.

Mr Willott: Ydw.

[68] Janet Davies: Mae hwnnw'n adeilad cymharol newydd.

Mr Willott: Nid yw mor newydd â hynny.

[69] Janet Davies: Wel, nid yw mor hen â hynny ychwaith. A gredwch fod gwersi i'w dysgu ar gyfer y dyfodol i sicrhau bod adeiladau yn fwy ynni effeithlon, yn hytrach na dewis yr opsiwn rhataf bob amser?

Mr Willott: Ydw. Credaf fod llawer mwy o ymwybyddiaeth yn awr o'r angen am effeithlonrwydd ynni wrth gynllunio adeiladau ac yn sicr mae'n rhan o'n polisi datblygu cynaliadwy i wneud hynny. Nid yw'r inswleiddio yn nho adeilad QED yn ddelfrydol, mae'n strwythuredig gyda derbynfa fawr ac mae'n defnyddio gwresogyddion storio trydan. Nid yw hyn yn ddelfrydol a gallwn ei newid yn amlwg, ond mae'n costio cryn dipyn o ran cyfalaf i adnewyddu hyn oll ac felly mae'n rhaid inni gydbwyso'r cyflymder yr ydym yn gwario cyfalaf gwariant yn erbyn yr arbedion ynni a gyflawnir. Mae'n costio arian y mae'n rhaid ei dalu ymlaen llaw.

[70] Janet Davies: Credaf fod ychydig o bethau eraill yr hoffem eu trafod ynglyn â'r adroddiad hwn cyn symud ymlaen i'r

Rather than trying to push them in very quickly, I think that the best thing would be to take a coffee break now, come back and finish this report, and then go on to the one on indigenous investment. It is 10.40 now. I ask you all to be back at 10.55, please.

nesaf. Yn hytrach na cheisio eu gwasgu i mewn yn gyflym iawn, credaf mai'r peth gorau fyddai cael egwyl goffi yn awr, dychwelyd a gorffen yr adroddiad hwn, yna symud ymlaen i'r un ar fuddsoddiad cynhenid. Mae yn awr yn 10.40. Gofynnaf i bawb ohonoch fod yn ôl erbyn 10.55, os gwelwch yn dda.

[*Cynhaliwyd egwyl goffi rhwng 10.40 a.m. a 10.55 a.m.*]

[*A coffee break was held between 10.40 and 10.55 a.m.*]

[71] Janet Davies: Welcome back. Brian Gibbons will ask a few more questions on this item, then I will ask some general questions before we move on to discuss the report, 'Welsh Development Agency: Support for Indigenous Businesses in Wales'.

[71] Janet Davies: Croeso yn ôl. Bydd Brian Gibbons yn gofyn ychydig mwy o gwestiynau ar yr eitem hon, yna byddaf yn gofyn rhai cwestiynau cyffredinol cyn inni symud ymlaen i drafod yr adroddiad, 'Welsh Development Agency: Support For Indigenous Businesses in Wales'.

[72] Brian Gibbons: Most of my questions are about the functionality of the buildings that the agency uses. Obviously functionality is a key element of the buildings the agency uses, but does it give any thought or consideration to the image or vision that the buildings it uses convey to people and customers? In other words, do you think that the type and style of a building, rather than just its functionality, has an impact on the way that you do your work?

[72] Brian Gibbons: Mae'r rhan fwyaf o'm cwestiynau yn ymwneud â natur ymarferol yr adeiladau a ddefnyddir gan yr awdurdod. Yn amlwg mae ymarferoldeb yn elfen allweddol o'r adeiladau a ddefnyddir gan yr awdurdod, ond a yw'n rhoi unrhyw ystyriaeth i'r ddelwedd neu'r weledigaeth y mae'r adeiladau y mae'n eu defnyddio yn eu cyfleu i bobl a chwsmeriaid? Mewn geiriau eraill, a ydych o'r farn mai math a steil adeilad, yn hytrach na'i natur ymarferol, sydd yn cael effaith ar y ffordd yr ydych yn gweithio?

Mr Willott: I have two points in response. First, the image that we try to convey is that of a modern, high technology, thriving Wales, so we want our offices to give that impression to the people with whom we deal. That is obviously relevant to inward investors, but it is also important in setting the tone for other customers. Secondly, it costs money to move between buildings. To some extent, we have the inherited base from the three organisations. We have obviously tried to rationalise as much as possible to reduce the number of buildings that we have and hence reduce the costs. To move to different buildings will inevitably have a very substantial upfront cost, both for the building and removal.

Mr Willott: Mae gennyf ddau bwynt mewn ymateb i hynny. Yn gyntaf, y ddelwedd yr ydym yn ceisio ei chyfleu yw delwedd o Gymru fodern, sydd yn defnyddio uwch dechnoleg, ac yn ffynnu, felly yr ydym am i'n swyddfeydd greu'r argraff honno i'r bobl yr ydym yn delio â hwy. Mae hynny yn amlwg yn berthnasol i fewnfuddsoddwyr, ond mae'n hefyd yn bwysig gosod y naws ar gyfer cwsmeriaid eraill. Yn ail, mae symud rhwng adeiladau yn costio arian. I ryw raddau, mae gennym sail a etifeddwyd gan y tri sefydliad. Yn amlwg yr ydym wedi ceisio rhesymoli gymaint â phosibl er mwyn lleihau nifer yr adeiladau sydd gennym ac o ganlyniad lleihau'r costau. Bydd cost sylweddol iawn y bydd yn rhaid ei thalu ymlaen llaw ynghlwm â symud i wahanol adeiladau, o ran yr adeilad a'r broses o symud.

[73] Brian Gibbons: Could you put a premium on the image element that you mentioned, because most of my questions are functional and pragmatic, for example, on how many desks and tables you have? However, I agree that image is important and I want to know whether or not you can quantify how important it is.

Mr Willott: Like all such cultural matters, I do not know how on earth you would evaluate it. If you are going to present an image and try to get your staff and customers thinking in a positive, modern mode, then you have to do it that way. It does not necessarily of itself cost any more, but if you were to change to a different mode, then that change would cost.

[74] Brian Gibbons: If two premises were equal in terms of functionality and one gave you the modern image that you want to convey, what do you think would be a reasonable premium to pay?

Mr Willott: We are not in that position. We just have the buildings that we have.

[75] Brian Gibbons: Okay. It is not a question you can answer.

Mr Willott: It is not a question I can answer, sorry.

[76] Brian Gibbons: But you think that it is an important question?

Mr Willott: Yes. The brand, culture and nature—what we convey to the customer—is very important.

[77] Brian Gibbons: Thank you. Coming back to desks and tables, the report looks in detail at how you use your office space. How does the agency ensure that it is using this expensive resource as efficiently as possible?

Mr Willott: The only way is by constant effort. As I said before the break, we have had a constantly changing number of staff

[73] Brian Gibbons: A allech roi premiwm ar yr elfen o ddelwedd y soniasoch amdani, oherwydd mae'r rhan fwyaf o'm cwestiynau yn swyddogaethol ac yn bragmataidd, er enghraifft, ar sawl desg a bwrdd sydd gennych? Fodd bynnag, cytunaf fod delwedd yn bwysig a hoffwn wybod a allwch feintioli pa mor bwysig ydyw.

Mr Willott: Fel pob mater diwyllannol o'r fath, ni wn ar y ddaear sut y byddech yn ei werthuso. Os ydych am gyflwyno delwedd a cheisio cael eich staff a'ch cwsmeriaid i feddwl mewn modd cadarnhaol, modern, yna mae'n rhaid ichi ei wneud yn y ffordd honno. Nid yw o anghenraid yn costio mwy ynddo'i hun, ond pe baech yn newid i fodd gwahanol, byddai cost i'r newid hwnnw.

[74] Brian Gibbons: Pe bai'r ddau eiddo yn gyfartal o ran natur ymarferol a bod un yn rhoi ichi'r ddelwedd fodern yr ydych am ei chyfleu, faint yn eich barn chi fyddai'r premiwm rhesymol i'w dalu?

Mr Willott: Nid ydym yn y sefyllfa honno. Dim ond yr adeiladau sydd gennym sydd yna.

[75] Brian Gibbons: O'r gorau. Nid yw'n gwestiwn y gallwch ei ateb.

Mr Willott: Nid yw'n gwestiwn y gallaf ei ateb, mae'n ddrwg gennyf.

[76] Brian Gibbons: Ond yr ydych o'r farn ei fod yn gwestiwn pwysig?

Mr Willott: Ydw. Mae'r brand, diwylliant a natur—beth bynnag yr ydym yn ei gyfleu i'r cwsmer—yn bwysig iawn.

[77] Brian Gibbons: Diolch. Gan ddychwelyd at ddesgiau a byrddau, mae'r adroddiad yn edrych yn fanwl ar y ffordd yr ydych yn defnyddio eich gofod swyddfa. Sut mae'r awdurdod yn sicrhau ei fod yn defnyddio'r adnodd drudfawr hwn mor effeithlon â phosibl?

Mr Willott: Yr unig ffordd yw drwy ymdrech gyson. Fel y dywedais cyn yr egwyl, bu newid parhaus yn nifer ein staff

and in some of the offices we have simply increased the numbers that we have squeezed into the building. There is a table in the report—figure 20—which shows what has happened. Things have moved on from there. For example, another 20 staff have moved into the QED centre, so the square metres per person have reduced from 18.8 in September to 13.68. Therefore, some efficiencies are achieved just by the passage of time and squeezing in more staff.

[78] Brian Gibbons: Yes, but did you go through a process of external comparison or benchmarking?

Mr Willott: To some extent, but not systematically. The National Audit Office report was quite interesting and helpful concerning benchmarking and typical levels, particularly for energy, for example. That was quite thought provoking. On the occupation densities, it is always difficult to benchmark that because you have to compare like with like. As I said before the break, the key issue on occupation is the extent to which people are out of the office and on the road, and therefore, the extent to which you can have less space permanently occupied. The answer to that must be hot-desking and modern technology and we will move in that direction.

[79] Brian Gibbons: The report highlights the problems with document storage, archiving and so on. What is the agency doing to reduce its reliance on paper and make more use of modern technology and so on?

Mr Willott: Unfortunately we cannot do what we would sometimes like to do, which is to invite you to a large bonfire—

[80] Brian Gibbons: As long as you are not on it. [*Laughter.*]

Mr Willott: Unfortunately we have to retain our archives for legal and accountability reasons and all the reasons

ac mewn rhai o'r swyddfeydd yr ydym wedi cynyddu'r niferoedd yr ydym wedi eu gwasgu i mewn i'r adeilad. Mae tabl yn yr adroddiad—ffigur 20—sydd yn dangos beth sydd wedi digwydd. Mae pethau wedi symud ymlaen ers hynny. Er enghraifft, mae 20 aelod arall o staff wedi symud i mewn i'r ganolfan QED, felly mae'r metrau sgwâr fesul person wedi gostwng o 18.8 ym Medi i 13.68. Felly, cyflawnwyd rhai arbedion effeithlonrwydd dim ond yn sgîl treigl amser a gwasgu mwy o staff i mewn.

[78] Brian Gibbons: Ie, ond a aethoch drwy broses o gymharu yn allanol neu feincnodi?

Mr Willott: I ryw raddau, ond nid yn systemataidd. Yr oedd adroddiad y Swyddfa Archwilio Genedlaethol yn eithaf diddorol a defnyddiol o ran meincnodi a lefelau nodweddiadol, yn arbennig ar gyfer ynni, er enghraifft. Yr oedd hynny'n ysgogi'r meddwl. O ran dwysedd galwedigaethol, mae bob amser yn anodd meincnodi hynny gan fod yn rhaid ichi gymharu tebyg at ei debyg. Fel y dywedais cyn yr egwyl, y prif fater o ran galwedigaeth yw i ba raddau y mae pobl allan o'r swyddfa ac ar y ffordd, ac felly, i ba raddau y gallwch gael llai o ofod sydd yn cael ei ddefnyddio'n barhaol. Yr ateb i hynny yw symud gweithfannau a thechnoleg fodern a byddwn yn symud i'r cyfeiriad hwnnw.

[79] Brian Gibbons: Mae'r adroddiad yn amlygu'r problemau gyda storio dogfennau, creu archifau ac ati. Beth mae'r awdurdod yn ei wneud i leihau ei ddibyniaeth ar bapur a gwneud mwy o ddefnydd o dechnoleg fodern ac ati?

Mr Willott: Yn anffodus ni allwn wneud yr hyn yr hoffem ei wneud bob amser, sef eich gwahodd i weld coelcerth fawr—

[80] Brian Gibbons: Ar yr amod na fyddwch chi arni. [*Chwerthin.*]

Mr Willott: Yn anffodus mae'n rhaid inni gadw ein harchifau am resymau cyfreithiol ac atebolrwydd a'r holl resymau pam bod

why the public sector has to do so. Obviously, we are actively considering moving towards document imaging and so on as part of our overall IT development. We will be driving towards becoming an e-business within a short period. However, there are many issues about how to manage parallel paper and electronic systems. In other words, if you have a file on a particular issue, some of your documents may inevitably come in from outside and may have to be retained in that form if they are legal documents. Others are internal e-mails. We are in the middle of trying to sort out how we develop and handle that. I am sure that we will want to learn from other organisations in the public sector that have done the same.

[81] Brian Gibbons: From what you are saying, it is very much in an embryonic stage.

Mr Willott: It is ongoing.

[82] Brian Gibbons: What progress is the agency making in developing more flexible working practices in terms of role, time and so on? You have touched on some of them.

Mr Willott: We operate flexi-time and that is obviously helpful to people with family commitments. The issue is how far we can develop teleworking. We have commissioned a study on how far we can develop teleworking and what is involved in that, both functionally in terms of the hardware and systems, and how we are to do it organisationally. That must be tied in with hot-desking and having people on the road. It is all part of a move to much more flexible working, which will hopefully meet to a greater degree the needs of those members of staff who have other commitments around which they want to fit their work.

[83] Brian Gibbons: Is there much scope for flexible role change within the agency?

yn rhaid i'r sector cyhoeddus wneud hynny. Yn amlwg, yr ydym wrthi'n ystyried symud tuag at ddelweddu dogfennau ac ati fel rhan o'n datblygiad TG cyffredinol. Byddwn yn anelu at ddod yn e-fusnes o fewn cyfnod byr. Fodd bynnag, mae nifer o faterion ynglyn â sut i reoli systemau papur a systemau electronig cyfochrog. Mewn geiriau eraill, os oes gennych ffeil ar fater arbennig, bydd rhai o'ch dogfennau yn anochel yn dod o'r tu allan ac efallai y bydd yn rhaid eu cadw ar y ffurf honno os ydynt yn ddogfennau cyfreithiol. Mae dogfennau eraill yn negeseuon e-bost mewnol. Yr ydym ar ganol ceisio datrys sut i ddatblygu ac ymdrin â hynny. Yr wyf yn sicr y byddwn am ddysgu o sefydliadau eraill yn y sector cyhoeddus sydd wedi gwneud yr un peth.

[81] Brian Gibbons: O'r hyn a ddywedwch, dim ond megis dechrau y mae hyn.

Mr Willott: Mae'n barhaus.

[82] Brian Gibbons: Pa gynnydd y mae'r awdurdod yn ei wneud wrth ddatblygu arferion gwaith mwy hyblyg o ran swyddogaeth, amser ac ati? Yr ydych wedi sôn am rai ohonynt.

Mr Willott: Yr ydym yn gweithredu cynllun oriau hyblyg ac mae hyn yn amlwg yn ddefnyddiol i bobl sydd ag ymrwymadau teuluol. Y mater pwysig yw i ba raddau y gallwn ddatblygu teleweithio. Yr ydym wedi comisiynu astudiaeth ar i ba raddau y gallwn ddatblygu teleweithio a beth fyddai hynny yn ei olygu, o ran natur ymarferol yn nhermau'r caledwedd a'r systemau, a sut yr ydym am ei wneud yn sefydliadol. Mae'n rhaid i hynny fod ynghlwm â symud gweithfannau a chael pobl yn teithio. Mae hyn oll yn rhan o symudiad tuag at weithio mwy hyblyg o lawer, a fydd gobeithio yn cwrdd ag anghenion yr aelodau hynny o staff sydd ag ymrwymadau eraill y maent am ffio eu gwaith i mewn o'u hamgylch i raddau helaethach.

[83] Brian Gibbons: A oes llawer o gyfle i newid rolau yn hyblyg o fewn yr

awdurdod?

Mr Willott: Yes. We operate this in various ways. We advertise all posts internally, so if people wish to change their role and the nature of their work, they are aware of the opportunities. That is a wide question and all I can say is that this is ongoing.

[84] Janet Davies: Mr Shortridge, I want to ask you two questions, unless of course you raise any other matters in your answer about which I may want to ask. Can you give me an idea of what you think might have been lost in this merger?

