

THE NATIONAL ASSEMBLY FOR WALES:AUDIT COMMITTEE

**REPORT 04-02 – Presented to the National Assembly for Wales on 25th April in
accordance with section 102 (1) of the Government of Wales Act 1998**

PROCUREMENT IN THE FURTHER EDUCATION SECTOR IN WALES

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13 July 2001

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INTRODUCTION

1. This report concerns the Committee's investigation into procurement in further education institutions in Wales. Approximately 30 per cent of the total expenditure of institutions is on the procurement of goods and services. In 1999-2000 this amounted to some £79 million. After pay, procurement is the second largest element of expenditure. Securing value for money from this expenditure is, therefore, particularly important.
2. The origins of this work lie in previous work by the National Audit Office on governance and financial management at further education institutions in Wales, which was published in July 1999 under the title *Further Education in Wales*.¹ This was a wide-ranging, comprehensive report, the findings of which were considered by the Committee at two meetings in December 1999 and January 2000, with the Committee's subsequent report published in June 2000.²
3. As part of its *Further Education in Wales* study, the National Audit Office examined the arrangements for securing value for money and probity in the procurement of goods and services. This work pointed to the scope for significant financial savings that could be secured by the Welsh further education sector by improvements to their procurement practices. The Audit Committee strongly supported that view and recommended that the Auditor General report back to the Committee on the progress that the further education sector in Wales had made in improving its procurement of goods and services and the savings generated and in prospect. The Auditor General's report, which formed the basis of our investigation, is in response to that recommendation.³
4. The Auditor General's report took place against the background of a wider examination that was taking place of procurement in Wales. In April 2000, the Finance Minister initiated a broad ranging review to examine procurement right across the public sector, including further and higher education, the NHS and Local Government. This review

¹ Report by the Comptroller and Auditor General on *Further Education in Wales*, HC 641 1998-99

² Audit Committee report 00-03: *Further Education in Wales*

³ Auditor General for Wales' (AGW) report on *Procurement in the Further Education Sector in Wales*, presented to the National Assembly on 27 September 2001

was undertaken by the Assembly's Procurement Section under the oversight of a Steering Group comprising senior representatives from across the public sector. The review team's draft report, *Better Value Wales - The Review of Procurement in the Welsh Public Sector*, was issued for consultation from March to June 2001.

5. We took evidence from the Accounting Officer of the National Council for Education and Training in Wales ('the Council'), and the Council's Senior Compliance Manager. We also took evidence from two Assembly officials, including the Chairman of the Steering Group, who were involved in the Wales-wide review of procurement referred to above. We are grateful to all the witnesses for their positive and helpful responses.
6. Our report focuses on the three main areas which arose from our investigation:
 - the development of the Welsh Further Education Purchasing Consortium;
 - other aspects of good practice in procurement; and
 - the potential for future savings in the further education sector - in the context of the Assembly's wider review of procurement.
7. In our report we discuss in some detail the three main themes outlined above. We set out our main findings and conclusions, together with a number of recommendations for both the Council and further education institutions to ensure further improvements are made and to secure further savings thereby releasing resources for front line services, such as learning resources.
8. Our report concludes by considering the broad progress made by institutions in two important areas other than procurement which featured in the National Audit Office's 1999 report: financial management and the provision of Welsh and bilingual courses.

THE DEVELOPMENT OF THE WELSH FURTHER EDUCATION PURCHASING CONSORTIUM

9. The Welsh Further Education Purchasing Consortium has been the most significant development in procurement in the sector since the National Audit Office's 1999 report, attracting financial support from the Council. This was a pilot scheme involving nine of the 26 institutions which let three contracts, for routine items, from August 2000. The Council has invested £51,000 to date in the development of the Welsh Further Education Purchasing Consortium. In its first year, the consortium was able to point to savings of £47,000.⁴
10. The Committee was pleased to learn that further savings had been delivered since the Auditor General's report was published and that the total so far secured had increased to £91,000. On that basis, therefore, the investment had already provided value for money. The Council told the Committee that the provision of financial support for the consortium had been necessary in order to instigate improvements but that such funding would not be available indefinitely.⁵ The Council is discussing future financial support with the consortium in the context of its short and medium-term priorities. It did not expect to need to continue to provide funding to the consortium for very long.⁶
11. Following the pilot, all institutions had joined the consortium (as we had recommended in our earlier report⁷).⁸ Witnesses told us that three further contracts were being let, for library resources, computers and furniture and that, as these new contracts were of a significantly higher value, future savings would therefore be proportionately larger.⁹ For example, the library resources contract is expected to lead to savings of about seven per cent compared with existing prices.¹⁰ The Council informed us that it would monitor the consortium's progress, to continue to track the delivery of savings, to ensure that its investment in the consortium was safeguarded, and that the consortium sets itself sufficiently challenging targets.¹¹

⁴ AGW report, paragraphs 14 and 47-50

⁵ Q23

⁶ Q24

⁷ Audit Committee report 00-03, *Further Education in Wales*, recommendation (xv)

⁸ AGW report, paragraph 56

⁹ Qs 24 and 26

¹⁰ Qs 26-27

¹¹ Qs 28 and 39

12. While achieving lower prices must be of paramount importance, good procurement should also lead to non-financial benefits. Some examples of such benefits were reported by the Auditor General such as better service levels from suppliers, reduced administration, improved expertise and better management information.¹² The Committee was therefore pleased to learn that the consortium and Council were continuing to work together on increasing institutions' awareness of procurement and developing their expertise, through arranging further training, for example.¹³
13. We view the development of this consortium as a positive and important step in improving procurement in further education institutions. We are pleased that in view of its success the Council does not envisage having to provide funding for it in the longer term. We look to the Council to ensure that levels of expertise are increased and that further savings are delivered. **We recommend that the expanded consortium build on its success to date by further increasing the number of contracts it has in place and turning its attention to best practice in procurement such as target setting, and e-procurement.**

PROGRESS ON OTHER ASPECTS OF GOOD PRACTICE IN PROCUREMENT

14. Although the consortium has been the main tool used by the sector to secure better procurement, we also examined the progress made on other areas of procurement highlighted by the Auditor General. In addition, we considered the level of support provided by the Council to assist institutions in making improvements.