Mr Shortridge: I suppose, speaking factually, the main thing that was lost was the Land Authority for Wales and the Development Board for Rural Wales. Therefore, the issue is the extent to which having those as separate agencies was in itself beneficial. For example, the Land Authority had established a fine reputation for itself, was using powers which had become quite novel within the UK, and within its own terms was a success.

Similarly, the DBRW was an organisation that was highly regarded in central rural Wales and had its own image. Those things have been lost and one must recognise that. However, what I am interested in, and I think what this Committee should be interested in, is whether there was a net loss or a net benefit. My view is that those losses have been more than compensated for by the fact that we have this enlarged agency providing identical services across the whole of Wales. The DBRW did not operate throughout rural Wales so that there are all those benefits at a lower net overhead cost. Also, the way the merger was managed was such as to retain as much as possible of the benefits of the Land Authority. There have been some losses, but I think that my judgment, and the judgment of anyone reading this report, would be that overall there has been significant benefit from this merger.

Mr Willott: Oes. Yr ydym yn gweithredu hyn mewn amrywiol ffyrdd. Yr ydym yn hysbysebu pob swydd yn fewnol, felly os bydd pobl am newid eu rôl a natur eu gwaith, maent yn ymwybodol o'r cyfleoedd. Mae hwnnw'n gwestiwn eang a'r cyfan y gallaf ei ddweud yw ei fod yn barhaus.

[84] Janet Davies: Mr Shortridge, hoffwn ofyn dau gwestiwn ichi, oni bai wrth gwrs eich bod am godi unrhyw fater arall yn eich ateb yr hoffwn eich holi yn ei gylch. A allwch roi syniad imi o'r hyn a allai fod wedi ei golli yn sgîl yr uno yn eich barn chi?

Mr Shortridge: Mae'n debyg, a siarad yn ffeithiol, mai'r prif beth a gollwyd oedd Awdurdod Tir Cymru a Bwrdd Datblygu Cymru Wledig. Felly, y mater yw i ba raddau yr oedd cael y rheini fel awdurdodau ar wahân o fudd ynddo'i hun. Er enghraifft, yr oedd yr Awdurdod Tir wedi sefydlu enw da iawn iddo'i hun, yn defnyddio pwerau a oedd wedi dod yn eithaf newydd o fewn y DU, ac o fewn ei dermau ei hun yr oeddent yn llwyddiant.

Yn yr un modd, yr oedd parch mawr tuag at Fwrdd Datblygu Cymru Wledig yng nghanolbarth gwledig Cymru ac yr oedd ganddo ei ddelwedd ei hun. Mae'r pethau hynny wedi'u colli a rhaid cydnabod hynny. Fodd bynnag, yr hyn y mae gennyf ddiddordeb ynddo, a'r hyn y credaf y dylai'r Pwyllgor hwn fod â diddordeb ynddo, yw a oedd colled net neu fudd net. Yn fy marn i gwnaethpwyd iawn am y colledion hynny a mwy gan y ffaith bod gennym yr awdurdod estynedig hwn yn darparu gwasanaethau union yr un fath drwy Gymru gyfan. Nid oedd Bwrdd Datblygu Cymru Wledig yn gweithredu ledled Cymru wledig felly ceir yr holl fuddiannau hynny ar gost gorbenion net is. Hefyd, cafodd yr uno ei reoli mewn ffordd a lwyddodd i gadw cymaint â phosibl o fuddiannau'r Awdurdod Tir. Cafwyd peth colledion, ond credaf mai fy marn i, a barn unrhyw un arall sydd yn darllen yr adroddiad hwn, fyddai bod budd

sylweddol wedi deillio o'r uno hwn ar y cyfan.

[85] Janet Davies: We have talked quite a lot about cost effectiveness. Do you agree that the biggest overall cost savings would occur if the whole agency were closed down and its functions transferred, perhaps to local government, and led by the Assembly?

Mr Shortridge: I think that if you were to close down the agency and spread its functions between local government and possibly other agencies it would become impossible to calculate the replacement cost of providing those services. Certainly if you look at the other half of the balance sheet in terms of benefits, I think that the ethos of this merger was that by centralising these activities within one agency there were substantial benefits to be secured. I think that this Committee and the Assembly would find it very difficult to monitor the effectiveness and performance of Wales plc in providing economic development services if they were significantly diffused among a very large number of organisations.

[86] Dafydd Wigley: Hoffwn ddilyn pwynt olaf Jon Shortridge, sef bod manteision o ganoli. Fodd bynnag, os yw rhywun yn dilyn y rhesymeg hon, mae manteision ariannol ychwanegol i'w cael o ddod â hyn o dan yr un to â'r Cynulliad. Y fantais o gael corff sydd ar wahân i'r Cynulliad yw bod y gweithgareddau yn digwydd i ffwrdd o'r canol a'u bod yn sensitif i anghenion ardaloedd gwahanol megis y Cymoedd a chefn gwlad. I ba raddau y gallwch ddweud bod y strwythur newydd yn ddigon sensitif i'r anghenion hynny ac nad yw'r broses o ganoli wedi arwain at sefyllfa lle mae'r gwasanaeth sydd yn cael ei ddarparu'n lleol yn llai derbyniol ac yn llai effeithiol i'r ardaloedd hynny?

Mr Shortridge: That is a very big and difficult issue. I answered my question much more from the point of view that if responsibility for inward investment, for

[85] Janet Davies: Yr ydym wedi sôn cryn dipyn am gost effeithiolrwydd. A ydych yn cytuno y byddai'r arbedion cost cyffredinol mwyaf yn digwydd pe bai'r awdurdod cyfan yn cael ei ddiddymu a'i swyddogaethau'n cael eu trosglwyddo, efallai i lywodraeth leol, a'u harwain gan y Cynulliad?

Mr Shortridge: Credaf pe baech yn diddymu'r awdurdod ac yn rhannu ei swyddogaethau rhwng llywodraeth leol ac awdurdodau eraill o bosibl, y byddai'n amhosibl cyfrifo cost ailddarparu'r gwasanaethau hynny. Yn sicr os edrychwch ar ochr arall y geiniog o ran manteision, credaf mai ethos yr uniad hwn oedd bod modd sicrhau manteision sylweddol drwy ganoli'r gweithgareddau hyn o fewn un awdurdod. Credaf y byddai'r Pwyllgor hwn a'r Cynulliad yn ei chael yn anodd iawn i fonitro effeithiolrwydd a pherfformiad Cymru ccc o ran darparu gwasanaethau datblygu economaidd pe baent wedi eu gwasgaru'n sylweddol ymysg nifer fawr iawn o sefydliadau.

[86] Dafydd Wigley: I would like to follow on from Jon Shortridge's last point, namely that there are advantages in centralising. However, if one follows that reasoning, there are additional financial benefits to be had from bringing this under the same roof as the Assembly. The advantage of having a body separate from the Assembly is that the activities take place away from the centre and are sensitive to the needs of different areas such as the Valleys and rural Wales. To what extent can you say that the new structure is sufficiently sensitive to those needs and that the process of centralisation has not led to a situation where the service that is provided locally is less acceptable and less effective for those areas?

Mr Shortridge: Mae hwnnw'n fater pwysig ac anodd. Atebais fy nghwestiwn yn fwy o'r safbwynt pe bai'r cyfrifoldeb dros fewnuddsoddi, er enghraifft—sef un

example—which was one interpretation of the Chair’s question—was to be diffused between 22 local authorities then you could have quite serious disbenefits arising from that. It does seem to me that there is the potential, in terms of the relationship which I hope will increasingly be forged between the Assembly and the agency, to ensure that the agency can become increasingly sensitive to the issues that Assembly Members consider to be important. Clearly that refers to the point that you made, in terms of being sensitive to particular local areas and local issues, but to other things as well. What we had before under the Welsh Office was a relationship between Ministers, the Chair and the Board, and between officials in the Welsh Office and officials in the agency. Everyone within that framework was doing their best for Wales and to get the best outcome. What we have now within the Assembly are 60 elected Members, who in their different ways have an opportunity to influence the thinking and the development of the thinking. The Economic Development Committee, in particular, can help to inform the priorities of the agency, and we as officials can pick up on that and use it in our official dealings with the agency. What I am saying is that under the sort of model which has to happen and is determined by the Assembly, there is a much greater opportunity than there was in the past for the agency to operate in a way that reflects the political thinking across Wales, which is manifested in the Assembly.

[87] Janet Davies: Thank you. We have completed the questions on the first and major report about the merger. I turn now to the report on indigenous businesses. This is a descriptive report and I am sure that Members have several questions to ask on it. I will start with a question to Mr Willott. The report describes and illustrates the wide range of the agency’s support for businesses in Wales; businesses of different sizes, sectors and locations. Are you happy that you have the right tools to achieve your aims and objectives in supporting indigenous businesses?

dehongliad o gwestiwn y Cadeirydd—yn cael ei rannu rhwng 22 o awdurdodau lleol yna gallai anfanteision eithaf dybryd ddeillio o hynny. Ymddengys i mi bod potensial, o ran y berthynas a fydd gobeithio yn gynyddol yn ffurfio rhwng y Cynulliad a’r awdurdod, i sicrhau y gall yr awdurdod ddod yn fwyfwy sensitif i faterion y mae Aelodau’r Cynulliad yn eu hystyried yn faterion pwysig. Yn amlwg, mae hynny’n cyfeirio at y pwynt a wnaethoch, o ran bod yn sensitif i ardaloedd lleol penodol a materion lleol, ond i bethau eraill hefyd. Yr hyn a oedd gennym o’r blaen dan y Swyddfa Gymreig oedd perthynas rhwng Gweinidogion, y Cadeirydd a’r Bwrdd, a rhwng swyddogion yn y Swyddfa Gymreig a swyddogion yn yr awdurdod. Yr oedd pawb o fewn y fframwaith hwnnw yn gwneud eu gorau dros Gymru ac i gael y canlyniad gorau. Yr hyn sydd gennym bellach o fewn y Cynulliad yw 60 o Aelodau etholedig, sydd yn eu ffyrdd gwahanol yn cael cyfle i ddylanwadu ar y feddylfryd a datblygu’r feddylfryd. Gall y Pwyllgor Datblygu Economaidd, yn arbennig, helpu i lywio blaenoriaethau’r awdurdod, a gallwn fel swyddogion gymryd sylw o hynny a’i ddefnyddio yn ein hymdriniaethau swyddogol gyda’r awdurdod. Yr hyn yr wyf yn ei ddweud yw, o dan y math o fodel y mae’n rhaid iddo ddigwydd ac a benderfynir gan y Cynulliad, mae llawer mwy o gyfle nag a fu yn y gorffennol i’r awdurdod weithredu mewn ffordd sydd yn adlewyrchu’r feddylfryd wleidyddol ledled Cymru, a amlygir yn y Cynulliad.

[87] Janet Davies: Diolch. Yr ydym wedi cwblhau’r cwestiynau ar yr adroddiad cyntaf a’r prif adroddiad ar yr uno. Trof yn awr at adroddiad ar fusnesau cynhenid. Adroddiad disgrifiadol yw hwn ac yr wyf yn sicr fod gan yr Aelodau nifer o gwestiynau i’w gofyn ynglyn ag ef. Dechreuaf gyda chwestiwn i Mr Willott. Mae’r adroddiad yn disgrifio ac yn dangos ystod eang o gefnogaeth yr awdurdod i fusnesau yng Nghymru; busnesau o wahanol feintiau, sectorau a lleoliadau. A ydych yn fodlon bod gennych yr offer cywir i gyflawni eich nodau a’ch amcanion o ran cefnogi busnesau cynhenid?

Mr Willott: Can I make one comment? If, in relation to the subject that we have just discussed, the Committee, having considered the questions on the Auditor's report, feels that the agency has done a good job, I hope that it would feel able to commend the staff of the agency for having done that. I just make that as a passing plea.

[88] Janet Davies: I am sure that we will give a fair comment when we finalise the report.

Mr Willott: I am just concerned because the staff put in a lot of effort and I would hope that whatever they did was appropriately recognised. I ask no more than that.

[89] Janet Davies: I do not think that we are here to be critical without cause.

Mr Willott: Sure. To turn to your question, it is a huge one. The report is extremely helpful in indicating that support for business is not just business development programmes. It is the much wider range of activities—from providing premises, sites and infrastructure from where businesses can actually operate, to the regeneration of the environment that provides a much healthier place for them to operate in. In terms of have we got the ability to deliver all that, the thing I think about the agency—and this is why you have an agency—is that we can recruit and retain professional staff who are skilled and knowledgeable in the areas in which they work. Therefore, where we are operating, I think that we are reasonably effective in what we do.

[90] Janet Davies: What impact has the support that you have given to indigenous businesses had in Wales?

Mr Willott: We measure ourselves against the strategic targets each year and those are crystallised in terms of jobs created and supported, private sector investment and various things like that. We measure ourselves against those targets and in the main we have been consistently successful

Mr Willott: A gaf wneud un sylw? Os bydd y Pwyllgor, mewn perthynas â'r pwnce yr ydym newydd ei drafod, ac wedi iddo ystyried y cwestiynau ar adroddiad yr Archwilydd, o'r farn bod yr awdurdod wedi gwneud gwaith da, gobeithiaf y byddai'n teimlo y gallai ganmol staff yr awdurdod am wneud hynny. Apeliaf am hynny wrth fynd heibio.

[88] Janet Davies: Yr wyf yn sicr y byddwn yn rhoi sylw teg pan fyddwn yn llunio'r adroddiad terfynol.

Mr Willott: Yr wyf ond yn pryderu oherwydd i'r staff wneud llawer o ymdrech a byddwn yn gobeithio y caiff beth bynnag a wnaethant ei gydnabod yn briodol. Ni ofynnaf fwy na hynny.

[89] Janet Davies: Ni chredaf ein bod yma i fod yn feirniadol heb achos.

Mr Willott: Yn sicr. I droi at eich cwestiwn, mae'n un anferth. Mae'r adroddiad yn ddefnyddiol tu hwnt o ran dangos nad rhaglenni datblygu busnes yn unig yw cymorth i fusnesau. Mae'n ystod llawer ehangach o weithredoedd—o ddarparu eiddo, safleoedd a seilwaith y gall busnesau weithredu ohonynt, i adfywio'r amgylchedd sydd yn darparu lle llawer iachach iddynt weithredu ynddo. O ran a oes gennym y gallu i gyflawni hyn oll, yr hyn a gredaf am yr awdurdod—a dyna pam bod gennych awdurdod—yw y gallwn recriwtio a chadw staff proffesiynol sydd yn meddu ar sgiliau ac sydd yn hyddysg yn y meysydd y maent yn gweithio ynddynt. Felly, lle yr ydym yn gweithredu, credaf ein bod yn gymharol effeithiol yn yr hyn a wnawn.

[90] Janet Davies: Pa effaith a gafodd y cymorth a roesoch i fusnesau cynhenid ar Gymru?

Mr Willott: Yr ydym yn mesur ein hunain yn erbyn y targedau strategol bob blwyddyn a chrisialir y rheini o ran y swyddi a grewyd ac a gefnogwyd, buddsoddiad yn y sector preifat ac amrywiol bethau tebyg. Yr ydym yn mesur ein hunain yn erbyn y targedau hynny ac

in achieving them.

[91] Janet Davies: Mr Shortridge, can you tell me what mechanisms are in place to enable you to gauge how effective the agency is in undertaking its support for indigenous businesses?

Mr Shortridge: Well I suppose there are three actual or potential mechanisms. Mr Cairns and perhaps some of the other members of the Committee will know that the Economic Development Committee has begun a comprehensive review of business development support schemes. That is underway and I think that it will be reporting in the summer or early autumn. So, that is certainly one very important way in which the Assembly at large—and not just us as officials—has an opportunity to assess the effectiveness of the agency. The other thing that I expect to happen is that, within the quinquennial review, this will be an aspect of the agency's business that will be examined to the extent that further review is necessary in the light of the Economic Development Committee's report. In addition, the management statement requires the WDA to evaluate its main programmes. Therefore, on that basis there is the opportunity as well for an evaluation to be undertaken of the support schemes. I think that in the light of the first two initiatives that I have mentioned, I will not in the short term be pressing for a separate evaluation in line with the management statement.

[92] Dafydd Wigley: You will not need the translation facilities for this contribution because I want to quote from a Hansard report of the evidence taken by the Welsh Affairs Select Committee on this very point, namely the extent to which we have the information relating to the capability of indigenous companies to generate jobs. On 14 July 1998, Mr Willott, you told that Committee that

ar y cyfan yr ydym wedi bod yn gyson lwyddiannus o ran eu cyflawni.

[91] Janet Davies: Mr Shortridge, a allwch ddweud wrthyf pa ddulliau sydd ar waith i'ch galluogi i fesur pa mor effeithiol y mae'r awdurdod o ran cynnig cymorth i fusnesau cynhenid?

Mr Shortridge: Wel mae'n debyg bod tri dull gwirioneddol neu bosibl. Bydd Mr Cairns ac o bosibl rhai aelodau eraill o'r Pwyllgor yn gwybod bod y Pwyllgor Datblygu Economaidd wedi dechrau arolwg cynhwysfawr o gynlluniau cymorth datblygu busnesau. Mae hynny ar y gweill a chredaf y bydd yn cyflwyno ei adroddiad yn yr haf neu ddechrau'r hydref. Felly, yn sicr dyna un ffordd bwysig iawn y gall y Cynulliad yn gyffredinol—ac nid dim ond ni fel swyddogion—gael cyfle i asesu effeithiolrwydd yr awdurdod. Y peth arall y disgwyliaf iddo ddigwydd yw, o fewn yr arolwg pum mlynedd, y bydd hyn yn agwedd ar fusnes yr awdurdod a archwiler i'r graddau bod angen arolwg pellach yng ngoleuni adroddiad y Pwyllgor Datblygu Economaidd. Yn ogystal, mae'r datganiad rheoli yn ei gwneud yn ofynnol i ADC werthuso ei brif raglenni. Felly, ar y sail honno ceir cyfle hefyd i gynnal gwerthusiad o'r cynlluniau cymorth. Credaf yng ngoleuni'r ddwy fenter gyntaf a grybwyllais, na fyddaf yn pwysu am werthusiad ar wahân yn unol â'r datganiad rheoli yn y tymor byr.

[92] Dafydd Wigley: Ni fydd angen y cyfleusterau cyfieithu arnoch ar gyfer y cyfraniad hwn gan fy mod am ddyfynnu o adroddiad Hansard o dystiolaeth a gymerwyd gan y Pwyllgor Dethol ar Faterion Cymreig ar yr union bwynt hwn, sef i ba raddau y mae gennym wybodaeth sydd yn ymwneud â gallu cwmnïau cynhenid i greu swyddi. Ar 14 Gorffennaf 1998, Mr Willott, dywedasoch wrth y Pwyllgor hwnnw bod

'inward investment creates around 8,000 or 9,000 new jobs a year. It ought to be possible to get the same sort of success from indigenous companies. It is very difficult. We do not know enough about job creation by indigenous industry and we need to have quite a bit of research done on that.'

Has the research been undertaken and do we now have an analysis comparing indigenous investment and overseas investment that enables us to have meaningful decisions taken with regard to the development of policy?

A wnaethpwyd yr ymchwil ac a oes gennym bellach ddadansoddiad yn cymharu buddsoddiad cynhenid a buddsoddiad tramor sydd yn ein galluogi i wneud penderfyniadau ystyrlon o ran datblygu polisi?

Mr Willott: The direct answer to your question is that the study that we were envisaging at the time has not taken place. We are still waiting for formal approval and permission to go ahead with it. It is with the survey control unit at the moment and has been for some time and when we have its agreement then we will be able to go ahead with it.

Mr Willott: Yr ateb uniongyrchol i'ch cwestiwn yw na wnaethpwyd yr astudiaeth yr oeddem yn ei rhagweld ar y pryd. Yr ydym yn dal i aros am gymeradwyaeth ffurfiol a chaniatâd i fynd ymlaen â hi. Mae'r cynnig gerbron yr uned rheoli arolygon ar hyn o bryd ac wedi bod ers peth amser a phan gawn gytundeb ganddi byddwn yn gallu mynd ymlaen â hi.

[93] Dafydd Wigley: You say that it has been quite some time. When did the bid go in, how long have you been waiting and when do you expect to have a reply?

[93] Dafydd Wigley: Dywedwch iddi fod gyda hwy ers peth amser. Pryd y cyflwynwyd y cynnig, pa mor hir yr ydych wedi bod yn aros a phryd yr ydych yn disgwyl cael ateb?

Mr Willott: I think that the bid went in some two or three months ago.

Mr Willott: Credaf i'r cynnig gael ei gyflwyno ryw ddau i dri mis yn ôl.

Mr Morgan: Longer than that; it was five months ago.

Mr Morgan: Cyn hynny; yr oedd bum mis yn ôl.

Mr Willott: It was five months ago.

Mr Willott: Yr oedd bum mis yn ôl.

[94] Dafydd Wigley: So the bid went in early in 2000 and you were, clearly, talking about it 18 months before that. What took up the 18 months to get that bid in?

[94] Dafydd Wigley: Felly cyflwynwyd y cynnig yn gynnar yn 2000 ac yr oeddech, yn amlwg, yn sôn amdano 18 mis cyn hynny. Pam y cymerodd 18 mis i gyflwyno'r cynnig hwnnw?

Mr Willott: There were other studies that would have been carried out. There were, if you like, competing ones. There was a lot of discussion with the other people who were proposing to carry out studies that just delayed things. In the end, this is the proposal that we came forward with—to carry out this study—as I say, around the turn of the year.

Mr Willott: Yr oedd astudiaethau eraill a fyddai wedi cael eu cynnal. Yr oedd, os hoffech, rai a oedd yn cystadlu â'i gilydd. Yr oedd llawer o drafod gyda'r bobl eraill a oedd yn bwriadu cynnal astudiaethau a achosodd oedi. Yn y pen draw, dyma'r cynnig a gyflwynwyd gennym—cynnal yr astudiaeth hon—fel y dywedaf, tua diwedd y flwyddyn.

[95] Dafydd Wigley: Would you be surprised if we felt that time has dragged

[95] Dafydd Wigley: A fyddai'n syndod ichi pe baem o'r farn bod amser wedi llusgo ar

on this and if we said that if one is serious about developing the analysis comparing the potential of indigenous companies and the undoubted benefit that comes from overseas investment, that we need the fruits of this work as quickly as possible otherwise we cannot take meaningful decisions?

Mr Willott: I do not think that we are without knowledge because of course there is a deep and widespread knowledge of the small business sector around Wales, both in the agency and in other organisations. Nothing has stood still. However, I entirely agree with your point that we need to get on with this study as quickly as possible and get a sound, thoroughly analytic basis on which to develop policy.

[96] Jane Davidson: Mr Willott, given the range of support provided by the agency and the diversity of indigenous businesses, and referring to your response to the Chair a moment ago that you work to targets, how do you satisfy yourself that your current programmes, schemes and initiatives are properly targeted at the needs of indigenous businesses in Wales?

Mr Willott: In various areas, of course, there are separate, specific studies carried out. The study to which Mr Wigley referred is an all-embracing study of the SME sector in Wales and an attempt to get a clearer analysis of its needs. However, when you come to specific areas like the information society, where we have the Wales Information Society project, and the regional technology plan, where we have had a long standing programme for supporting technology transfer innovation, a lot of those individual programmes are themselves underpinned by specific studies against which the programmes are then formulated, objectives set and so on. What this does not amount to is the all-embracing study, which is what we are talking about.

[97] Jane Davidson: Is that all-embracing study the one referred to in paragraph 21,

hyn a phe dywedwn os ydych o ddifrif ynglyn â datblygu'r dadansoddiad o gymharu potensial cwmnïau cynhenid a'r budd diamheuol a ddaw o fuddsoddiad tramor, bod angen ffrwyth y gwaith hwn arnom cyn gynted â phosibl neu ni allwn wneud penderfyniadau ystyrlon?

Mr Willott: Ni chredaf nad oes gennym wybodaeth oherwydd wrth gwrs mae gwybodaeth ddofn ac eang o'r sector busnesau bach ledled Cymru, gan yr awdurdod a chan sefydliadau eraill. Nid oes unrhyw beth wedi sefyll yn llongydd. Fodd bynnag, cytunaf yn llwyr gyda'ch pwynt bod angen inni fynd ymlaen â'r astudiaeth hon cyn gynted â phosibl a chael sail gadarn sydd yn hollol ddadansoddol er mwyn datblygu polisi arni.

[96] Jane Davidson: Mr Willott, o gofio'r ystod o gymorth a ddarparwyd gan yr awdurdod ac amrywiaeth y busnesau cynhenid, a chan gyfeirio at eich ymateb i'r Cadeirydd funud yn ôl eich bod yn gweithio i dargedau, sut yr ydych yn bodloni eich hun bod eich rhaglenni, cynlluniau a'ch mentrau cyfredol wedi'u targedu'n briodol tuag at anghenion busnesau cynhenid yng Nghymru?

Mr Willott: Mewn amrywiol feysydd, wrth gwrs, cynhelir astudiaethau penodol, ar wahân. Mae'r astudiaeth y cyfeiriodd Mr Wigley ati yn astudiaeth gynhwysfawr o'r sector mentrau bach a chanolig yng Nghymru ac yn ymdrech i gael dadansoddiad cliriach o'i anghenion. Fodd bynnag, pan edrychwch ar feysydd penodol fel y gymdeithas gwybodaeth, lle mae gennym brosiect Cymdeithas Wybodaeth Cymru, a'r cynllun technoleg rhanbarthol, lle mae gennym raglen hirsefydlog ar gyfer cefnogi arloesi trosglwyddo technoleg, mae llawer o'r rhaglenni unigol hynny wedi'u seilio ar astudiaethau penodol eu hunain, a chânt eu defnyddio wedyn i ffurfio'r rhaglenni, pennu amcanion ac ati. Nid yw hyn yn gyfystyr â'r astudiaeth gynhwysfawr, sef yr hyn yr ydym yn sôn amdano.

[97] Jane Davidson: Ai'r astudiaeth gynhwysfawr honno yw'r un y cyfeirir ati

about the needs of the SME sector?

ym mharagraff 21, ynglyn ag anghenion y sector mentrau bach a chanolig?

Mr Willott: Yes.

Mr Willott: Ie.

[98] Jane Davidson: The last sentence of that paragraph says that

[98] Jane Davidson: Dywed brawddeg olaf y paragraff hwnnw

‘The start of this study has been delayed because of extended discussions between the Agency and the Assembly about the aims and the focus of the proposed research.’

What is the substance of those discussions?

Beth yw sylwedd y trafodaethau hynny?

Mr Willott: I am afraid I am not party to them so if you were to have an authoritative response I ought to let you have it in writing.

Mr Willott: Yn anffodus nid wyf yn rhan ohonynt felly os ydych am gael ymateb awdurdodol dylwn adael ichi ei gael yn ysgrifenedig.

Mr Morgan: I would like to come in here. All surveys carried out by the public sector have to go through a survey control unit, which is placed within the Assembly. Really this is because businesses are continually bombarded by surveys. Therefore, there is a control unit, which makes sure that duplication does not occur and that concern is not caused to the businesses that we are there to help and support. That is why we have to go through this agreement with the survey control unit.

Mr Morgan: Hoffwn ddweud gair yma. Mae'n rhaid i bob arolwg a gynhelir gan y sector cyhoeddus fynd drwy uned rheoli arolygon, sydd o fewn y Cynulliad. Mae hyn mewn gwirionedd oherwydd bod busnesau'n cael eu boddi'n barhaus gan arolygon. Felly, mae uned reoli, sydd yn sicrhau nad oes dyblygu yn digwydd ac nad achosir pryder i'r busnesau yr ydym yma i'w helpu a'u cefnogi. Dyna pam fod yn rhaid inni fynd drwy'r cytundeb hwn gyda'r uned rheoli arolygon.

[99] Jane Davidson: What surprised me in this paragraph was that you invited tenders for the study in early 2000. One assumes that you invite tenders on the basis of the substance of what is going to be researched. It then seems slightly surprising to find that the start date was delayed by discussion of the aims and focus of the proposed research.

[99] Jane Davidson: Yr hyn â'm synodd yn y paragraff hwn oedd ichi wahodd tendrau ar gyfer yr astudiaeth yn gynnar yn 2000. Mae rhywun yn tybio eich bod yn gwahodd tendrau ar sail sylwedd yr hyn a fydd yn cael ei ymchwilio. Felly mae'n dipyn o syndod darganfod bod y dyddiad dechrau wedi cael ei ohirio oherwydd trafodaethau ynghylch amcanion a ffocws yr ymchwil arfaethedig.

Mr Morgan: We have to produce for the survey control unit information on the nature of the survey and the content of the survey. To save time we can go out to tender without actually placing contracts, while awaiting approval from the survey control unit. So, when that approval comes we can appoint people straight away.

Mr Morgan: Mae'n rhaid inni gynhyrchu ar gyfer yr uned rheoli arolygon wybodaeth ar natur yr arolwg a chynnwys yr arolwg. I arbed amser gallwn fynd allan i dendr heb ddyfarnu contractau, tra'n aros am gymeradwyaeth gan yr uned rheoli arolygon. Felly, pan ddaw'r gymeradwyaeth gallwn benodi pobl ar unwaith.

[100] Jane Davidson: Mr Shortridge, are we confident that we are going to be able to exercise the role of the control unit quickly enough to make sure that we can get this survey on track since it will provide essential information in terms of SMEs in Wales?

Mr Shortridge: I do not want to mislead the Committee so I will hand this over to Mr Phillips. However, my understanding is that we have now approved it.

Mr Phillips: Yes, that is correct as I understand it. I would like to emphasise the point that Alan Morgan has made. It is very important that business in general, but particularly small businesses, are not over-burdened with a range of questionnaires and surveys to fill in. Not only is it a burden to the businesses concerned but it can often produce surveys that in turn produce inaccurate data and inaccurate conclusions. So we have gone through this process. My understanding is that it has been cleared by the survey control unit and it will be taken forward by the agency.

[101] Jane Davidson: Thank you. Mr Willott, paragraph 7 identifies that following on from the Development Board of Rural Wales, the enterprise functions have stayed in the Mid Wales Division of the agency. How effectively do you see those enterprise functions being exercised there, and would you see it as appropriate that they were exercised throughout all the regional offices of the agency?

Mr Willott: I think that the DBRW and the Mid Wales Division have a very good reputation with businesses in their area. They provide a comprehensive service. This is at the enterprise level rather than the other schemes that the agency runs at the pan-Wales level. I think that it is certainly one route to follow—to provide the agency with the ability to deliver that same sort of service throughout the rest of Wales. However, of course, the needs of each region are different. This is one reason why we have pushed the delivery of services down at the regional level.

[100] Jane Davidson: Mr Shortridge, a ydym yn hyderus y byddwn yn gallu gweithredu rôl yr uned rheoli yn ddigon cyflym i sicrhau y bydd yr arolwg hwn ar y trywydd cywir gan y bydd yn darparu gwybodaeth holl bwysig am fusnesau bach a chanolig eu maint yng Nghymru?

Mr Shortridge: Nid wyf am gamarwain y Pwyllgor felly trosglwyddaf hyn i Mr Phillips. Fodd bynnag, fy nealltwriaeth i yw ein bod bellach wedi ei gymeradwyo.

Mr Phillips: Ydym, mae hynny'n wir yn ôl fy nealltwriaeth i. Hoffwn bwysleisio'r pwynt a wnaeth Alan Morgan. Mae'n bwysig iawn i beidio â gorfwrtho busnesau yn gyffredinol, ond yn arbennig busnesau bach, gydag amrywiaeth o holiaduron ac arolygon i'w cwblhau. Mae hyn nid yn unig yn faich i'r busnesau dan sylw ond yn aml gall gynhyrchu arolygon sydd yn eu tro yn cynhyrchu data anghywir a chasgliadau anghywir. Felly yr ydym wedi mynd drwy'r broses hon. Fy nealltwriaeth i yw ei fod wedi cael ei glirio gan yr uned rheoli arolygon ac y bydd yr awdurdod yn mynd ag ef yn ei flaen.

[101] Jane Davidson: Diolch. Mr Willott, mae paragraff 7 yn nodi i'r swyddogaethau menter aros o fewn Is-adran Canolbarth Cymru o'r awdurdod, yn dilyn Bwrdd Datblygu Cymru Wledig. Pa mor effeithiol y caiff y swyddogaethau menter eu gweithredu yno yn eich barn chi, ac a ydych yn credu y byddai'n briodol eu gweithredu ym mhob un o swyddfeydd rhanbarthol yr awdurdod?

Mr Willott: Credaf fod gan Fwrdd Datblygu Cymru Wledig ac Is-adran Canolbarth Cymru enw da gyda busnesau yn eu hardal. Maent yn darparu gwasanaeth cynhwysfawr. Mae hyn ar lefel menter yn hytrach na'r cynlluniau eraill y mae'r awdurdod yn eu rhedeg ar lefel Cymru gyfan. Credaf ei fod yn un llwybr i'w ddilyn yn sicr—rhoi'r gallu i'r awdurdod gyflwyno'r un math o wasanaeth ledled gweddill Cymru. Fodd bynnag, wrth gwrs, mae anghenion pob rhanbarth yn wahanol. Dyna un rheswm pam ein bod wedi gwthio cyflwyno

Everything that we do is done in appropriate partnership with local organisations and we might well find that in other parts of Wales, the outcome of the discussions with the local partnerships about delivery are a bit different from those in mid Wales. However, in general terms, we think that we could deliver a good service. That is one reason why we have suggested that for the enterprise part of the training and enterprise councils' function, one option that should be considered by the Assembly should be to transfer that function to the WDA as part of the business support review.