Procurement strategies

15. Since the National Audit Office's previous report, there has been a raised awareness in the sector of the need for procurement strategies. There has been an increase in the number of institutions reporting that they have strategies in place from two in 1999 to 14, with a further eight reported to be in preparation. However, this means that twelve of the 26 institutions still did not have strategies at the time of the National Audit Office Wales' fieldwork, and the quality of those documents that do exist varies greatly. It is a

¹² AGW report, paragraph 55

¹³ Qs 24 and 53

matter of concern that some of the present strategies are so deficient that they cannot be classed as real strategies at all.¹⁴

16. It is evident to us from this that procurement is still not universally accorded a sufficiently high priority in institutions. The Council acknowledged that this must have been the case, and pointed to its efforts in setting up the consortium, together with other work undertaken with the Assembly and National Audit Office Wales, as its response.¹⁵
17. In terms of addressing the weaknesses in a number of institutions' strategies, the Council said that guidance had been issued as early as 1995, although this had been perhaps unhelpfully voluminous. The Council was about to publish a bulletin on best practice in the production of procurement strategies, which would include a model strategy.¹⁶ It has also circulated the Auditor General's report to the sector and has asked institutions to provide a position statement stating how they will respond to the recommendations in that report. Institutions will then be required to submit procurement strategies to the Council by March 2002. The Council will measure institutions' strategies against the model strategy in their guidance and give detailed constructive feedback to institutions.¹⁷ We wholeheartedly endorse these measures taken by the Council to improve the procurement strategies of all institutions including issuing guidance and their decision to monitor achievements.

Staffing arrangements

18. Since procurement involves the management of significant amounts of public expenditure, it is important that this function is overseen by a senior manager and undertaken by trained staff. The importance of initiatives being driven by top management was emphasised by the Accounting Officer¹⁸; and the Auditor General reported that a senior manager now has oversight of the procurement function at all institutions, against nine in 1999.¹⁹

¹⁴ AGW report, paragraphs 25-27

¹⁵ Q46

¹⁶ Qs 46-47

¹⁷ Qs 28 and 49-50

¹⁸ Q48

¹⁹ AGW report, paragraphs 32-33

19. In terms of the availability of trained staff, the Council reported that there were now specialist procurement officers at six institutions, against one in 1999. A further institution is considering such an appointment.²⁰ The Auditor General found that the employment of a specialist procurement officer was a key factor in delivering financial savings. At two of the institutions with qualified procurement staff (Coleg Sir Gâr and Coleg Gwent), these officers have delivered financial savings amounting to at least £250,000 each.²¹ This excellent work is to be applauded. Against this background, it is disappointing that at 20 institutions, procurement is currently only part of a manager's role.
20. Although the Council is actively encouraging the appointment of specialist procurement officers, it acknowledged that the smaller institutions may not find such an appointment cost effective and other initiatives may be required.²² Possibilities suggested included sharing one officer between a number of smaller institutions or improving procurement through the use of regional consortia. Even if the appointment of a professionally qualified officer is not considered cost effective in smaller institutions, witnesses concurred that good quality targeted training would be valuable. A good start has been made through the consortium, as institutions are sharing expertise and addressing skill levels through training.²³ However, there is clearly a need for procurement expertise across the sector to be augmented. **We recommend that all institutions consider the cost-effectiveness of appointing a dedicated procurement officer, and where institutions consider that an in-house appointment is not cost-effective they should seek to increase their procurement expertise through other means.**

²⁰ AGW report, paragraphs 32 and 34; Q52

²¹ AGW report, paragraph 36 and case studies 2 and 3

²² Qs 52 and 55

²³ Qs 53 and 55

Management information

21. The availability of good management information is key to good management. The Auditor General reported that, although there were some examples of good practice, there remained considerable scope for improvements in further education institutions' ability to generate the management information needed to support effectively their procurement activities and thus secure financial savings.²⁴
22. The Council acknowledged that, even before the Auditor General's report, it was aware that poor management information was a significant problem across the sector.²⁵ In order to encourage institutions to rectify this deficiency, the Council has included in its guidance on procurement strategies examples of the sorts of information that institutions should have available, such as details of what has been procured, prices and quantities, supplier details and performance. In addition, the Council has asked the consortium to ensure that, when new contracts are set up, the suppliers are required to provide the consortium with comprehensive management reports on the above areas.²⁶
23. It is difficult to see how some institutions can improve their procurement if they do not currently have even basic information about what they are procuring and from whom. We therefore welcome the efforts currently being made in the sector to improve the quality of management information on procurement. **We recommend that the Council work with institutions to ensure not only that information is available in order to make effective decisions about procurement but also to facilitate the monitoring of the savings achieved over time.**

²⁴ AGW report, paragraph 43

²⁵ Q59

²⁶ Qs 59-60

Market testing and best value

24. A key tenet of good procurement practice in most instances is to bring competitive pressure to apply on suppliers as a way of ensuring keen prices and good quality services. It is important that these concepts also be applied to in-house services as otherwise these can be hidden from, rather than exposed to, competition. The National Audit Office Wales examined the progress that had been made in comparing in-house services to tenders from outside firms in four areas: catering, grounds maintenance, cleaning and security. This showed that there remains scope for further market testing across the sector, which should give rise to increased significant savings.²⁷
25. Witnesses explained that, in line with the approach now being taken by the Assembly on this subject, they had moved away from the language of “market testing” to that of “best value”. Witnesses told us that the bulletin due to be issued shortly on procurement strategies in the further education sector would also require institutions to have a strategy for testing best value. The Council would then be in a position to review these strategies, ensuring that programmes for testing best value and for tendering services where necessary were in place.²⁸
26. The terminology is not important, although we can see the merits of using the same language as is currently in force elsewhere at the moment. The key is to ensure that the disciplines of good procurement practice are brought to bear on the full range of institutions’ activities, including services provided in house, as past experience has shown that this can result in significant financial savings. **We recommend that all institutions identify a list of activities to be reviewed as a first step to initiating a programme of review. They should report the results of this programme to the Council.**

²⁷ AGW report, paragraphs 60-62 and Figure 8.