[102] Jane Davidson: I should imagine that in developing your various schemes and initiatives that you look for comparisons, not only in Wales, as we have just been talking about, but in the UK and perhaps wider afield. What have you learned from comparisons with other agencies elsewhere in Britain and Europe?

Mr Willott: We are talking about a very varied field. I think that the conclusions that one would draw differ from area to area. We do benchmark ourselves but not systematically and uniformly across the piece. However, in quite a number of our programmes, for example those for which we have joint European funding—and quite a number of our business support programmes have European funding—then of course an evaluation is carried out and that always tends to include a comparison with other regions in Europe, so we have an automatic benchmarking of quite a lot of our activities. I am glad to say that with things like the Wales Relay Centre and so on we come out very often in the top quartile.

[103] Jane Davidson: If we could focus for a moment on community regeneration, which is in paragraph 11, and directly corresponding in your target geographical area to Objective 1, are there particular lessons that we can learn in terms of community regeneration, which is a fairly

gwasanaethau ar lefel ranbarthol. Caiff popeth a wnawn ei wneud mewn partneriaeth briodol gyda sefydliadau lleol a gallem ddarganfod mewn rhannau eraill o Gymru, bod canlyniad trafodaethau gyda'r partneriaethau lleol ynghlych cyflwyno gwasanaethau ychydig yn wahanol i'r rheini yng nghanolbarth Cymru. Fodd bynnag, yn gyffredinol, credwn y gallem gyflwyno gwasanaeth da. Dyna un rheswm pam ein bod wedi awgrymu mai un opsiwn ar gyfer rhan fenter swyddogaeth y cynghorau hyfforddiant a menter y dylai'r Cynulliad ei ystyried yw trosglwyddo'r swyddogaeth honno i ADC fel rhan o'r arolwg cymorth busnes.

[102] Jane Davidson: Buaswn yn dychmygu wrth ddatblygu eich amrywiol gynlluniau a mentrau eich bod yn edrych am gymariaethau, nid yn unig yng Nghymru, fel yr ydym newydd fod yn trafod, ond yn y DU ac efallai y tu hwnt i hynny. Beth yr ydych wedi'i ddysgu o gymariaethau gydag awdurdodau eraill mewn mannau eraill ym Mhrydain ac Ewrop?

Mr Willott: Yr ydym yn sôn am faes amrywiol iawn. Credaf y byddai'r casgliadau y byddwn yn eu tynnu yn wahanol o'r naill ardal i'r llall. Yr ydym yn meincnodi ein hunain ond nid yn systemataidd ac yn unffurf ar draws yr awdurdod. Fodd bynnag, cynhelir gwerthusiad mewn nifer fawr o'n rhaglenni wrth gwrs, er enghraifft y rhai hynny sydd yn cael eu cyd ariannu o Ewrop—ac mae nifer fawr o'n rhaglenni cymorth busnes yn cael arian o Ewrop—ac mae hynny'n tueddu i gynnwys cymhariaeth gyda rhanbarthau eraill yn Ewrop, felly yr ydym yn meincnodi eithaf tipyn o'n gweithgareddau yn awtomatig. Yr wyf yn falch o ddweud gyda phethau fel y Wales Relay Centre ac ati ein bod yn aml iawn yn y chwarterel uchaf.

[103] Jane Davidson: Os gallwn ganolbwyntio am eiliad ar adfywiad cymunedol, sydd ym mharagraff 11, ac sydd yn cyd-fynd yn union â'ch ardal ddaearyddol darged yn Amcan 1, a oes unrhyw wersi penodol y gallwn eu dysgu o ran adfywiad cymunedol, sydd yn

new priority for the agency, working with participation as well as the traditional business support?

Mr Willott: Yes, I think that, as you say, the emphasis on community regeneration is much greater now than it has been. It depends how you label things, but, for example, the Mid Wales Division ran the market town initiative. That was very much an initiative to support local communities in a variety of ways, ranging from supporting the local post office to supporting a small entrepreneur or whatever. We have drawn on that and are running a pilot scheme in north Wales at the moment—the small towns and villages initiative—with the aim of rolling that kind of model out across Wales. However, it has to be remembered that in the urban regeneration game we have been working with local authorities across the whole of Wales and spending quite a large amount of money. That is all about community regeneration. The regeneration of the centre of Caerphilly for example, and the effect that that has had on the local community around, is quite marked. So there is quite a range of activity. It is not just in small villages and small communities, it can be in quite large communities too.

[104] Jane Davidson: To see community regeneration and participation so high up the strategic policy objectives of the agency is very welcome. I will finish by asking you the more traditional business question, in terms of what are you doing in particular to promote the competitive advantage of indigenous businesses in Wales, which in paragraph 13 is identified as one of your business development objectives?

Mr Willott: I think that one could almost say that almost all our business—the programmes—focus on that because at the end of the day business will not survive unless it is competitive. Wales will not survive unless businesses in Wales are globally competitive. That involves a whole lot of things. It involves, for example, the Source Wales programmes, a simple example which is very well known, where we have a whole suite of programmes that

flaenoriaeth gymharol newydd i'r awdurdod, gan weithio gyda chyfranogiad yn ogystal â chymorth busnes traddodiadol?

Mr Willott: Oes, credaf, fel y dywedwch, fod y pwyslais ar adfywio cymunedau yn llawer mwy yn awr nag y bu. Mae'n dibynnu ar sut yr ydych yn labelu pethau, ond, er enghraifft, Is-adran Canolbarth Cymru oedd yn gyfrifol am y fenter tref marchnad. Yr oedd honno'n fenter er mwyn cefnogi cymunedau lleol mewn amrywiol ffyrdd, yn amrywio o gefnogi'r swyddfa bost leol i gefnogi mentrwr bach neu beth bynnag. Yr ydym wedi tynnu ar hynny ac yn cynnal cynllun peilot yng ngogledd Cymru ar hyn o bryd—y fenter trefi bychan a phentrefi—gyda'r nod o gyflwyno'r math hwnnw o fodel ledled Cymru. Fodd bynnag, mae'n rhaid cofio yn achos adfywio trefol inni fod yn gweithio gydag awdurdodau lleol ledled Cymru ac yn gwario cryn dipyn o arian. Mae hynny oll yn ymwneud ag adfywiad cymunedol. Mae adfywiad canol Caerffili er enghraifft, a'r effaith a gafodd hynny ar y gymuned leol, yn eithaf nodedig. Felly mae cryn amrywiaeth o weithgaredd. Nid yn unig mewn pentrefi bychain a chymunedau bychain, gall fod mewn cymunedau eithaf mawr hefyd.

[104] Jane Davidson: Mae'n dda iawn gweld bod adfywio a chyfranogiad cymunedol mor uchel o fewn amcanion polisi strategol yr awdurdod. Gorffennaf drwy ofyn y cwestiwn busnes mwy traddodiadol ichi, o ran beth yr ydych yn ei wneud yn benodol i hyrwyddo mantais gystadleuol busnesau cynhenid yng Nghymru, a nodir ym mharagraff 13 fel un o'ch amcanion datblygu busnes?

Mr Willott: Credaf y gall rhywun ddweud bron fod ein holl fusnes—y rhaglenni—yn canolbwyntio ar hynny oherwydd ar ddiwedd y dydd ni fydd busnes yn goroesi oni fydd yn gystadleuol. Ni fydd Cymru yn goroesi oni fydd busnesau yng Nghymru yn gystadleuol yn fyd eang. Mae hynny'n golygu llawer iawn o bethau. Mae'n golygu, er enghraifft, rhaglenni Ffynhonnell Cymru, enghraifft syml sydd yn adnabyddus iawn, lle mae gennym

can be used to help companies to become leaner, higher quality or whatever to meet the needs of large customers in Wales, whether they are inward investors or others. That is one example of clear improvement of quality. Another is the increasing focus on e-business and modern information and communications technology and so on, where clearly companies have to be helped to migrate rapidly to become internet based, e-business based, otherwise they will not exist. So, it is not just a question of competitiveness, it is survival as well.

[105] Janet Davies: I call Alun Cairns to speak.

[106] Alun Cairns: Thank you, Madam Chairman. Mr Willott, I want to talk about the access to finance and the direct finance schemes that are available. They are highlighted in appendix 2 on page 16. I would like to take up in particular, just as an example, the small loan fund, of which an example is highlighted in case study 4 on page 5. Can you tell me, Mr Willott, what the costs are of administering the direct finance schemes, say, just as an example, the small loan fund?

Mr Willott: Could you answer that, Mr Morgan?

Mr Morgan: We cannot give you the exact costs at the moment, because this report was not based on detail, but we can provide that information to you in writing. The small loan fund is managed by a team of two people within the agency, but is part of the bigger agency involvement in Finance Wales. In terms of administration and evaluation it is a team of two. Obviously, the money that is available to place is a contribution from the private sector and the agency. However, the administration is done by just two people.

[107] Alun Cairns: Extending from that, and accepting that you do not have the details to hand, on what basis is an

ystod gyfan o raglenni y gellir eu defnyddio i helpu cymunedau i ddod yn fwy darbodus, o ansawdd uwch neu beth bynnag er mwyn cwrdd ag anghenion cwsmeriaid mawr yng Nghymru, pa un ai a ydynt yn fewnfuddsoddwyr neu eraill. Dyna un enghraifft o welliant amlwg mewn ansawdd. Un arall yw ffocws cynyddol ar e-fusnes a thechnoleg gwybodaeth a chyfathrebu fodern ac ati, lle yn amlwg y mae'n rhaid i gwmnïau gael help i fudo yn gyflym i fod yn seiliedig ar y rhynggrwyd, yn e-fusnes, neu fel arall byddant yn peidio â bodoli. Felly, nid mater o fod yn gystadleuol yn unig ydyw, mae'n fater o oroesi hefyd.

[105] Janet Davies: Galwaf ar Alun Cairns i siarad.

[106] Alun Cairns: Diolch, Fadam Cadeirydd. Mr Willott, yr wyf am sôn am rwydd hynnt i gyllid a'r cynlluniau ariannu uniongyrchol sydd ar gael. Cânt eu hamlygu yn atodiad 2 ar dudalen 16. Hoffwn holi yn benodol, dim ond fel enghraifft, ynglyn â'r gronfa benthyciadau bach, ac amlygir enghraifft yn astudiaeth achos 4 ar dudalen 5. A allwch ddweud wrthyf, Mr Willott, faint yw costau gweinyddu'r cynlluniau ariannu uniongyrchol, dyweder, dim ond fel enghraifft, y gronfa benthyciadau bach?

Mr Willott: A allech ateb hynny, Mr Morgan?

Mr Morgan: Ni allwn roi'r union gostau ichi ar hyn o bryd, gan nad yw'r adroddiad hwn yn seiliedig ar fanylion, ond gallwn ddarparu'r wybodaeth honno ichi yn ysgrifenedig. Caiff y gronfa benthyciadau bach ei rheoli gan dîm o ddau o bobl o fewn yr awdurdod, ond mae'n rhan o gysylltiad mwy yr awdurdod gyda Finance Wales. O ran gweinyddu a gwerthuso mae'n dîm o ddau. Yn amlwg, mae'r arian sydd ar gael i'w roi yn gyfraniad o'r sector preifat a'r awdurdod. Fodd bynnag, dim ond gan ddau berson y gwneir y gwaith gweinyddol.

[107] Alun Cairns: Yn deillio o hynny, a chan dderbyn nad yw'r manylion wrth law gennyf, ar ba sail y caiff cais am

application for a loan sanctioned, assuming that the applicant will have been turned down in the private sector before approaching the agency for such a loan?

Mr Morgan: The loan application is received within the agency usually at a regional level, at one of our regional offices. The staff there will do an initial evaluation of that application—does it have a business plan—and some background information is provided on the applicant based on local knowledge. That then comes into the centre where the professional member of staff carries out due diligence on the requirements of that loan—what financial support is being provided by the applicant itself, what other finance is available through other avenues, the bank, and so on—and a decision is made. That decision then comes forward to me for approval, depending on the size of the loan. If it is above my delegation, it then obviously goes on to the chief executive.

[108] Alun Cairns: Is it fair to say that the agency will accept a loan that is potentially of higher risk than that the public sector—sorry, the private sector—might accept?

Mr Willott: I think, if I can sort of answer what you are getting at—

[109] Alun Cairns: Have you got my questions yet? [*Laughter.*]

Mr Willott: Perhaps I will answer the next five questions in a row. Obviously it is not our role to replace the private sector. The private sector is fundamental to everything that the agency does. Why are there gaps or defects in the provision of finance by the private sector? They tend to be where loan or equity is too small to justify the cost of processing and so on. I think that is what your first question was after. Also, how can it be justified that we should do this.

On your second question, in the case of loans, there are companies, for example, that may be starting up or something like that, which may have reasonable prospects

fenthyciad sêl bendith, gan dybio y bydd yr ymgeisydd wedi cael ei wrthod yn y sector preifat cyn gwneud cais i'r awdurdod am fenthyciad o'r fath?

Mr Morgan: Caiff y cais am fenthyciad ei dderbyn o fewn yr awdurdod, fel arfer ar lefel ranbarthol, mewn un o'n swyddfeydd rhanbarthol. Bydd y staff yno yn cynnal gwerthusiad cychwynnol o'r cais hwnnw—a oes ganddo gynllun busnes—a darperir rhywfaint o wybodaeth gefndirol ar yr ymgeisydd yn seiliedig ar wybodaeth leol. Yna daw hwnnw i mewn i'r ganolfan lle mae'r aelod o staff proffesiynol yn rhoi sylw dyledus i ofynion y benthyciad hwnnw—pa gymorth ariannol a ddarperir gan yr ymgeisydd ei hun, pa gyllid arall sydd ar gael o ffynonellau eraill, y banc, ac ati—a gwneir penderfyniad. Yna daw'r penderfyniad hwnnw ataf i i'w gymeradwyo, gan ddibynnu ar faint y benthyciad. Os yw y tu hwnt i'm cyfrifoldeb, yn amlwg caiff ei drosglwyddo i'r prif weithredwr.

[108] Alun Cairns: A yw'n deg i ddweud y bydd yr awdurdod yn derbyn benthyciad â risg uwch nag y byddai'r sector cyhoeddus—mae'n ddrwg gennyf, y sector preifat—yn ei dderbyn?

Mr Willott: Credaf, os gallaf roi rhyw fath o ateb i'r hyn yr ydych yn ceisio ei ofyn—

[109] Alun Cairns: A ydych wedi cael fy nghwestiynau eto? [*Chwerthin.*]

Mr Willott: Efallai y byddaf yn ateb y pum cwestiwn nesaf yn olynol. Yn amlwg nid ein rôl yw disodli'r sector preifat. Mae'r sector preifat yn sylfaenol i bopeth a wna'r awdurdod. Pam bod bylchau neu namau yn y ddarpariaeth o gyllid gan y sector preifat? Maent yn tueddu i ymddangos lle mae bethyciad neu ecwiti yn rhy fach i gyfiawnhau cost prosesu ac ati. Credaf mai dyna'r hyn a ofynnwyd yn eich cwestiwn cyntaf. Hefyd, sut y gellir cyfiawnhau y dylem wneud hyn.

O ran eich ail gwestiwn, yn achos benthyciadau, mae cwmnïau, er enghraifft, a allai fod yn cael eu sefydlu neu rywbeth tebyg, a allai feddu ar ragolygon rhesymol

for profitability but have no security if they are, say, a computer software company or something like that and they are starting up. They do not have any assets and they may not own a house, even. These are the sort of cases where you can see that there is a scope for the public sector to obviously take what is a risk—not necessarily a greater risk than the private sector would in terms of profitability, but there would be no security—and to carry some of the costs of the processing and monitoring of it, which you would justify as being in the public interest because you are actually adding to the economy of Wales.

[110] Alun Cairns: So is it fair to say that the level of expertise in the agency is higher than that in the private sector?

Mr Willott: No, it is addressing different targets. However, the expertise that we do have, particularly on the new funds, is good. We have good people and they are hard nosed.

[111] Alun Cairns: I will not pursue it too far. I have two further small questions. What record of losses is there in relation to the direct finance schemes?

Mr Morgan: At this moment in time, because these are new schemes, fortunately it is zero. If you are talking about historically, the agency had its own scheme. It was a risk and there was a high percentage of loss. However, at the moment we have only placed somewhere in the region of 16 loans through these new schemes because, as I say, these are new schemes.

[112] Alun Cairns: It is fair to say that it is your intention to compare the record of loss, when it will be available, with that in the private sector?

Mr Willott: Yes, absolutely.

[113] Janet Davies: I will just take a moment to point out—to the Committee, rather than to the witnesses—that I am

o ran elwgarwch ond heb ddiogelwch os ydynt, dyweder, yn gwmni meddalwedd cyfrifiaduron neu rywbeth tebyg i hynny a'u bod yn cychwyn. Nid oes ganddynt unrhyw asedau ac efallai nad ydynt yn berchen ar dy, hyd yn oed. Dyna'r math o achosion lle y gallwch weld bod cyfle i'r sector cyhoeddus gymryd yr hyn sydd yn amlwg yn risg—nid risg fwy nag y byddai'r sector preifat yn ei chymryd o ran elwgarwch o anghenraid, ond ni fyddai unrhyw ddiogelwch—ac ysgwyddo peth o'r costau prosesu a monitro, y byddech yn ei gyfiawnhau fel rhywbeth a fyddai o fudd i'r cyhoedd am eich bod yn ychwanegu at economi Cymru.

[110] Alun Cairns: Felly a yw'n deg dweud bod lefel yr arbenigedd yn yr awdurdod yn uwch nag yn y sector preifat?

Mr Willott: Nac ydy, mae'n rhoi sylw i dargedau gwahanol. Fodd bynnag, mae'r arbenigedd sydd gennym, yn arbennig ar gronfeydd newydd, yn dda. Mae gennym bobl dda ac maent yn ddigyfaddawd.

[111] Alun Cairns: Nid âf ar ôl hynny'n rhy bell. Mae gennyf ddau gwestiwn bach arall. Pa gofnod o golledion sydd ar gael ynglyn â'r cynlluniau ariannu uniongyrchol?

Mr Morgan: Ar hyn o bryd, gan fod y rhain yn gynlluniau newydd, yn ffodus nid oes colledion. Os ydych yn sôn am y sefyllfa yn hanesyddol, yr oedd gan yr awdurdod ei gynllun ei hun. Yr oedd risg ac yr oedd canran uchel o golled. Fodd bynnag, ar hyn o bryd dim ond tua 16 o fenthyciadau yr ydym wedi eu rhoi drwy'r cynlluniau newydd hyn oherwydd, fel y dywedaf, mae'r rhain yn gynlluniau newydd.

[112] Alun Cairns: Mae'n deg dweud mai eich bwriad yw cymharu'r cofnod o golledion, pan fydd ar gael, gyda chofnod y sector preifat?

Mr Willott: Ie, yn hollol.

[113] Janet Davies: Hoffwn gymryd ennyd i nodi—i'r Pywllgor yn hytrach na'r tystion—fy mod yn eithaf hapus cael fy

quite happy to be addressed as 'Chair' rather than 'Madam Chairman'. It, very cost-effectively, saves on three syllables.

I call Geraint Davies to speak.

[114] Geraint Davies: Thank you, Chair. I refer to paragraph 12 on business development. It states that you expected to spend £23 million last year, half of which will be spent in rural areas. I congratulate the rural areas for getting half of that. However, it seems to me that perhaps the Valley areas are not getting their fair share. I would like to ask how much you are spending in the Valley areas and to stress the importance of retaining businesses in the Valleys. It is important to attract people in, but I have had experience lately of successful businesses in the Valleys relocating elsewhere.

My feeling is that the agency has not had communications with these businesses over a long period of time to see how they are going. Perhaps the agency could have accommodated them with a factory in the Valleys over a period of time, but in a short period of time it cannot do so. There is one business that is going to relocate on the M4 corridor, another is thinking of expanding in Essex. I think that it is very important that you have very close communication with companies within the Valleys because retaining them is so important.

Mr Willott: I hope that we do and I hope that we provide a service that matches all the needs of businesses. It is up to the Assembly to decide what the relative priorities of our activities should be. We would get a different question from somebody with a rural interest, who would say 'you are not spending enough on rural areas'.

[115] Geraint Davies: Are we spending a fair share?

Mr Willott: I think so. I believe so.

nghyfarch fel 'Cadeirydd' yn hytrach na 'Madam Cadeirydd'. Mae'n gost effeithiol iawn ac yn arbed dau sill.

Galwaf ar Geraint Davies i siarad.

[114] Geraint Davies: Diolch, Gadeirydd. Cyfeiriai at baragraff 12 ar ddatblygu busnes. Mae'n nodi eich bod yn disgwyl gwario £23 miliwn y llynedd, a hanner hynny mewn ardaloedd gwledig. Hoffwn longyfarch yr ardaloedd gwledig am gael hanner y swm hwnnw. Fodd bynnag, ymddengys i mi nad yw ardaloedd y Cymoedd o bosibl yn cael cyfran deg. Hoffwn ofyn faint yr ydych yn ei wario o fewn ardaloedd y Cymoedd gan bwysleisio pwysigrwydd cadw busnesau yn y Cymoedd. Mae'n bwysig denu pobl i mewn, ond yr wyf wedi cael y profiad yn ddiweddar o weld busnesau llwyddiannus yn y Cymoedd yn adleoli i ardaloedd eraill.

Yr wyf yn teimlo nad yw'r awdurdod wedi cyfathrebu gyda'r busnesau hyn dros gyfnod maith i weld sut y mae pethau'n mynd. Efallai y gallai'r awdurdod fod wedi darparu ffatri ar eu cyfer yn y Cymoedd dros gyfnod o amser, ond mewn cyfnod byr o amser ni all wneud hynny. Mae un busnes yn bwriadu adleoli ar goridor yr M4, mae un arall yn ystyried ehangu yn Essex. Yr wyf o'r farn ei bod yn bwysig iawn fod gennyh gysylltiadau agos iawn â chwmnïau yn y Cymoedd gan fod eu cadw mor bwysig.

Mr Willott: Gobeithio y gwnawn hynny a gobeithio ein bod yn darparu gwasanaeth sydd yn cyfateb â holl anghenion busnesau. Y Cynulliad sydd i benderfynu beth ddylai blaenoriaethau ein gweithgareddau fod. Byddem yn cael cwestiwn gwahanol gan rywun â diddordeb gwledig, a fyddai'n dweud 'nid ydych yn gwario digon ar ardaloedd gwledig'.

[115] Geraint Davies: A ydym yn gwario cyfran deg?

Mr Willott: Yr wyf yn credu hynny. Ydwyf.

Mr Morgan: If I could make a point here, you referred to £23 million. We also have a very professional team of individuals who provide advice to companies. That is quite often forgotten in these exercises. The value of that direct support one-to-one does not impinge on the £23 million, which is all for projects and the cost of providing services for projects.

[116] Geraint Davies: To go on to another subject, in appendix 2 on page 18, information technology is mentioned. I understand that the number of firms in Wales that are IT literate, or use IT as they should, is very small when compared to other areas in England, London in particular. What plans do you have to improve that situation because that is a vital to the development of business in our country?

Mr Willott: Absolutely. You are right. I am afraid that such surveys as have been, indicate that Welsh businesses are behind those of other regions in the use of IT. The Wales Information Society programme has a broad series of activities designed to address that and to provide awareness, support and consultancy advice. We launched a new initiative two weeks ago—Andrew Davies was there and launched it for us—called sme-Business. It is designed to, over the next two years, roll out awareness of information and communications technology, the internet and e-business to 10,000 small and medium sized enterprises and to provide hands-on consultancy advice, of up to 8 or 9 days on average, to 1,500 of them. So that is the sort of practical action that we are taking to try to help companies to accelerate their process of adoption of IT.

[117] Geraint Davies: I have one last question. With the advent of Objective 1, there is the possibility of using operating aids to develop businesses—lower taxes, possibly, and lower insurance contributions. How do you feel that they could stimulate the Welsh economy,

Mr Morgan: Os gallaf wneud pwynt yma, fe wnaethoch gyfeirio at £23 miliwn. Mae gennym hefyd dîm proffesiynol iawn o unigolion sydd yn darparu cyngor i gwmnïau. Caiff hynny ei anghofio'n aml yn yr ymarferion hyn. Nid yw gwerth y cymorth uniongyrchol hwnnw un-i-un yn amharu ar y £23 miliwn, sydd i gyd ar gyfer prosiectau a'r gost o ddarparu gwasanaethau ar gyfer prosiectau.

[116] Geraint Davies: I fynd ymlaen at bwnc arall, yn atodiad 2 ar dudalen 18, crybwyllir technoleg gwybodaeth. Deallaf fod nifer y cwmnïau yng Nghymru sydd yn llythrennog o ran TG, neu'n defnyddio TG fel y dylent, yn fach iawn o'u cymharu ag ardaloedd eraill yn Lloegr, Llundain yn arbennig. Pa gynlluniau sydd gennych i wella'r sefyllfa honno gan fod hynny'n hanfodol i ddatblygu busnes yn ein gwlad?

Mr Willott: Yn hollol. Yr ydych yn gywir. Yn anffodus mae'r arolygon hynny a gynhaliwyd wedi dangos bod busnesau yng Nghymru ar ei hôl hi gyda'r defnydd o TG o'u cymharu â rhanbarthau eraill. Mae gan raglen Cymdeithas Gwybodaeth Cymru gyfres eang o weithgareddau wedi eu cynllunio i fynd i roi sylw i hynny a darparu ymwybyddiaeth, cymorth a chyngor ymgynghori. Lansiodd menter newydd gennym bythefnos yn ôl—yr oedd Andrew Davies yno i'w lansio ar ein rhan—o'r enw sme-Business. Ei nod, dros y ddwy flynedd nesaf, yw cyflwyno ymwybyddiaeth o dechnoleg gwybodaeth a chyfathrebu, y rhyngwyd ac e-fusnes i 10,000 o fusnesau bach a chanolig eu maint a darparu cyngor ymyngghori ymarferol, o hyd at 8 neu 9 diwrnod ar gyfartaledd, i 1,500 ohonynt. Felly dyna'r math o gamau ymarferol yr ydym yn eu cymryd i geisio helpu cwmnïau i gyflymu eu proses o fabwysiadu TG.

[117] Geraint Davies: Mae gennyf un cwestiwn terfynol. Gyda dyfodiad Amcan 1, ceir posibilrwydd o ddefnyddio cymhorthion gweithredu i ddatblygu busnesau—trethi is, o bosibl, a chyfraniadau yswiriant is. Sut y gallent ysgogi'r economi Gymreig yn eich barn

particularly that of the Valleys?

Mr Willott: That is a question I would rather be addressed to Jon Shortridge, whose ambit is broader than mine in this respect.

Mr Shortridge: I cannot give you an informed answer to that. Clearly, operating aids are perceived as very important and we are pursuing the scope for applying those within the Objective 1 area as part of the present discussions.

Mr Phillips: As Jon has said, and as Mr Cairns will know, a series of papers have gone to the Economic Development Committee on this subject. We are looking at various potential operating aids from the micro level of the sort of help that we could give to business start-ups to the macro level in terms of the tax regime and similar issues. We have had a series of discussions with partners in Wales but we are also in touch with the Treasury and others because a great many of the powers that lie behind these issues are non-devolved. We are looking at this as a matter of urgency and I think that we are due to report back to the Economic Development Committee in another month or so.

[118] Alison Halford: To my shame, in the year that I have been an Assembly Member, I have been struggling to establish what is available for small businesses. I have had some difficulty understanding what Business Connect and other such organisations do and, as it happens, I have a constituency office in the middle of a Flintshire enterprise agency. You mentioned yourself the small towns and villages initiative, which by pure chance, I had heard about from Chris Farrow. You have now just mentioned the launch of sme-Business. This is an excellent document, and I wish that I had had longer to study it. However, are you giving enough simple information to the small people upon whom we rely to set up small businesses?

Mr Willott: I will pass this over to Alan

chi, yn arbennig economi'r Cymoedd?

Mr Willott: Byddai'n well gennyf pe bai'r cwestiwn hwnnw yn cael ei ofyn i Jon Shortridge, gan fod ei gylch gorchwyl yn ehangach na'm cylch gorchwyl i yn hyn o beth.

Mr Shortridge: Ni allaf roi ateb hyddysg ichi i hynny. Yn amlwg, ystyrir bod cymhorthion gweithredu yn bwysig iawn ac yr ydym yn mynd ar drywydd y cyfle i gymhwyso'r rheini o fewn ardal Amcan 1 fel rhan o'r trafodaethau presennol.

Mr Phillips: Fel y dywedodd Jon, ac fel y gwyr Mr Cairns, anfonwyd cyfres o bapurau at y Pwyllgor Datblygu Economaidd ar y pwnc hwn. Yr ydym yn edrych ar amrywiol gymhorthion gweithredu posibl o lefel micro y math o help y gallem ei roi i fusnesau newydd i lefel macro yn nhermau'r gyfundrefn dreth a materion tebyg. Yr ydym wedi cael cyfres o drafodaethau gyda phartneriaid yng Nghymru ond yr ydym hefyd mewn cysylltiad â'r Trysorlys ac eraill gan fod nifer fawr o'r pwerau sydd y tu ôl i'r materion hyn yn rhai sydd heb eu datganoli. Yr ydym yn edrych ar hyn fel mater o frys a chredaf y byddwn yn cyflwyno adroddiad i'r Pwyllgor Datblygu Economaidd ymhen rhyw fis.

[118] Alison Halford: Er mawr gywilydd i mi, yn ystod y flwyddyn y bûm yn Aelod Cynulliad, yr wyf wedi ei chael hi'n anodd i gael gwybod beth sydd ar gael i fusnesau bach. Cefais beth anhawster i ddeall yr hyn y mae Cyswllt Busnes a sefydliadau eraill tebyg yn ei wneud ac, fel mae'n digwydd, mae gennyf swyddfa etholaeth yng nghanol un o asiantaethau menter Sir y Fflint. Soniasoch eich hun am y fenter trefi bach a phentrefi, y clywais amdani, ar hap, gan Chris Farrow. Yr ydych yn awr newydd sôn am lansio sme-Business. Mae hon yn ddogfen wych, ac mae'n ddrwg gennyf na chefais fwy o amser i'w hastudio. Fodd bynnag, a ydych yn rhoi digon o wybodaeth syml i'r bobl fach yr ydym yn dibynnu arnynt i sefydlu busnesau bach?

Mr Willott: Trosglwyddaf hyn i Alan

Morgan in a moment, but the answer is that is an area—and I must say that it is quite a confused—

[119] Alison Halford: It is not just me, then. Thank goodness for that.

Mr Willott: No. The key focus, from our perspective, of the delivery of services to small firms, is Business Connect. It should be the starting point for them. However, it depends upon what kind of service they require. We, in the agency, operate quite a large number of different schemes to meet different needs. To keep them efficient, they are very clearly focused. However, that of course presents a marketing problem and a problem of comprehension on the part of the small firm. We are trying to make it much simpler for them. Small firms have problems; problems of finance, of technology, marketing, production and so on. We are simply trying to go to them and say, 'what is the problem?' and then we have a solution. Never mind which of the different schemes that is; that is irrelevant. We simply need to understand the problems and then we can say 'here is the solution'. Do you want to add anything, Alan?

Mr Morgan: You raise a very good point. What is really missing in Wales at this time is a simplistic approach to this. The agency itself fell foul of marketing its programmes in a proactive way. Really, business people want two things: first, basic information and secondly, impartial advice, that you then identify the needs of that company. Usually, having met with a professional counsellor, the company's needs quite often change. The normal request is for money, but by the time you have met with the company and spent maybe two days in discussion with them, its needs change. Then the company needs you to be able to signpost it to the professional support available through the public or the private sector. That is what we refer to as the toolbox. Having identified the needs, you can then delve into your toolbox to pick out some of the programmes that the chief executive

Morgan mewn munud, ond yr ateb yw bod hwnnw'n faes—ac mae'n rhaid i mi ddweud ei fod yn faes eithaf dryslyd—

[119] Alison Halford: Felly nid dim ond fi sydd yn credu hynny. Diolch byth am hynny.

Mr Willott: Na. Y prif ffocws, o'n presbectif ni, o gyflwyno gwasnaethau i fusnesau bach, yw Cyswllt Busnes. Dylai fod yn fan cychwyn iddynt. Fodd bynnag, mae'n dibynnu pa fath o wasanaeth sydd ei angen arnynt. Yr ydym ni, yn yr awdurdod, yn gweithredu nifer cymharol fawr o wahanol gynlluniau i gwrdd â gwahanol anghenion. Er mwyn eu cadw'n effeithlon, mae ffocws clir iawn iddynt. Fodd bynnag, mae hynny wrth gwrs yn cyflwyno problem farchnata a phroblem o ran dealltwriaeth ar ran y cwmni bach. Yr ydym yn ceisio ei gwneud yn llawer haws iddynt. Mae gan gwmnïau bach broblemau; problemau cyllid, technoleg, marchnata, cynhyrchu ac ati. Yr ydym yn ceisio mynd atynt i ddweud, 'beth yw'r broblem?' ac yna mae gennym ateb. Nid oes ots pa un o'r amrywiol gynlluniau yw hwnnw; mae hynny'n amherthnasol. Mae angen inni ddeall y problemau ac yna gallwn ddweud 'dyma'r ateb'. A ydych am ychwanegu unrhyw beth, Alan?