²⁸ Q62

Supplier Management

27. A total of 22 of the 26 institutions reported to the Auditor General that they operate an approved supplier list. This is an improvement on the generally uncontrolled nature of supplier management reported in 1999. However, the level of supplier management at institutions varies from merely reducing the size of the list by deleting those suppliers who have not been used for some time, to developing partnerships with suppliers to provide high service levels and lower costs. There is therefore still significant scope for further improvement in supplier management which should, in turn, produce financial savings.²⁹ **We recommend that all institutions initiate a programme of supplier rationalisation with a view to establishing a robust list of suppliers for future purchases to secure higher service levels and lower costs.**
28. The Auditor General reports that pressure to use local suppliers as a matter of policy can be a factor which has hindered some institutions in achieving the lowest possible prices (the context was the consortium contracts which were awarded, by competitive tender, to companies outside Wales).³⁰). Given the interdependence between institutions and their local client bases, it is understandable that in some quarters institutions might be expected to support their local communities through their choice of suppliers. However, witnesses made clear, and we entirely agree, that value for money should be the overriding priority. Price is not the sole criterion in assessing value for money and institutions are best placed to determine the factors which might be relevant. Nevertheless, it is not the place of further education institutions to accept bids from local suppliers where this means paying more, as those responsible for the stewardship of scarce public funds have a duty to look for the cheapest prices except when there is a compelling reason to do otherwise.³¹

²⁹ AGW report, paragraphs 65-66

³⁰ AGW report, paragraph 54

³¹ Qs 33 and 66

29. We were reassured to hear from the Chairman of the Assembly's procurement steering group that it was already on occasions possible to get value for money and source procurement in Wales, citing a striking example from his own experience within the Assembly.³² We also welcome the measures set out in the *Better Value Wales* report to assist small and medium enterprises to compete for business in the Welsh public sector. The Chairman of the steering group explained that the measures will include:

- the creation of a database to alert Welsh small and medium enterprises to opportunities in the Welsh public sector;
- the development of training packages by the Assembly and the Welsh Development Agency to help small and medium enterprises to improve their performance in competing for business; and
- the promotion of 'meet the buyer' events to enable suppliers to meet their potential customers and discuss how they can maximise their chance of winning business.³³

30. The Committee welcomes the Assembly's intentions to give greater support to Welsh small and medium enterprises. **We recommend that all institutions remain aware of what the local market has to offer, while ensuring that value for money - which usually means the cheapest bid consistent with an acceptable quality - remains their overriding priority in the procurement of goods and services.**

Energy management

31. Disappointingly, only just over half of all institutions reported that they have or are preparing energy management strategies or policies but many have not yet done so. Those strategies that exist focus on either the reduction of energy consumption or policies to achieve lower prices. Strategies could be more robust by incorporating both these elements.

Some institutions have tackled utility costs in a proactive way and managed to secure savings, but there is still significant scope for improvement and cost savings in this area.³⁴

³² Q66

³³ Q65

32. The Auditor General reported that the Council was carrying out a benchmarking exercise on energy management.³⁵ The Council told us that it had found that all institutions tender regularly for their supply of energy and monitor incoming bills. The key weakness in institutions' energy management was usage - a lack of measures to conserve energy - although the Council's work had identified a number of examples of good practice in this area. The Council would be requiring strategies from institutions on energy management as part of institutions' annual strategies. The consortium was also benchmarking electricity prices and would be holding a seminar on energy management for the sector.³⁶ At this stage the Council felt unable to estimate the possible savings that could be made through better energy management, although some initiatives were expected to save as much as 40 per cent.³⁷ **We recommend that all institutions adopt a systematic approach to energy management. They should as a matter of priority develop robust energy management strategies, including consumption and supply prices, which they should make available for examination by the Council.**

Support provided by the Council

33. Improvements and savings in procurement costs have been made right across the sector and we welcome this. But this has not occurred consistently across the sector - some institutions are more advanced than others. It may be that the relatively small size of a number of institutions inhibits their ability to devote dedicated resources to procurement, while the Council drew our attention to the fact that since incorporation there has been an ongoing efficiency squeeze within the sector.³⁸
34. In this context we welcome the assurances offered by the Council that they would continue to provide institutions with the necessary support and guidance. The Council's own team had recently been strengthened by a newly-appointed qualified procurement specialist and the Council explained to us that its general approach in working with

³⁴ AGW report, paragraphs 70-71

³⁵ AGW report, paragraph 73

³⁶ Q68

³⁷ Q69

³⁸ Qs 48 and 52

institutions to improve their performance was intended to be supportive rather than punitive.³⁹ We also see the consortium pilot as an excellent starting point for improving procurement and driving down costs.

35. The Council also raised the issue of their relationship with institutions, commenting that improvements could be brought about more quickly if it had more powers to act. The Council's powers are currently linked to institutions' Financial Memoranda and the scope for direct action is limited to cutting off funding or appointing additional governors to the institutions' governing body. Such action is only taken in extreme circumstances and also means that provision for learners might suffer. The Council felt that quicker, less extreme remedial action would be more effective.⁴⁰ The nature of the relationship between the Council and institutions and whether the current administrative framework is the right one was considered by the Committee in its report on Coleg Gwent, published in December 2000. We note that there appears to have been no movement on our recommendation made in that report, accepted by the Cabinet, that the Assembly examine whether the current model for the further education sector remain appropriate.⁴¹ **We repeat our recommendation that the Assembly examine whether the current model for the further education sector of colleges as independent self-governing bodies remains appropriate.**

³⁹ Qs 49 and 57

⁴⁰ AGW report paragraph 11; Qs 59 and 72-80

⁴¹ Audit Committee report 00-07, *Coleg Gwent*, recommendation (xvii)