Mr Morgan: Yr ydych yn codi pwynt da iawn. Yr hyn sydd ar goll yng Nghymru ar hyn o bryd yw ymagwedd syml tuag at hyn. Ni lwyddodd yr awdurdod ei hun i farchnata ei raglenni mewn ffordd broactif. Mewn gwirionedd, mae pobl fusnes yn gofyn am ddau beth: yn gyntaf, gwybodaeth sylfaenol ac yn ail, gwybodaeth ddi-duedd, ac wedyn yr ydych yn nodi anghenion y cwmni hwnnw. Fel arfer, yn dilyn cyfarfod gydag ymgynghorydd proffesiynol, mae anghenion y cwmni yn aml yn newid. Cais am arian yw'r cais arferol, ond erbyn ichi gyfarfod â'r cwmni a threulio deuddydd efallai yn trafod gyda hwy, mae ei anghenion yn newid. Yna mae'r cwmni am ichi allu dangos y ffordd iddo tuag at y cymorth proffesiynol sydd ar gael drwy'r sector cyhoeddus neu preifat. Cyfeiriwn at hyn fel y pecyn offer. Ar ôl nodi'r anghenion, gallwch chwilota yn eich pecyn

referred to under Source Wales. There are five, six, 10, 11, 12 different programmes and a combination of those might meet its needs. I hope that the business review being undertaken by the Assembly will go a long way to perhaps rationalising this. England has suffered through its Business Links initiative, which has gone off the rails. Scotland is already having difficulties with its relationships with local enterprise companies. Hopefully we can learn from that.

[120] Alison Halford: So, to put it in language that I can understand, you are obviously providing a Rolls Royce service in schemes and what is available, but the Mini driver on the ground is not able to access your Rolls Royce service because he or she does not have the skills or the time or the understanding of your vast range of products. Therefore, there is a huge information gap. Is that fair?

Mr Morgan: No, that is not fair. Business Connect is there to bridge that gap. Business Connect works very successfully at the local level and all the various players in economic development in Wales are members of Business Connect. That is the information point. The area in which there is an issue is the provision of personal business advisers. That needs to be rationalised and co-ordinated.

[121] Alison Halford: Is this being scooped up by The Prince's Trust?

Mr Morgan: That is just one element and one of many players. In one region alone there are 33 players in business advice and business support.

Mr Willott: I would like to add one point that may be helpful, which is to bear in mind the way in which the agency has developed over the last six or seven years. We had the enterprise function, that is, the support for small enterprises, removed and transferred to the TECs back in the

offer i ddewis rhai o'r rhaglenni y cyfeiriodd y prif weithredwr atynt o dan Ffynhonnell Cymru. Ceir pump, chwech, 10, 11, 12 o wahanol raglenni a gallai cyfuniad o'r rheini gwrdd â'i anghenion. Gobeithio y bydd yr arolwg busnes a gynhelir gan y Cynulliad yn mynd ran bell o'r ffordd tuag at resymoli hyn. Mae Lloegr wedi dioddef o dan ei menter Business Links, sydd wedi mynd ar gyfeiliorn. Mae'r Alban eisoes yn cael anawsterau gyda'i pherthynas â chwmnïau menter lleol. Gobeithio y gallwn ddysgu o hynny.

[120] Alison Halford: Felly, i'w roi mewn iaith y gallaf ei deall, yr ydych yn amlwg yn darparu gwasanaeth Rolls Royce mewn cynlluniau a'r hyn sydd ar gael, ond ni all y gyrrwr Mini fanteisio ar eich gwasanaeth Rolls Royce gan nad oes ganddo neu ganddi'r sgiliau na'r amser na'r ddealltwriaeth o'ch ystod eang o gynnyrch. Felly, mae bwch enfawr o ran gwybodaeth. A yw hynny'n deg?

Mr Morgan: Nac ydy, nid yw hynny'n deg. Mae Cyswllt Busnes yno i bontio'r bwch hwnnw. Mae Cyswllt Busnes yn gweithio'n llwyddiannus iawn ar lefel leol ac mae pob un o'r amrywiol gyfranogwyr o fewn datblygiad economaidd yng Nghymru yn aelodau o Cyswllt Busnes. Dyna'r pwynt gwybodaeth. Y maes dadleuol yw darparu ymgynghorwyr busnes personol. Mae angen rhesymoli hwnnw a'i gydlynu.

[121] Alison Halford: A yw Ymddiriedolaeth y Tywysog yn manteisio ar hyn?

Mr Morgan: Un elfen yn unig yw hynny ac mae'n un o nifer o gyfranogwyr. Mewn un rhanbarth yn unig mae 33 o gyfranogwyr ym maes cyngor busnes a chymorth busnes.

Mr Willott: Hoffwn ychwanegu un pwynt a allai fod yn ddefnyddiol, sef i gadw mewn cof y ffordd y mae'r awdurdod wedi datblygu dros y chwe neu'r saith blynedd ddiwethaf. Tynnwyd y swyddogaeth menter oddi wrthym, sef y cymorth ar gyfer mentrau bach, ac fe'i

early 1990s and so our support for business, leaving aside the provision of premises and such fundamentals, has been focused on generic things. Those tended to be for the middle-sized firms rather than the 'S', for small, in SME so, it was technology transfer from universities, it was ICT and so on. They were on a pan-Wales basis. What we are moving to, with this sort of change in climate, is trying to get everybody together so that the 'S', the small firms, are most effectively supported. We, and others, are moving to that. It is important that this review should address this.

[122] Alison Halford: That is obviously being addressed and you are working on that.

Mr Willott: I hope so, yes.

[123] Brian Gibbons: I was pleased to receive this document. I apologise that my questions are rather disjointed. It is because of the traffic lights at junction 33 this morning, or lack of them, more accurately. The thesis that I am following is that in Wales we have been outstandingly successful in encouraging inward investment and that we are outperforming anywhere else in the United Kingdom. Equally we are underperforming compared with probably every other part of the United Kingdom in the development of indigenous industry. I read this document to see whether I could get a feel for a recognition that this problem actually existed. I have to say that I did not get the feeling that there was a single response for the over-performing areas and the areas where we, as a region, were doing particularly badly. Would you like to respond to that? You may not even agree with me.

Mr Willott: I am not sure. We are not the authors of the report. I think that perhaps it did not cover some of the things that are happening here and now such as the entrepreneurship action plan, which has

trosglwyddwyd i'r cynghorau hyfforddiant a menter ar ddechrau'r 1990au ac felly mae ein cymorth ar gyfer busnesau, gan anwybyddu'r ddarpariaeth eiddo a phethau sylfaenol tebyg, wedi canolbwyntio ar bethau generig. Yr oedd hynny'n dueddol o fod ar gyfer cwmnïau canolig eu maint yn hytrach na'r rhai bach felly, yr oedd yn drosglwyddiad technoleg o brifysgolion, yn TGCh ac ati. Yr oedd y rhain ar sail Cymru gyfan. Yr hyn yr ydym yn symud tuag ato, gyda'r math hwn o newid mewn hinsawdd, yw ceisio cael pawb ynghyd fel mai'r busnesau bach yw'r rhai a gefnogir yn fwyaf effeithiol. Yr ydym ni, ac eraill, yn symud tuag at hynny. Mae'n bwysig i'r arolwg hwn roi sylw i hyn.

[122] Alison Halford: Yr ydych yn amlwg yn rhoi sylw i hynny ac yn gweithio arno.

Mr Willott: Ydym, gobeithio.

[123] Brian Gibbons: Yr oedd yn bleser gennyf dderbyn y ddogfen hon. Ymddiheuraf fod fy nghwestiynau yn eithaf tameidiog. Mae hyn oherwydd y goleuadau traffig ger cyffordd 33 y bore yma, neu ddiffyg goleuadau traffig, yn hytrach. Y thesis yr wyf yn ei ddilyn yw inni fod yn hynod lwyddiannus yng Nghymru o ran annog mewnfuddsoddiad a'n bod yn perfformio'n well nag unrhyw le arall yn y Deyrnas Unedig. Yn yr un modd yr ydym yn tanberfformio o gymharu â phob rhan arall o'r Deyrnas Unedig o ran datblygu diwydiant cynhenid. Darllenais y ddogfen hon er mwyn gweld a allwn gael ymdeimlad o'r gydnabyddiaeth fod y broblem hon yn bodoli mewn gwirionedd. Mae'n rhaid imi ddweud na chefais y teimlad bod un ymateb ar gyfer yr ardaloedd sydd yn perfformio'n well a'r ardaloedd lle yr oeddem, fel rhanbarth, yn gwneud yn arbennig o wael. A hoffech ymateb i hynny? Efallai na fyddwch yn cytuno â mi hyd yn oed.

Mr Willott: Nid wyf yn siwr. Nid ni yw awduron yr adroddiad. Credaf nad yw o bosibl yn cwmpasu rhai o'r pethau sydd yn digwydd yma ar hyn o bryd fel y cynllun gweithredu mentergarwch, sydd

just been presented to the Assembly and is being launched. What you see from that is that you have to provide both specific support for would-be entrepreneurs but that you must also work long-term at changing culture. We must start with enterprise in schools, the universities and so on as though there is a short-term and a medium long-term. Only when we have the culture change that supports entrepreneurship will we begin to be in the top league of regions as far as indigenous business is concerned.

Mr Morgan: I would like to add something to that, Chair. It is also—and perhaps I will be criticised for saying this—a question of resource. There are something like 70,000 VAT registered companies in Wales of a total of 120,000. The agency has a limited resource to service these companies. In fact, the Welsh Affairs Select Committee when it met, I think that it was in 1998, actually finished by saying that the agency should be given the resources to provide this support. Therefore, we have to prioritise, unfortunately.

[124] Brian Gibbons: The conclusion that you are inviting us to draw therefore is that the success that you are achieving is a consequence of prioritisation. If that were the case it would suggest that you were prioritising inward investment at the expense of indigenous industry. I am not saying that that is wrong but do you agree with that, following on from what you said?

Mr Willott: No, I do not agree with that. As this report helpfully draws out, you cannot actually attribute a lot of the things that we do to inward or indigenous companies. For example, if we build an advance factory we do not know who will occupy it. It could be an inward investor or an expansion of a local business. You cannot be very clear. What we can say is that the amount that we directly spend in the budget on inward investment is around £10 million per year. The amount that we spend under the business development schemes, which are specifically geared at local business, is £35 million per year.

newydd gael ei gyflwyno i'r Cynulliad ac yn cael ei lansio. Yr hyn a welwch o hynny yw bod yn rhaid ichi ddarparu cymorth penodol i ddarpar fentrwyr ond bod yn rhaid ichi hefyd weithio yn yr hir dymor tuag at newid diwylliant. Mae'n rhaid inni ddechrau gyda menter mewn ysgolion, y prifysgolion ac ati fel pe bai tymor byr a thymor canolog. Dim ond pan ddigwydd newid o ran diwylliant a fydd yn cefnogi mentergarwch y gallwn ddechrau bod yng nghyngrair uchaf y rhanbarthau o ran busnesau cynhenid.

Mr Morgan: Hoffwn ychwanegu rhywbeth at hynny, Gadeirydd. Mae hefyd—ac efallai y caf fy meirniadu am ddweud hyn—yn gwestiwn o adnoddau. Mae rhywbeth tebyg i 70,000 o gwmnïau wedi'u cofrestru ar gyfer TAW yng Nghymru o blith cyfanswm o 120,000. Mae adnodd yr awdurdod i wasanaethu'r cwmnïau hyn yn gyfyngedig. Yn wir, pan gyfarfu'r Pywllgor Dethol ar Faterion Cymreig, yn 1998 fe gredaf, gorffennodd drwy ddweud y dylid rhoi mwy o adnoddau i'r awdurdod er mwyn darparu'r cymorth hwn. Felly, mae'n rhaid inni flaenoriaethu, yn anffodus.

[124] Brian Gibbons: Y casgliad yr ydych yn ein gwahodd i'w dynnu felly yw bod y llwyddiant yr ydych yn ei gyflawni yn deillio o flaenoriaethu. Os felly byddai'n awgrymu eich bod yn blaenoriaethu mewnfuddsoddiad ar draul diwydiant cynhenid. Nid wyf yn dweud bod hynny'n anghywir ond a ydych yn cytuno â hynny, yn dilyn o'r hyn a ddywedasoeh?

Mr Willott: Nac ydw, nid wyf yn cytuno â hynny. Fel y nodar adroddiad hwn, yn ddefnyddiol, ni allwch dadogi llawer o'r pethau a wnawn i fewnfuddsoddi neu gwmnïau cynhenid. Er enghraifft, os byddwn yn adeiladu ffatri ymlaen llaw ni wyddom pwy fydd yn ei meddiannu. Gallai fod yn fewnfuddsoddw'r neu'n ymestyniad o fusnes lleol. Ni allwch fod yn glir iawn. Yr hyn y gallwn ei ddweud yw bod y swm yr ydym yn ei wario yn uniongyrchol yn y gyllideb ar fewnfuddsoddi tua £10 miliwn y flwyddyn. Mae'r swm yr ydym yn ei wario o dan y cynlluniau datblygu busnes,

Then there is all the rest that we spend, which can go on both. We are not actually spending a big proportion of our budget on inward investment. We are very effective in that and attracting in jobs, but this is a matter of high policy which the Assembly has to address—what balance we want in Wales between inward investors and indigenous business. They are not exclusive, as the report draws out, and they clearly feed on each other. It is a battle to have both. The balance is a matter of policy for the Assembly.

[125] Brian Gibbons: So, what would you say the balance is? What is your interpretation of what the Assembly is telling you that balance is at the moment?

Mr Willott: I do not know that I have a very clear message. There has been debate which, over the last two years, has swung to and fro. I would say that it has come back to the middle again. I do not get any sense that we are far off what we should be doing. Everybody would like to see us do more for indigenous business. Picking up Alan Morgan's point, it is not a question of us having a lot of people on the ground, because there are people on the ground. Everything we do for indigenous business is done in partnership with somebody else, whether that be an enterprise agency, local authority or the TEC or whatever. However, it is a question of getting the channelling and the organisation of that support for business right and then I think that you will be able to see more easily how cost effective it is.

[126] Brian Gibbons: Again I will put things forward as a thesis and then ask you to respond. My view of the way that indigenous industry will develop is as either—and the document makes a number of references to this—as part of the supply chain to other industries, or probably as also part of a specified growth area, in other words, industrial sectors will

sydd wedi eu hanelu'n benodol tuag at fusnesau lleol, yn £35 miliwn y flwyddyn. Yna mae'r gweddill yr ydym yn ei wario, a allai gael ei wario ar y ddau. Nid ydym mewn gwirionedd yn gwario cyfran fawr o'n cyllideb ar fewnfuddsoddi. Yr ydym yn effeithiol iawn wrth wneud hynny a denu swyddi, ond mae hwn yn fater o bolisi uchel y mae'n rhaid i'r Cynulliad roi sylw iddo—pa gydbwysedd yr ydym am ei gael yng Nghymru rhwng mewnfuddsoddwyr a busnesau cynhenid. Nid ydynt yn sefyll ar wahân, fel y nodir yn yr adroddiad, ac maent yn amlwg yn bwydo ar ei gilydd. Mae'n frwydr cael y ddau. Mae'r cydbwysedd yn fater o bolisi i'r Cynulliad.

[125] Brian Gibbons: Felly, beth yn eich barn chi yw'r cydbwysedd? Beth yw eich dehongliad o'r hyn y mae'r Cynulliad yn ei ddweud wrthyhych yw'r cydbwysedd ar hyn o bryd?

Mr Willott: Ni wn a yw'r neges yn glir iawn. Cafwyd trafodaeth sydd wedi symud yn ôl ac ymlaen dros y ddwy flynedd ddiwethaf. Buaswn yn dweud ei fod wedi dychwelyd i'r canol unwaith eto. Ni chaf unrhyw argraff ein bod ymhell o'r hyn y dylem fod yn ei wneud. Byddai pawb am ein gweld yn gwneud mwy dros fusnesau cynhenid. Gan fynd ar drywydd pwynt Alan Morgan, nid yw'n fater o gael llawer o bobl yn y rheng flaen, oherwydd mae llawer o bobl yn y rheng flaen. Caiff popeth a wneir dros fusnesau cynhenid ei wneud mewn partneriaeth â rhywun arall, boed hynny'n asiantaeth fenter, awdurdod lleol neu'r CHM neu beth bynnag. Fodd bynnag, mae'n fater o sianelu'n gywir a chael trefniadaeth gywir ar gyfer y cymorth hwnnw i fusnesau ac wedyn gallwch weld yn haws pa mor gost effeithiol ydyw.

[126] Brian Gibbons: Eto byddaf yn cyflwyno pethau fel gosodiad ac yna yn gofyn ichi ymateb. Fy amgyffrediad i o'r ffordd y bydd diwydiant cynhenid yn datblygu yw naill ai—ac mae'r ddogfen yn cyfeirio at hyn sawl gwaith—fel rhan o'r gadwyn gyflenwi i ddiwydiannau eraill, neu fwy na thebyg fel rhan o faes o dwf penodol, mewn geiriau eraill, bydd

grow and boom and small and indigenous industry will spin off from that. That is my thesis; you may not agree. However, if we accept that there is a legitimate distinction to be made there, again I did not see in the document that there was any tailoring of the agency's activity to respond to that specific challenge of developing indigenous industry in Wales. You may say that the distinction is spurious.

Mr Willott: Apart from the programmes that are specifically focused on attracting inward investment, almost everything else that we do is to do with indigenous business. If I can perhaps give you a different answer to your last question of how do we know that what we are spending is right and so on, we operate according to strategic targets, which are set by the Assembly each year. The strategic targets for the year that has just passed have been 10,000 jobs from our business development and capital programmes and 7,000 jobs from inward investment. There are comparable figures for the private sector, the capital expenditure and so on that goes with those. We organise our resources to achieve those results.

[127] Brian Gibbons: This is my last question. The report says that the agency's style of working is very much project-led. From reading the document and seeing the range of activity, I am not sure that I agree with that. However, if we do say that it was project-led, the inevitable consequence is that the successful areas are likely to continue to be successful and the failing areas are likely to continue to fail. If you disagreed that the agency has a project-led approach, I would be more satisfied. However, if you were to agree that the agency has a project-led approach, do you think that that needs to be reconsidered in view of the low level of success in developing indigenous industry in Wales?

sectorau diwydiannol yn tyfu ac yn ffynnu a bydd diwydiannau bach a chynhenid yn elwa ar hynny. Dyna fy ngosodiad; efallai na fyddwch yn cytuno. Fodd bynnag, os ydym yn derbyn bod gwahaniaeth dilys i'w wneud yma, eto ni welais yn y ddogfen i weithgaredd yr awdurdod gael ei deilwra o gwbl i ymateb i her benodol o ddatblygu diwydiant cynhenid yng Nghymru. Gallech ddweud bod y gwahaniaeth yn un ffug.

Mr Willott: Ar wahân i'r rhaglenni sydd yn canolbwyntio'n benodol ar ddenu mewnfuddsoddiad, mae bron popeth arall a wnawn yn ymwneud â busnesau cynhenid. Os gallaf roi ateb gwahanol i'ch cwestiwn olaf ynglyn â sut y gwyddom bod yr hyn yr ydym yn ei wario yn gywir ac ati, yr ydym yn gweithredu yn unol â thargedau strategol, sydd wedi eu gosod gan y Cynulliad bob blwyddyn. Y targedau strategol ar gyfer y flwyddyn sydd newydd fynd heibio oedd 10,000 o swyddi o'n rhaglenni datblygu busnes a chyfalaf a 7,000 o swyddi o fewnfuddsoddiad. Mae ffigurau cyffelyb ar gyfer y sector preifat, y gwariant cyfalaf ac ati sydd yn mynd gyda hwy. Yr ydym yn trefnu ein hadnoddau er mwyn cyflawni'r canlyniadau hynny.

[127] Brian Gibbons: Hwn yw fy nghwestiwn olaf. Dywed yr adroddiad bod dull yr awdurdod o weithredu yn un a arweinir gan brosiectau yn fawr iawn. C ddarllen y ddogfen a gweld yr ystod o weithgaredd, nid wyf yn siwr a wyf yn cytuno gyda hynny. Fodd bynnag, os dywedwn ei fod wedi'i arwain gan brosiectau, y canlyniad anochel yw bod yr ardaloedd llwyddiannus yn debygol o barhau i fod yn llwyddiannus ac mae'r ardaloedd sydd yn methu yn debygol o barhau i fethu. Pe baech yn anghytuno bod gan yr awdurdod ymagwedd a arweinir gan brosiectau buaswn yn fwy bodlon. Fodd bynnag pe baech yn cytuno bod gan yr awdurdod ymagwedd a arweinir gan brosiectau, a ydych yn credu bod angen ailystyried hynny yng ngoleuni'r lefel isel o lwyddiant wrth ddatblygu diwydiant cynhenid yng Nghymru?

Mr Willott: Perhaps the author of the report ought to speak to this. I am not sure what project-led means. The way that we run things is that, if we determine to provide a particular programme such as the sme-Business awareness programme, then we would set that up as a clear programme with specified targets, outputs and expenditure. There would be a project manager in charge and a team. The manager would be responsible for delivering that programme against specified targets and expenditure. I think that is what was meant by project orientated. I think that is an efficient way of delivering our business.

[128] Dafydd Wigley: Dywedodd Mr Willott eiliad yn ôl fod yr awdurdod wedi gweld pwyslais dros y cyfnod diwethaf—

I understand that the translation facility is not working, so I will ask the question in English. You were saying a moment ago that over the last 12 months or so you had seen priorities swinging backwards and forwards from the Assembly. [Mr Willott interrupts.] Did I misunderstand?

Mr Willott: I was talking generally. Two years ago there was a feeling that there had been too much emphasis on inward investment and that we should forget about that and that all the emphasis should be on indigenous investment. The argument has swung back to centre and people recognise that both inward and indigenous investment have a role to play and that they compliment each other.

[129] Dafydd Wigley: You were, however, emphasising the need for the Assembly, as you put it, to indicate the priorities and the strategy. Can I clarify that when you say the Assembly, you mean the First Secretary, who has responsibility for economic development, and that the relationship with him is the key relationship here?

Mr Willott: As I understand it, the Assembly is a corporate body and the First Secretary does what he does in consultation with the Economic Development Committee. He formally issues our strategic guidance.

Mr Willott: Efallai y dylai awdur yr adroddiad siarad am hyn. Ni wn beth yw ystyr wedi'i arwain gan brosiectau. Y ffordd y caiff pethau eu rhedeg gennym yw, os penderfynwn ddarparu rhaglen benodol fel rhaglen ymwybyddiaeth sme-Business, yna byddem yn sefydlu honno fel rhaglen glir gyda thargedau, allbynnau a gwariant penodol. Byddai rheolwr prosiect â gofal a thîm. Byddai'r rheolwr yn gyfrifol am gyflwyno'r rhaglen honno yn erbyn targedau a gwariant penodol. Credaf mai dyma ystyr 'yn seiliedig ar brosiectau'. Credaf fod hynny'n ffordd effeithlon o gyflwyno ein busnes.

[128] Dafydd Wigley: Mr Willott said a second ago that the authority had seen an emphasis over the last period—

Deallaf nad yw'r cyfleuster cyfieithu'n gweithio, felly gofynnaf y cwestiwn yn Saesneg. Yr oeddech yn dweud ennyd yn ôl eich bod wedi gweld blaenoriaethau yn symud yn ôl a blaen o'r Cynulliad dros y 12 mis diwethaf, fwy neu lai. [Mr Willott yn torri ar draws.] A wnes i gamddeall?

Mr Willott: Yr oeddwn yn siarad yn gyffredinol. Ddwy flynedd yn ôl yr oedd teimlad y bu gormod o bwyslais ar fewnfuddsoddi ac y dylem anghofio am hynny ac y dylai'r holl bwyslais fod ar fuddsoddiad cynhenid. Mae'r ddadl wedi dychwelyd i'r canol ac mae pobl yn cydnabod bod gan fewnfuddsoddiad a buddsoddiad cynhenid ran i'w chwarae a'u bod yn ategu ei gilydd.

[129] Dafydd Wigley: Yr oeddech, fodd bynnag, yn pwysleisio'r angen i'r Cynulliad, fel y dywedasoch, nodi'r blaenoriaethau ar strategaeth. A allaf gadarnhau pan ddywedwch y Cynulliad, eich bod yn golygu y Prif Ysgrifennydd, sydd â chyfrifoldeb dros ddatblygu economaidd, ac mai'r berthynas gydag ef yw'r berthynas allweddol yma?

Mr Willott: Fel y deallaf, mae'r Cynulliad yn gorff corfforaethol ac mae'r Prif Ysgrifennydd yn gwneud yr hyn a wna drwy ymgynghori â'r Pwyllgor Datblygu Economaidd. Mae'n cyhoeddi arweiniad strategol yn ffurfiol.

[130] Dafydd Wigley: I see Jon Shortridge nodding on that one. I assume that the formal executive link is with the First Secretary.

Jon Shortridge: The strategic guidance letter is issued by the First Secretary to the chairman of the agency, yes.

[131] Dafydd Wigley: When did either you, Mr Willott, or the chairman of the agency last meet the First Secretary to discuss this balance between inward investment and indigenous companies?

Mr Willott: I do not think that we had it as a specific agenda item when we last met. I last saw the First Secretary at a function two evenings ago. I know that the chairman spoke to him yesterday but not necessarily on this particular issue.

[132] Dafydd Wigley: I am not asking when you meet him socially. I am asking when you meet him specifically on as important a consideration as the balance between these two factors.

Mr Willott: I could not say when we last met concerning this.

[133] Dafydd Wigley: Have you met this year concerning this?

Mr Willott: We have not met with this particular issue as an agenda item, no.

[134] Dafydd Wigley: For the clarification of the Committee, how often do you meet the First Secretary?

Mr Willott: Formally?

[135] Dafydd Wigley: Yes.

Mr Willott: The last occasion was two months ago when he joined the board for a working dinner.

[136] Dafydd Wigley: How many times have you met this year?

[130] Dafydd Wigley: Gwelaf Jon Shortridge yn amneidio ar hynny. Tybiaf mai gyda'r Prif Ysgrifennydd y mae'r cyswllt gweithredol swyddogol.

Jon Shortridge: Cyhoeddir y llythyr arweiniad strategol gan y Prif Ysgrifennydd i gadeirydd yr awdurod, ie.

[131] Dafydd Wigley: Pryd y gwnaethoch chi, Mr Willott, neu gadeirydd yr awdurdod gwrdd â'r Prif Ysgrifennydd ddiwethaf i drafod y cydbwysedd hwn rhwng mewnfuddsoddiad a chwmnïau cynhenid?

Mr Willott: Nid wyf yn credu y bu'n eitem benodol ar yr agenda pan fu inni gyfarfod ddiwethaf. Gwelais y Prif Ysgrifennydd ddiwethaf mewn digwyddiad echnos. Gwn i'r cadeirydd siarad ag ef ddoe ond nid o anghenraid ynglyn â'r mater penodol hwn.

[132] Dafydd Wigley: Nid wyf yn gofyn pryd y bu ichi gwrdd ag ef yn gymdeithasol. Gofynnaf pryd y cawsoch gyfarfod penodol ag ef ynglyn ag ystyriaeth mor bwysig â'r cydbwysedd rhwng y ddwy ffactor hon.

Mr Willott: Ni allaf ddweud pryd yr oedd y tro diwethaf inni gwrdd ynglyn â hyn.

[133] Dafydd Wigley: A ydych wedi cwrdd eleni ynglyn â hyn?

Mr Willott: Nid ydym wedi cwrdd ynglyn â'r mater penodol hwn fel eitem ar yr agenda, na.

[134] Dafydd Wigley: I egluro pethau i'r Pwyllgor, pa mor aml y byddwch yn cwrdd â'r Prif Ysgrifennydd?

Mr Willott: Yn ffurfiol?

[135] Dafydd Wigley: Ie.

Mr Willott: Yr achlysur diwethaf oedd ddau fis yn ôl pan ymunodd â'r bwrdd ar gyfer cyfarfod dros ginio.

[136] Dafydd Wigley: Sawl gwaith yr ydych wedi cwrdd eleni?

Mr Willott: I think that we have met on one other occasion.

[137] Dafydd Wigley: You have met twice, once over a dinner.

Dychwelaf at yr adroddiad. Mr Willott, a oeddech yn gallu ymateb yn gadarnhaol i bob cais gan y Swyddfa Archwilio neu a oedd rhai cwestiynau ac ymholiadau—er enghraifft am ystadegau ynglyn â busnesau cynhenid—nad oeddech yn gallu ymateb iddynt oherwydd nad oeddech yn casglu yr wybodaeth ac yn dadansoddi'r wybodaeth ar sail busnesau cynhenid mewn cymhariaeth â busnesau tramor?

Mr Willott: Questions from the Committee or from the National Audit Office?

[138] Dafydd Wigley: The NAO.

Mr Willott: I would have to ask the NAO whether it felt that there were questions that we could not answer.

[139] Dafydd Wigley: I am asking because in general here, we have a descriptive analysis with case studies. We do not have much statistical analysis, which leads me to wonder whether the statistical analysis is available. It might not be, for reasons that we could understand. However, it would be helpful to know that and to know that if we are to develop policy and put an emphasis—whatever the appropriate emphasis is—on indigenous business, that the statistical basis is there for monitoring our performance and seeing what the challenges are.

Mr Willott: There is quite a lot of statistical information. What there is not, is a comprehensive bringing of it together, which the study that we are talking about will achieve. There is a lot of specific information to which answers can be given. That will obviously be a different and more extensive report on cost effectiveness rather than a factual description of what we are doing.

Mr Willott: Credaf ein bod wedi cwrdd ar un achlysur arall.

[137] Dafydd Wigley: Yr ydych wedi cwrdd ddwywaith, unwaith dros ginio.

I return to the report. Mr Willott, were you able to respond positively to every request by the Audit Committee [*Note: the translation should read 'Audit Office'.*] or were there some questions or inquiries—for example about statistics regarding indigenous businesses—that you could not respond to because you did not collect that information and interpret that information on the basis of indigenous businesses as compared to foreign businesses?

Mr Willott: Cwestiynau gan y Pwyllgor neu gan y Swyddfa Archwilio Genedlaethol?

[138] Dafydd Wigley: Y Swyddfa Archwilio Genedlaethol.

Mr Willott: Byddai'n rhaid imi ofyn i'r Swyddfa Archwilio Genedlaethol a oedd o'r farn bod cwestiynau na allem eu hateb.

[139] Dafydd Wigley: Gofynnaf oherwydd yn gyffredinol yma, mae gennym ddadansoddiad disgrifiadol gydag astudiaethau achos. Nid oes gennym lawer o ddadansoddiad ystadegol, sydd yn fy arwain i holi tybed a oes dadansoddiad ystadegol ar gael. Efallai nad oes, am resymau y gallwn eu deall. Fodd bynnag, byddai'n ddefnyddiol gwybod hynny a chael gwybod os ydym i ddatblygu polisi a rhoi pwyslais—beth bynnag fo'r pwyslais priodol—ar fusnesau cynhenid, bod y sail ystadegol yno ar gyfer monitro ein perfformiad a gweld beth yw'r sialensau.

Mr Willott: Mae cryn dipyn o wybodaeth ystadegol. Ond nid yw'n cael ei thynnu at ei gilydd yn gynhwysfawr, a bydd yr astudiaeth yr ydym yn sôn amdani yn cyflawni hyn. Mae llawer o wybodaeth benodol y gellir rhoi atebion iddi. Bydd hynny yn amlwg yn adroddiad gwahanol ac ehangach ar gost effeithiolrwydd yn hytrach na disgrifiad ffeithiol o'r hyn yr ydym yn ei wneud.

[140] Dafydd Wigley: Is it in order for me to ask Sir John Bourn to comment on that?

[141] Janet Davies: Yes.

Sir John Bourn: I am glad to respond to the point. As we carried out the study, the agency made all its information available to us. However, I had the impression that the agency did not really think of its work in terms of so precise a distinction between indigenous industry and inward investment, as some of the Committee's questions have indicated. I think that there is a lot of information and some of the witnesses' replies have indicated the way in which they have approached the issue and the way in which they concern themselves with indigenous business as well as inward investment. However, we did not get the impression that they thought of their work in terms of formally organising themselves and thinking of themselves and their work under those two headings in so distinct a way.

[142] Dafydd Wigley: Finally, Mr Willott, given the shift in emphasis—and it is reasonable that if there is a shift in emphasis, then you have to consider how you can best respond to that—do you accept that in future there may need to be greater attention within the WDA to the role of indigenous business, to respond to the point that Sir John was making?

Mr Willott: We will always respond and allocate our resources to meet the needs and requirements of the Assembly. I would not want to give the impression that we have an overriding emphasis on inward investment. In so far as one can allocate and for the reasons stated by the Auditor General, you cannot do so precisely. We give more resources in terms of money and people to indigenous business than to inward investment, by quite a long way. Also, the definition of what is an indigenous company and what is not is a perennial issue. For example, will Hyder be an indigenous company?

[143] Dafydd Wigley: That is indeed an

[140] Dafydd Wigley: A yw'n briodol imi ofyn i Syr John Bourn roi sylwadau ar hynny?

[141] Janet Davies: Ydyw.

Syr John Bourn: Yr wyf yn falch o ymateb i'r pwynt. Wrth inni gynnal yr astudiaeth, sicrhaodd yr awdurdod fod ei holl wybodaeth ar gael inni. Fodd bynnag, cefais yr argraff nad oedd yr awdurdod mewn gwirionedd yn ystyried ei waith yn nhermau gwahaniaeth mor bendant rhwng diwydiant cynhenid a mewnfuddsoddiad, fel yr awgryma rhai o gwestiynau'r Pwyllgor. Credaf fod llawer o wybodaeth ac mae rhai o atebion y tystion wedi dangos y ffordd y maent wedi mynd i'r afael â'r mater a'r ffordd y maent yn ymwneud â busnesau cynhenid yn ogystal â mewn fuddsoddiad. Fodd bynnag, ni chefais yr argraff eu bod yn ystyried eu gwaith yn nhermau trefnu eu hunain yn ffurfiol ac ystyried eu hunain a'u gwaith o dan y ddau bennawd hwnnw mewn ffordd mor benodol.