THE POTENTIAL FOR FUTURE SAVINGS IN THE FURTHER EDUCATION SECTOR AND THE ASSEMBLY'S *BETTER VALUE WALES* REPORT

36. One of the main reasons we recommended that the Auditor General report back on the further education sector's progress on procurement was the prospect of financial savings. In our report on *Further Education in Wales*, we referred to the Council's evidence that a saving of two per cent would generate £1.5 million for use elsewhere in the sector.⁴² The Auditor General pointed to the estimate of achievable savings for the Welsh public sector as a whole, as set out in *Better Value Wales*, of three per cent a year and concluded that the further education sector should aim to achieve that level, equivalent to some £2.5 million.⁴³
37. The Auditor General reported that £0.6 million worth of financial savings had been achieved by the sector with further "substantial" savings anticipated from the expansion of the consortium.⁴⁴ The Council's Accounting Officer told us that this figure had now increased to £0.7 million. He emphasised that, due to the lack of reliable management information available from institutions, the amount of savings achieved through better procurement to date was undoubtedly greater than that for which institutions had evidence.⁴⁵
38. Given the positive signs of improvement in the sector, the witnesses were confident that in time the sector would be able to achieve cumulative savings of three per cent annually for a number of years, although not indefinitely. This reflects the relatively low performance base of the further education sector, as the Chairman of the *Better Value Wales* Steering Group explained that the three per cent saving cited for the public sector as a whole was not cumulative. The Council made the point that the savings made by the sector were not to be given up but reinvested, so both it and the institutions were committed to maximising the amount of savings delivered.⁴⁶

⁴² Audit Committee report 00-03, *Further Education in Wales*, paragraph 34

⁴³ AGW report, paragraphs 16 and 81

⁴⁴ AGW report, paragraph 75, Figure 9 and paragraph 56

⁴⁵ Qs 40-41

⁴⁶ Qs 81, 84-85, 89-92, 98

39. We asked witnesses how procurement performance in the further education sector compared with that in other parts of the public sector, particularly higher education. Witnesses agreed that the further education sector had been slower than some in getting to grips with the challenges of improving procurement. The higher education sector also had the advantages of size: overall it spends more than twice as much on procurement and individual institutions tend to be much larger. Witnesses emphasised that they saw greater collaboration between institutions and across the sector boundaries as an important tool for driving up performance across the board. Already a near-ban has been lifted on joint working by the further and higher education sectors, and the establishment of Education and Learning Wales (ELWa) offers further opportunities for collaboration throughout the education sector. This move towards joint working ties in with an important thrust of *Better Value Wales*.⁴⁷
40. We reiterate the importance we attach to better management delivering real financial savings. The savings that have been secured since we previously considered this topic are welcome, but as yet they fall some way short of our expectations (although we recognise the time needed to bring about improvements). We are encouraged that the Accounting Officer is sanguine about the prospect of the sector achieving savings considerably higher than those set as a target for the rest of Welsh public sector. Greater collaboration, initially with but not necessarily restricted to the other elements of Education and Learning Wales, seems to be a very sensible way of delivering improvements. Given our ongoing interest in this area, we would like to be kept informed of progress. **We recommend that within twelve months of the publication of this report the Council report back to the Committee on the further progress the sector is making towards achieving its target of cumulative annual savings of at least £2.5 million.**

⁴⁷ Qs 88, 93-96

PROGRESS MADE IN AREAS OTHER THAN PROCUREMENT SINCE THE PUBLICATION OF *FURTHER EDUCATION IN WALES*

41. In taking evidence on the specific issue of procurement, the Committee also took the opportunity to update itself with some of the other topics that featured in its earlier report on *Further Education in Wales*.⁴⁸ the quality of governance and financial management, and the provision of Welsh and bilingual courses.
42. The latest Cabinet response to this report (in December 2000) includes as an annex a separate short report detailing the progress made against the National Audit Office's recommendations on governance and financial management.⁴⁹ This found that during 1999 and 2000 institutions' governance and management arrangements had improved significantly through the National Audit Office's review, the Audit Committee's report, the Council's Governance and Management Development Programme and institutions' own performance improvement measures.
43. We asked the Accounting Officer when he would be satisfied that all further education institutions had robust procedures in place for both governance and financial management. He referred to the Council's annual governance assurance statement submitted to the Assembly earlier in 2001 and attached as an annex to this report.⁵⁰ This concluded that overall the quality of governance had shown signs of improvement during 2000-01, but that there remained a need for further improvement, particularly in the case of three institutions: Merthyr Tydfil College, the Workers Educational Association (South) and the Welsh College of Horticulture. Witnesses set out the remedial action the Council was taking in respect of these institutions and said that the Council would be issuing guidance to the education and training sector as to what it expects of a good supplier of education and training early in 2002 in order to reinforce its requirement for robust governance and management.⁵¹ We are concerned at the need for such extensive Council involvement at institutions that are continuing to struggle

⁴⁸ Audit Committee report 00-03, *Further Education in Wales*

⁴⁹ Updated Cabinet response to Audit Committee report 00-03, dated 15 December 2000, Annex A

⁵⁰ Letter from ELWa dated 13 July 2000 (Annex B)

⁵¹ Qs 10-12 and 18

with governance and financial management, but are content with the measures being taken.

44. We also asked the Council's Accounting Officer to bring the Committee up to date on progress made by further education institutions in providing Welsh and bilingual courses, a matter to which the Committee attaches some importance. The updated Cabinet response to our recommendations, in December 2000, referred to a forecast slight improvement in provision in 1999-2000. The Council reported that:

- in 2000-01, the total number of students assessed through the medium of Welsh (approximately 5,500) was 1.3 per cent of the total student assessments in further education in Wales. Although the numbers being assessed through the medium of Welsh had increased (from 2,000 in 1993-94), the proportion of students being assessed through the medium of Welsh had decreased from 1.5 per cent;
- the number of courses available bilingually, through the medium of Welsh, had increased four-fold from 266 in 1993-94 to 1,150 in 2000-01; and
- enrolments on Welsh for adults courses had increased from 16,000 in 1994-95 to 24,000 in 1999-2000 but dipped again to 21,000 in 2000-01.⁵²

45. The Council also told us that total expenditure on Welsh medium provision is approximately £10 million, of which about £1.69 million is a special premium for providing education in rural areas and for bilingual provision, for example for the additional costs of small classes and for producing additional materials.⁵³

46. Some institutions do not provide any Welsh medium courses, but even where courses are available there is not always the demand for them. The Council reported that it had

⁵² Q3

funded a bilingualism unit based at Coleg Meirion-Dwyfor which would develop Welsh and bilingual learning resources, and offer training and advice on bilingual teaching methodologies. The Council had also commissioned research into the reasons for the falling proportion of Welsh medium assessment and set up a group to take the issues forward.⁵⁴ We welcome the action that the Council has taken and look forward to the outcomes of this research.

RECOMMENDATIONS

47. In the light of these findings and conclusions we recommend that:

- i) the expanded Consortium build on its success to date by further increasing the number of contracts it has in place and turning its attention to best practice in procurement such as target setting, and e-procurement;
- ii) all institutions consider the cost-effectiveness of appointing a dedicated procurement officer, and where institutions consider that an in-house appointment is not cost-effective they should seek to increase their expertise through other means;
- iii) the Council work with institutions to ensure not only that the information is available in order to make effective decisions about procurement, but also to facilitate the monitoring of the savings achieved over time;
- iv) all institutions identify a list of activities to be reviewed as a first step to initiating a programme of review. They should report the results of this programme to the Council;
- v) all institutions initiate a programme of supplier rationalisation with a view to establishing a robust list of suppliers for future purchases to secure higher service levels and lower costs;

⁵³ Q4

⁵⁴ Qs 4, 6 and 9

- vi) all institutions remain aware of what the local market has to offer, while ensuring that value for money - which usually means the cheapest bid consistent with an acceptable quality - remains their overriding priority in the procurement of goods and services;
- vii) all institutions adopt a systematic approach to energy management. They should as a matter of priority develop robust energy management strategies, including consumption and supply prices, which they should make available for examination by the Council;
- viii) the Assembly examine whether the current model for the further education sector of colleges as independent self-governing bodies remains appropriate [repeating a recommendation in a previous Committee report]; and
- ix) within twelve months of the publication of this report, the Council report back to the Committee on the further progress the sector is making towards achieving its target of cumulative annual savings of at least £2.5 million.

CONCLUDING COMMENTS

48. There has undoubtedly been some progress in improving procurement practices since the National Audit Office's 1999 report, and some worthwhile financial savings have been achieved. It is clear, however, that there remains some way for the sector to go in ensuring that all institutions have strategies for better procurement, access to the expertise needed and the management information systems to monitor progress. The sector has made an encouraging start but there is clear potential for much larger savings right across the sector. This will only be achieved through a combination of a determined effort by the individual institutions and the strong support and encouragement of the Council. We look forward to learning from the Council in a year's time the progress the further education sector in Wales is making towards achieving the savings target it has set itself.

6/11/2001

Annex A



**Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio**

**The National Assembly for Wales
Audit Committee**

**Caffael yn y Sector Addysg Bellach yng Nghymru
Procurement in the Further Education Sector in Wales**

**Cwestiynau (1-106)
Questions (1-106)**

**Dydd Mawrth 6 Tachwedd 2001
Tuesday 6 November 2001**

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Lorraine Barrett, Eleanor Burnham, Alun Cairns, Jocelyn Davies, Janice Gregory, Alison Halford, Ann Jones, Dafydd Wigley.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Gillian Body, Swyddfa Archwilio Genedlaethol Cymru; Lew Hughes, Swyddfa Archwilio Genedlaethol Cymru; David Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru; Ian Summers, Swyddfa Archwilio Genedlaethol Cymru.

Tystion: Steve Martin, Prif Weithredwr a Swyddog Cyfrifo, Dysgu ac Addysgu Cymru; David Richards, Prif Swyddog Cyllid Cynulliad Cenedlaethol Cymru; Paul Skellon, Menter Caffael Cymru, Cynulliad Cenedlaethol Cymru; Arwel Thomas, Uwch Reolwr Cydymffurfio, Dysgu ac Addysgu Cymru.

Assembly Members present: Janet Davies (Chair), Lorraine Barrett, Eleanor Burnham, Alun Cairns, Jocelyn Davies, Janice Gregory, Alison Halford, Ann Jones, Dafydd Wigley.

Officials present: Sir John Bourn, Auditor General for Wales; Gillian Body, National Audit Office Wales; Lew Hughes, National Audit Office Wales; David Powell, Compliance Officer, National Assembly for Wales; Ian Summers, National Audit Office Wales.

Witnesses: Steve Martin, Chief Executive and Accounting Officer, Education and Learning Wales; David Richards, Principal Finance Officer, National Assembly for Wales; Paul Skellon, Welsh Procurement Initiative, National Assembly for Wales; Arwel Thomas, Senior Compliance Manager, Education and Learning Wales.

Dechreuodd y sesiwn gymryd tystiolaeth am 9.59 a.m.

The evidence-taking session began at 9.59 a.m.

[1] **Janet Davies:** I welcome the witnesses to this session on 'Procurement in the Further Education Sector in Wales'. Before I go any further, I note that, because of how Standing Orders are now phrased, there is no problem as regards conflict of interest for those Members who have been members of the Education and Lifelong Committee. They can take a full part in this session.

[1] **Janet Davies:** Croesawaf y tystion i'r sesiwn hwn ar 'Gaffael yn y Sector Addysg Bellach yng Nghymru'. Cyn imi fynd dim ymhellach, nodaf nad oes problem, oherwydd y modd y mae'r Rheolau Sefydlog wedi eu geirio yn awr, mewn perthynas â gwrthdaro buddiannau i'r Aelodau hynny a fu'n aelodau o'r Pwyllgor Addysg a Dysgu Gydol Oes. Gallant gymryd rhan lawn yn y sesiwn hwn.

I ask the witnesses to please introduce themselves.

Gofynnaf i'r tystion eu cyflwyno eu hunain, os gwelant yn dda.

Mr Martin: I am Steve Martin, the chief executive of the National Council for Education and Training for Wales— Education and Learning Wales.