[142] Dafydd Wigley: Yn olaf, Mr Willott, o gofio'r newid pwyslais—ac mae'n rhesymol bod yn rhaid ichi ystyried y ffordd orau o ymateb i hynny os oes newid pwyslais—a ydych yn derbyn y gallai fod angen rhoi mwy o sylw o fewn ADC i rôl busnesau cynhenid yn y dyfodol, i ymateb i'r pwynt yr oedd Syr John yn ei wneud?

Mr Willott: Byddwn wastad yn ymateb ac yn dyrannu ein hadnoddau i gwrdd ag anghenion a gofynion y Cynulliad. Nid wyf am greu'r argraff ein bod yn rhoi gormod o bwyslais ar fewnfuddsoddiad. Hyd y gall rhywun ei ddyrannu ac am y rhesymau a nodwyd gan yr Archwilydd Cyffredinol, ni allwch fod mor bendant. Yr ydym yn rhoi mwy o adnoddau o ran arian a phobl i fusnesau cynhenid nag i fewnfuddsoddiad, o bell ffordd. Hefyd, mae'r diffiniad o'r hyn sydd yn gwmni cynhenid a'r hyn nad yw'n gwmni cynhenid yn fater parhaus. Er enghraifft, a fydd Hyder yn gwmni cynhenid?

[143] Dafydd Wigley: Yn wir mae hynny'n

interesting question.

[144] Janet Davies: Such a fundamental issue would be a good point on which to finish this session. However, I want clarification on one question. Regarding grants to small and medium enterprises, have you any evidence of some firms receiving repeat grants year after year?

Mr Willott: The grants would tend to be for quite different things. We would not give a business a grant for the same thing because it would either have achieved it or not, in which case, it would have moved on. Some firms do progress from a start-up to requiring support with technology transfer or support with improving their quality standards. There are some instances, but it is not common.

Mr Morgan: The word 'grant' is sometimes misleading. The agency does not have a portfolio of grants. We provide support for specific projects, to respond to the Member's point. Through the provision of that service, companies get a financial benefit but we are also governed by state aids regulations so we have to be careful in terms of the total amount of support that is provided to companies.

[145] Janet Davies: Thank you for that clarification. I bring the evidence session to a close and thank all witnesses for their helpful, informative answers. I think it may be that, particularly on indigenous investment, we will want to look at the issues that have come out today and possibly return to them at a later date. However, that is still open for discussion.

gwestiwn diddorol.

[144] Janet Davies: Byddai mater mor sylfaenol bwysig yn bwynt da i orffen y sesiwn hwn. Fodd bynnag, yr wyf am gael eglurhad o un cwestiwn. O ran y grantiau i fusnesau bach a chanolig eu maint, a oes gennych unrhyw dystiolaeth o rai cwmnïau yn derbyn grantiau flwyddyn ar ôl blwyddyn?

Mr Willott: Byddai'r grantiau yn tueddu i fod ar gyfer pethau gwhanol iawn. Ni fyddem yn rhoi grant i fusnes ar gyfer yr un peth gan y byddai naill ai wedi ei gyflawni neu ddim, ac os felly, byddai wedi symud ymlaen. Mae rhai cwmnïau yn datblygu o ddechrau busnes i fod angen cymorth gyda throsglwyddo technoleg neu gymorth gyda gwella eu safonau ansawdd. Mae rhai achosion, ond nid yw'n gyffredin.

Mr Morgan: Mae'r gair 'grant' weithiau'n gamarweiniol. Nid oes gan yr awdurdod bortffolio o grantiau. Yr ydym yn darparu cymorth ar gyfer prosiectau penodol, i ymateb i bwynt yr Aelod. Drwy ddarparu'r gwasanaeth hwnnw, caiff y cwmnïau fudd ariannol ond fe'n llywodraethir hefyd gan reoliadau cymorth y wladwriaeth felly mae'n rhaid inni fod yn ofalus o ran cyfanswm y cymorth a ddarperir i gwmnïau.

[145] Janet Davies: Diolch ichi am yr eglurhad hwnnw. Hoffwn ddod â'r sesiwn tystiolaeth i ben a diolch i'r holl dystion am eu hatebion defnyddiol, llawn gwybodaeth. Credaf y byddwn am edrych ar y materion sydd wedi dod i'r amlwg heddiw, yn arbennig buddsoddiad cynhenid, a dychwelyd atynt ar ddyddiad diweddarach. Fodd bynnag, mae hynny'n agored i drafodaeth.

*Daeth y sesiwn cymryd tystiolaeth i ben am 12.10 p.m.
The evidence-taking session ended at 12.10 p.m.*

ANNEX B

The Clerk
Audit Committee
The National Assembly for Wales
Crickhowell House
Cardiff Bay
CARDIFF CF99 1NA

14 June 2000

Action following the Audit Committee Meeting on 11 May 2000

During the Committee meeting on 11 May a number of issues were raised regarding Strategic Targets for the Welsh Development Agency.

At that stage the Targets for 2000-2001 were being finalised and I was not in a position to be precise about what they would be nor when they would be determined. I am pleased to advise the Committee that the First Secretary has now determined the Targets for the Welsh Development Agency and is today announcing them to the Assembly in the form of a Written Statement. A copy of the Statement is attached.

There was also some debate at the Committee meeting about the Welsh Development Agency's proposed survey of Small and Medium Sized Enterprises in Wales. I therefore also attach a paper prepared by Assembly officials which sets out the present position regarding approvals and some background on the proposed survey itself.

JON SHORTRIDGE

WRITTEN STATEMENT BY THE FIRST SECRETARY OF THE NATIONAL ASSEMBLY FOR WALES

WELSH DEVELOPMENT AGENCY STRATEGIC TARGETS 2000 - 2001

“Assembly Members may wish to note that I have determined Strategic Targets for the Welsh Development Agency (WDA) for 2000 - 2001. These are detailed in the Annex to this Statement.

The overall target for jobs supported, at 19,000, is the highest ever for the WDA, and is over 11 per cent higher than that determined for 1999 - 2000. To reflect the continuing focus on developing new and existing businesses in Wales, as well as on regeneration, I have determined that 10,500 of those jobs must relate to the WDA's business development and capital programmes and projects.

Inward investment continues to be important. I have set the target for inward investment jobs at 8,500, with 2,500 of those being new jobs from new projects from overseas.

As part of the move towards the proportionate outcomes for jobs envisaged in *www.betterwales.com*, I have determined that 12,500 (or about 66 per cent of the overall target) of the total jobs target should be in the Valleys and West Wales area; I shall be expecting to extend that in future years targets. Last year's Valleys and West Wales area target of 9,500 was about 56 per cent of the overall jobs target.

The targets and performance measurement criteria are still the subject of review and may need to be adjusted in the light of, for example, the developing Assembly strategies such as the National Economic Development Strategy and *www.betterwales.com*. Any review of criteria will also consider determining jobs targets on a net rather than a gross basis, and determining separate targets for new and safeguarded jobs.

I shall further review the targets for 2000-2001 in-year to take account of WDA outputs from its contributions to the EU single programming documents (when they are agreed), outputs from the development assets assumed by WDA from Cardiff Bay Development Corporation, and other developments which impact on the WDA's resources and plans.

The WDA, on 25 June, issued a statement reporting preliminary performance figures against the Targets determined for 1999-2000. A copy of that statement is being placed on the WDA's website - *www.wda.co.uk*. Final figures will be published in its Annual Report in due course, but I will arrange for a more detailed report to be submitted to the Economic Development Committee shortly.”

Rhodri Morgan AM MP
Assembly First Secretary

14 June 2000

**WELSH DEVELOPMENT AGENCY
STRATEGIC TARGETS FOR 2000 - 2001**

Jobs Supported

- (a) create/safeguard at least 19,000 jobs, of which:
 - (i) 10,500 jobs should relate to new and existing Business Development/Capital programmes; and
 - (ii) 8,500 jobs should relate to Inward Investment activities, with 2,500 of these coming from new projects from overseas.

Private Sector Investment

- (b) lever private sector investment of at least £580 million, of which:
 - (i) £290 million should relate to new and existing Business Development/Capital programmes; and
 - (ii) £290 million should relate to Inward Investment activities.

The Targets at (a) and (b) above are further divided as follows:

NUTS II - Valleys & West Wales

- (c) create/safeguard at least 12,500 jobs, of which
 - (i) 6,500 should relate to new and existing Business Development/Capital programmes; and
 - (ii) 6,000 should relate to Inward Investment activities.
- (d) lever at least £330 million of private sector investment, of which:
 - (i) £165 million should relate to new and existing Business Development/Capital programmes; and
 - (ii) £165 million should relate to Inward Investment activities.

NUTS II - East Wales

- (e) create/safeguard at least 6,500 jobs, of which:
 - (i) 4,000 should relate to new and existing Business Development/Capital programmes; and
 - (ii) 2,500 should relate to Inward Investment activities.
- and
- (f) lever at least £250 million of private sector investment, of which:
 - (i) £125 million should relate to new and existing Business Development/Capital programmes; and
 - (ii) £125 million should relate to Inward Investment activities.

BRIEFING FOR THE AUDIT COMMITTEE: WDA SME SURVEY

Background

1. The WDA is empowered by section 4(c) of the Welsh Development Agency Act 1975 (as amended) to carry out, or commission the carrying out of, enquiries, investigations or researches. According to section 6.1 of the Agency's Business Development guidelines, surveys of this nature require the approval of the Secretary of State for Wales. The power of approval has been transferred to the Assembly and delegated to the Assembly Secretary for Economic Development.
2. It was in this capacity that Rhodri Morgan approved the carrying out of the SME survey, in late February 2000. This approval was conveyed to the Welsh Development Agency on 2 March 2000. The WDA has since convened a 'steering group' for the survey, which currently includes an official from the Assembly. The WDA has further promised to invite a representative from Business Wales to sit on this group.
3. Once the full details of the survey are known (i.e. exactly what questions are to be asked), these details will need to be discussed and agreed by the Assembly's own Survey Control Unit.

The Latest Position

4. Short-listed consultants have now been interviewed by the WDA, and following presentations by each of the interviewees, Business Strategies Ltd have been appointed to undertake the project. It was agreed by those involved with the interview panel that the BSL/MORI project team had both the proven experience and expertise necessary to deliver/meet the objectives of the survey, both on time and within budget.
5. Since approval of this survey was given, the findings of both the BT/Western Mail survey of Welsh SMEs and the Cardiff Business School survey of Welsh SMEs (Industrial South Wales) have been completed. The purpose of the WDA survey remains, however, and will address the deficit in information on this sector which still exists. Assembly officials are also keen to explore the possibility of using the survey to gain further knowledge of participation rates by gender, race and ethnic origin, in the light of the Equality Partnership's conclusions that too little information exists.
6. Arrangements will be made with Cardiff Business School to ensure that knowledge and experience gained during previous studies, in particular the most recent survey, is captured and utilised. The BT/Western Mail survey was commercially driven, and therefore the WDA does not see the need to utilise its results.
7. The WDA produced a briefing note, dated 17 February 2000, which remains extant (a copy is attached at Annex A, below). This note provides details of the context, rationale and key issues of the survey.

ECONOMIC POLICY DIVISION 1, June 2000

ANNEX A:
Welsh Development Agency SME Survey Briefing
17 February 2000

1. Context and rationale for study

1.1 The WDA is proposing to undertake a comprehensive survey of the SME population in Wales. The aim of the survey is to expand our understanding of the SME sector in Wales, and to provide high quality information on the characteristics, constraints and needs of Welsh SMEs. Underpinning this survey is the belief that a growing and prosperous SME sector is vital to ensuring the necessary long-term growth in the Welsh economy. In addition, the information will provide the basis for bench-marking policies and programmes of the Agency and its partners in relation to the strategic targets outlined in the National Economic Development Strategy and the WDA Corporate Plan 2000-2003.

2. Key issues

2.1 The Agency is aware of other SME surveys being undertaken by BT/Western Mail, and Cardiff Business School. Whilst the Agency recognises that an additional survey has the potential to increase the burden on the SME population in Wales, appropriate measures have been taken to ensure that the surveys do not coincide, and that unnecessary duplication is avoided.

2.2 The Agency also recognises that whilst obtaining a comprehensive dataset is important for bench-marking of activities and evaluating the efficacy of programmes, this does not imply the need for the Agency to retain individual survey returns from companies. Participants in the survey will retain anonymity.

2.3 An initial scoping study recently undertaken by Cardiff Business School and the University of Glamorgan highlighted the paucity of information on the Welsh SME sector. Furthermore, both previous and proposed private sector surveys are more often concerned with specific marketing opportunities rather than expanding the general understanding of the SME sector. The aim of the WDA's proposed survey therefore, is to address this apparent information deficit.

2.4 It is recognised that undertaking a comprehensive survey of this kind is an opportunity to provide not only baseline data, but also to begin the process of collating essential time-series data. It is envisaged that future, smaller-scale surveys at regular intervals will help meet this objective.

2.5 The support of an umbrella organisation such as Business Wales will be sought at an early stage to ensure that the proposed survey has the broad endorsement of the business community in Wales.

3. The way forward

3.1 It was agreed in a meeting between the National Assembly Office and the WDA on 16 February 2000 that a National Assembly Office representative would be a member of the Steering Group and thus have the opportunity to raise any further technical issues within that forum.

3.2 Responses to the Invitation to Tender have been evaluated, and short-listed consultants will shortly be interviewed. The successful applicant will work closely with the Steering Group throughout the project.

17 February 2000

ANNEX C

MANAGING ORGANISATIONAL RESTRUCTURING: KEY SUCCESS FACTORS

In this Annex to our report we set out a number of key factors we consider important for successfully managing any future restructuring of Assembly sponsored public bodies. These are based on criteria set out by the Auditor General for Wales in his report on the creation of the enlarged Agency and on oral evidence taken by us from the Agency about lessons learned during the merger process. We hope this summary will provide a useful checklist for the Assembly and its sponsored bodies when planning and implementing future reorganisations of public bodies in Wales.

Overall objectives and priorities

- establish a clear and coherent set of objectives and priorities at the outset
- take full opportunity to examine business processes, to secure improvements in operational effectiveness and efficiency and to yield financial savings
- assess achievements against objectives at the end of the process, including recording and disseminating lessons learned

New organisational structure, staffing and culture

- establish an organisational structure appropriate to meet new responsibilities
- determine the appropriate staffing requirement for the new organisation and appoint staff through an open and equitable process

- investigate and manage related office and accommodation rationalisation efficiently and economically
- integrate key financial and management information systems in good time
- take active steps to promote an integrated corporate identity and ethos for the new organisation, including the development of new mission and values statements

Management structures and processes

- establish a strategic management framework to direct progress overall
- develop a coherent management plan for the process as a whole, including the setting of an overall budget, key tasks and milestones
- establish appropriate project teams to progress detailed day-to-day actions, with clear terms of reference, time-limits and budgets
- regularly monitor and clearly report progress, including the use of performance measures and indicators

Commitment of resources to the change process

- ensure senior management commitment to and engagement with the process
- allocate adequate resources to undertaking activities and ensure project teams are appropriately staffed and supported to achieve their tasks
- ensure that in-house experience is mobilised where available and that external advice and expertise is engaged where appropriate
- ensure, as far as possible, that commitment of resources to the process does not have a significantly detrimental impact on business as usual

Communication and consultation

- ensure appropriate involvement of partner bodies and sponsors
- consult externally with interested and affected parties
- ensure different internal organisational interests and viewpoints are fully articulated and considered
- ensure regular communication with staff, to keep people adequately informed of key developments and to manage expectations and uncertainty

ANNEX D

THE AUDIT COMMITTEE

The National Assembly's Audit Committee ensures that proper and thorough scrutiny is given to the Assembly's expenditure. In broad terms, its role is to examine the reports on the accounts of the Assembly and other public bodies prepared by the Auditor General for Wales; and to consider reports by the Auditor General for Wales on examinations into the economy, efficiency and effectiveness with which the Assembly has used its resources in discharging its functions. The responsibilities of the Audit Committee are set out in detail in Standing Order 12.

The membership of the Committee as appointed on 9 November 2000 is:

Janet Davies (Plaid Cymru) - Chair
Alan Cairns (Conservative)
Jocelyn Davies (Plaid Cymru)
Alison Halford (Labour)
Ann Jones (Labour)
Peter Law (Labour)
Lynne Neagle (Labour)
Dafydd Wigley (Plaid Cymru)
Kirsty Williams (Liberal Democrat)

Further information about the Committee can be obtained from:

Julie Bragg
Acting Clerk to the Audit Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA
Tel: 02920 898026
Email: Audit.comm@wales.gsi.gov.uk