Mr Martin: Steve Martin wyf fi, prif weithredwr Cyngor Cenedlaethol Cymru dros Addysg a Hyfforddiant—Dysgu ac Addysgu Cymru.

Mr Skellon: I am Paul Skellon, head of the national procurement initiative team in the National Assembly for Wales.

Mr Skellon: Paul Skellon wyf fi, pennaeth y tîm menter caffael genedlaethol yng Nghynulliad Cenedlaethol Cymru.

Mr Richards: I am David Richards, the National Assembly's principal finance officer, but I am here today, unusually, in my capacity as chairman of the procurement review steering group.

Mr Richards: David Richards wyf fi, prif swyddog cyllid y Cynulliad Cenedlaethol, ond yr wyf yma heddiw, yn anarferol, yn rhinwedd fy swydd yn gadeirydd grwp llywio'r adolygiad o gaffael.

Mr Thomas: I am Arwel Thomas, senior compliance officer with Education and Learning Wales.

Mr Thomas: Arwel Thomas wyf fi, uwch reolwr cydymffurfio gyda Dysgu ac Addysgu Cymru.

[2] **Janet Davies:** Thank you. As the witnesses were not here at the beginning of the meeting, I inform them that we can take evidence in either Welsh or English. I hope that all those who need headsets for translation have them. I see that you do.

[2] **Janet Davies:** Diolch i chi. Gan nad oedd y tystion yma ar ddechrau'r cyfarfod, rhoddaf wybod iddynt y gallwn gymryd tystiolaeth yn y Gymraeg neu'r Saesneg. Gobeithiaf fod pawb sydd ag angen clustffon wedi cael un. Gwelaf eich bod.

I am grateful to the witnesses for attending this session. It is an important session. We will break for coffee at 10.45 a.m., or thereabouts, at the most appropriate point in the evidence. You will, therefore, have a break in the middle. Coffee will be provided for the witnesses in a separate room from the members.

Yr wyf yn ddiolchgar i'r tystion am ddod i'r sesiwn hwn. Mae'n sesiwn pwysig. Byddwn yn cael egwyl goffi am 10.45 a.m., neu tua'r adeg honno, ar y pwynt mwyaf priodol yn y dystiolaeth. Felly, byddwch yn cael egwyl yn y canol. Darperir coffi i'r tystion mewn ystafell ar wahân i'r aelodau.

I will ask the first question. This is probably a slightly unusual aspect of procurement. In 1999, the National Audit Office produced a report entitled 'Further Education in Wales'. Procurement was an important aspect of that paper. The report that we have in front of us now is specifically on procurement and the Audit Committee requested it from the Auditor General for Wales as a follow-up to the 1999 report. I am pleased that the Committee now has the chance to consider the progress that has been made by further education institutions since 1999.

Gofynnaf y cwestiwn cyntaf. Mae hon yn agwedd braidd yn anarferol ar gaffael, yn ôl pob tebyg. Yn 1999, cynhyrchodd y Swyddfa Archwilio Genedlaethol adroddiad o'r enw 'Addysg Bellach yng Nghymru'. Yr oedd caffael yn agwedd bwysig o'r papur hwnnw. Mae'r adroddiad sydd gennym o'n blaen yn awr yn ymwneud â chaffael yn benodol a gofynnodd y Pwyllgor Archwilio am ei gael gan Archwilydd Cyffredinol Cymru fel dilyniant i adroddiad 1999. Yr wyf yn falch bod cyfle gan y Pwyllgor yn awr i ystyried y cynnydd a wnaethpwyd gan sefydliadau addysg bellach ers 1999.

However, before we turn to the specific issue of procurement, I would like to ask Mr Martin to bring the Committee up to date on progress made in other areas featured in the 1999 report. The Committee stressed the importance of providing Welsh and bilingual courses. I see that the latest Cabinet response to our recommendations in December last year referred to a forecast slight improvement in provision in 1999-2000 and subsequent years. I wonder, Mr Martin, whether you can give us any further information on the current position?

Mr Martin: Yes. Could I just check, madam Chairman, whether you want me to report generally on progress against that report or specifically only on the bilingual education aspect?

[3] **Janet Davies:** I would like information specifically on the bilingual or Welsh-medium education aspect, at the moment. We will go on to the other aspects afterwards.

Fodd bynnag, cyn inni droi at fater penodol caffael, hoffwn ofyn i Mr Martin roi'r wybodaeth ddiweddaraf i'r Pwyllgor ar y cynnydd a wnaethpwyd mewn meysydd eraill y rhoddir sylw iddynt yn adroddiad 1999. Pwysleisiodd y Pwyllgor bwysigrwydd darparu cyrsiau Cymraeg a dwyieithog. Gwelaf fod yr ymateb diweddaraf gan y Cabinet i'n hargymhellion yn Rhagfyr y llynedd yn cyfeirio at ragolwg o ychydig o welliant yn y ddarpariaeth yn 1999-2000 a'r blynyddoedd dilynol. Tybed, Mr Martin, a allwch roi unrhyw wybodaeth bellach i ni ar y sefyllfa bresennol?

Mr Martin: Gallaf. A gaf wirio, fadam Cadeirydd, a ydych yn dymuno imi adrodd yn gyffredinol ar y cynnydd yn ôl yr adroddiad hwnnw neu'n benodol ar yr agwedd addysg ddwyieithog yn unig?

[3] **Janet Davies:** Hoffwn gael gwybodaeth yn benodol ar yr agwedd addysg ddwyieithog neu gyfrwng Cymraeg, ar hyn o bryd. Awn ymlaen at yr agweddau eraill wedyn.

Mr Martin: Okay. First, in terms of the hard facts of provision, the position at the moment is that the number of enrolled students assessed through the medium of Welsh in 2000-01 is now just under 5,500. That only represents 1.3 per cent of the total student assessments in further education in Wales. It is a very small figure. Although that figure is significantly higher in terms of the total number of assessments than in 1993-94, which is the earliest figure I have—that was just over 2,000—as a percentage that 1993-94 figure was actually higher at 1.5 per cent. So while the total number of assessments and enrolments has gone up, the total number of assessments through the medium of Welsh as a proportion of total assessments has actually gone down modestly over that period. On the other hand, the number of courses available bilingually, through the medium of Welsh, has gone from only 266 in 1993-94 to something approaching 1,150 in the latest year, 2000-01. I will move on and explain about Welsh for Adults courses, for those who are learning Welsh as adults. There was a very significant increase in terms of enrolments from something like 16,000 in 1994-95, which is the earliest figure that I have. That rose to something approaching 24,000 by 1999-2000 and fell somewhat to 21,000 in 2000-01. We are not clear exactly what the reasons are for the fall or whether that

Mr Martin: O'r gorau. Yn gyntaf, o ran y ffeithiau pendant am y ddarpariaeth, y sefyllfa ar hyn o bryd yw bod nifer y myfyrwyr cofrestredig a aseswyd drwy gyfrwng y Gymraeg yn 2000-01 yn ychydig o dan 5,500 yn awr. Mae hynny'n cynrychioli dim ond 1.3 y cant o'r holl asesiadau myfyrwyr mewn addysg bellach yng Nghymru. Mae'n ffigur bach iawn. Er bod y ffigur hwnnw'n uwch o lawer o ran cyfanswm nifer yr asesiadau nag yn 1993-94, sef y ffigur cynharaf sydd gennyf—yr oedd hwnnw ychydig dros 2,000—fel canran yr oedd y ffigur hwnnw am 1993-94 yn uwch mewn gwirionedd, yn 1.5 y cant. Felly tra bo cyfanswm nifer yr asesiadau a'r cofrestriadau wedi codi, mae cyfanswm nifer yr asesiadau drwy gyfrwng y Gymraeg fel cyfran o gyfanswm yr asesiadau wedi disgyn ychydig mewn gwirionedd dros y cyfnod hwnnw. Ar y llaw arall, mae nifer y cyrsiau sydd ar gael yn ddwyieithog, drwy gyfrwng y Gymraeg, wedi codi o ddim ond 266 yn 1993-94 i ymron 1,150 yn y flwyddyn ddiweddaraf, 2000-01. Symudaf ymlaen a rhoi eglurhad am gyrsiau Cymraeg i Oedolion, ar gyfer y rhai sydd yn dysgu'r Gymraeg fel oedolion. Bu cynnydd sylweddol iawn o ran cofrestriadau o oddeutu 16,000 yn 1994-95, sef y ffigur cynharaf sydd gennyf. Cododd hynny i ymron 24,000 erbyn 1999-2000 a disgynnodd rywfaint i 21,000 yn 2000-01.

[4] **Janet Davies:** It would be useful if you could give a brief outline. However, please be fairly brief.

[4] **Janet Davies:** Byddai o gymorth os gallech roi disgrifiad byr. Fodd bynnag, ceisiwch fod yn weddol fyr.

Mr Martin: Okay. I think the headline point is that there is a lot of activity that it has inherited from its predecessor, the Further Education Funding Council for Wales, but it has been concerned. For instance, we are funding a bilingualism unit from this year to the tune of £55,000, which is located at Coleg Meirion-Dwyfor. The unit is intended to serve further education institutions by developing learning resources and offering training and advice on bilingual teaching methodologies and so on. It will now embrace post-16 learning generally, given the wider remit of the national council—for sixth forms, for work-based training and so on. So that is in hand. We have also continued to have a special premium, not only for the extra costs of providing education in rural areas but also specifically for bilingual provision. The total expenditure on bilingual provision is something like £10 million, of which about £1.69 million is a special premium for the additional costs of small classes, for producing additional materials and so on. We had some work that we commissioned under the predecessor council from Canolfan Bedwyr into some of the factors that underlie the lack of demand and the lack of supply. There are some interesting issues about the relationship between those two. It did identify a number of problems. We have decided that—this is something that we were able to announce at

Mr Martin: O'r gorau. Credaf mai'r prif bwynt yw bod llawer o weithgaredd a etifeddodd oddi wrth ei ragflaenydd, Cyngor Cyllido Addysg Bellach Cymru, ond fe fu'n bryderus. Er enghraifft, yr ydym yn ariannu uned ddwyieithrwydd o eleni ymlaen ar gost o £55,000, a leolir yng Ngholeg Meirion-Dwyfor. Y bwriad yw y bydd yr uned yn gwasanaethu sefydliadau addysg bellach drwy ddatblygu adnoddau dysgu a chynnig hyfforddiant a chynghor ar fethodolegau dysgu dwyieithog ac yn y blaen. Yn awr bydd yn cwmpasu dysgu ôl-16 yn gyffredinol, oherwydd cylch gwaith ehangach y cyngor cenedlaethol—ar gyfer dosbarthiadau chwech, hyfforddiant sydd yn seiliedig ar waith ac yn y blaen. Felly mae hynny ar y gweill. Yr ydym hefyd wedi parhau i gynnal premiwm arbennig, nid yn unig ar gyfer y costau ychwanegol o ddarparu addysg mewn ardaloedd gwledig ond hefyd yn benodol ar gyfer darpariaeth ddwyieithog. Mae cyfanswm y gwariant ar ddarpariaeth ddwyieithog tua £10 miliwn, ac o hynny mae tua £1.69 miliwn yn breimiwm arbennig ar gyfer costau ychwanegol dosbarthiadau bach, ar gyfer cynhyrchu deunyddiau ychwanegol ac yn y blaen. Cawsom waith a gomisiynasom o dan y cyngor a'n rhagflaenodd gan Ganolfan Bedwyr ar rai o'r ffactorau sydd wrth wraidd y diffyg galw a'r diffyg cyflenwad. Mae rhai materion diddorol ynghylch y

[5] **Janet Davies:** Thank you. Dafydd, do you want to come in on this?

[5] **Janet Davies:** Diolch i chi. Dafydd, a ydych yn dymuno dod i mewn ar hyn?

[6] **Dafydd Wigley:** A gaf ofyn un cwestiwn byr yn codi o sylwadau Steve Martin? O ran y cynnydd yn nifer y bobl sy'n dilyn y cyrsiau hyn drwy'r Gymraeg—er bod y ganran wedi disgyn—a oes unrhyw ddadansoddiad daearyddol o hyn i briodoli'r cynnydd i rai colegau? A oes rhai colegau lle mae methiant llwyr? Y rheswm y gofynnaf hynny yw fy mod yn ymwybodol iawn o'r gwaith sydd wedi'i wneud yng Ngholeg Menai, er enghraifft, dan arweiniad Dr Haydn Edwards, yr ydych wedi cyfeirio ato. Nid oes dwywaith gennyf bod cynnydd llawer mwy syfrdanol nag ar gyfartaledd wedi'i wneud yno dros y blynyddoedd diwethaf. Mae hynny'n awgrymu efallai bod rhai ardaloedd lle nad oes cynnydd wedi bod o gwbl ac, o bosibl, fod hyn yn dibynnu ar arweiniad o fewn y coleg. A ydym yn hapus fod yr arweiniad hwnnw ar gael ym mhob coleg yng Nghymru?

[6] **Dafydd Wigley:** May I ask one short question that arises from Steve Martin's comments? On the increase in the number of people who take these courses through the medium of Welsh—although the percentage has decreased—is there any geographical analysis of this to attribute the increase to certain colleges? Are there some colleges where there is a complete failure? The reason why I ask that is that I am very aware of the work that has been done in Coleg Menai, for example, under the leadership of Dr Haydn Edwards, to whom you have referred. I do not doubt that an increase much more astonishing than the average has been made there over the past years. That perhaps suggests that there are some areas where there has been no increase and that it possibly depends on leadership within the college. Are we happy that that leadership is available in every college in Wales?

Mr Martin: Wel, dyna un o'r ffactorau y mae'n rhaid inni ei ystyried wrth symud ymlaen gyda'r grwp o arbenigwyr y cyfeiriais ato. Mae ffigurau ar gael gennyf ar gyfer y flwyddyn academaidd 2000-01 sydd yn dangos nifer y bobl sy'n cael eu cofrestru yn y colegau. Mae'n amlwg bod Coleg Meirion-Dwyfor, gyda dros 2,000 o bobl yn cael eu cofrestru yno, yn gwneud mwy o lawer nag unrhyw goleg arall ar hyn o bryd. Mae Coleg Menai yn gwneud cyfraniad hefyd gyda dros 1,200 o bobl yn cael eu cofrestru yno. Wedyn, ceir amrywiaeth, ond mae'n wir dweud nad oes cyrsiau o'r fath ar gael yn nifer o'r colegau eraill dros Gymru gyfan.

Mr Martin: Well, that is one of the factors that we must consider when moving forward with the expert group to which I referred. I have figures available for the 2000-01 academic year that show the number of people being enrolled in the colleges. It is evident that Coleg Meirion-Dwyfor, with over 2,000 people having enrolled there, does much more than any other college at the moment. Coleg Menai also makes a contribution, with 1,200 people enrolling there. It then varies, but it is true to say that such courses are not available in a number of the other colleges in Wales.

[7] **Janet Davies:** Before we move on to the next question, for those of you sitting near the pillar, you may be hearing an echo with the translation, particularly the audience, so you may need to move back a little.

[7] **Janet Davies:** Cyn inni symud ymlaen at y cwestiwn nesaf, ar gyfer y rhai ohonoch sydd yn eistedd ger y golofn, mae'n bosibl eich bod yn clywed adlais gyda'r cyfieithiad, yn enwedig y gynulleidfa, felly efallai y bydd yn rhaid ichi symud yn ôl ychydig.

49. [8] **Janice Gregory:** Steve, if I heard you correctly, you said that there is a reduction in the number of students wishing to participate even though the number of courses has risen from 206 to 1,150. Is that correct?
50. [8] **Janice Gregory:** Steve, os clywais chi'n iawn, dywedasoeh fod gostyngiad yn nifer y myfyrwyr sydd yn dymuno cymryd rhan er bod nifer y cyrsiau wedi codi o 206 i 1,150. A yw hynny'n gywir?
51. **Mr Martin:** What has happened is that the number of students enrolling and being assessed has grown—I am talking now about Welsh-medium and bilingual courses, not Welsh learners. It has grown very modestly in truth and, as a proportion of the total enrolments and assessments in further education, it has decreased slightly compared with 1993-94.
- 52.
53. **Mr Martin:** Yr hyn sydd wedi digwydd yw bod nifer y myfyrwyr sydd yn cofrestru ac yn cael eu hasesu wedi tyfu—yr wyf yn sôn yn awr am gyrsiau cyfrwng Cymraeg a dwyieithog, nid rhai sydd yn dysgu'r Gymraeg. Ychydig iawn y mae wedi tyfu mewn gwirionedd ac, fel cyfran o gyfanswm y cofrestriadau a'r asesiadau mewn addysg bellach, mae wedi gostwng ychydig o'i gymharu â 1993-94.

54.

55. [9] **Janice Gregory:** So although the choice of courses has increased substantially, numbers are falling. Is there any train of thought as to why that might be happening? Is it the courses that are being offered or, as Dafydd was saying, is there a geographical reason for that, tying in with the courses on offer?

56.

57. [9] **Janice Gregory:** Felly er bod y dewis o gyrsiau wedi cynyddu'n sylweddol, mae'r niferoedd yn disgyn. A oes unrhyw syniadau ynghylch pam y mae hyn yn digwydd? Ai'r cyrsiau sydd yn cael eu cynnig ydyw neu, fel y dywedodd Dafydd, a oes rheswm daearyddol am hynny, sydd ynghlwm wrth y cyrsiau a gynigir?

58.

59. **Mr Martin:** It is geographical to an extent, but the research I referred to earlier at Canolfan Bedwyr is quite revealing. It might be useful if I touch on that very briefly. There were a number of headings it identified—this was research carried out in 1999-2000. It said, for instance, that there was a genuine lack of learning resource materials. That is one of the reasons for the premium and one of the reasons why we are funding this special unit now—the Sgiliaith unit at Coleg Meirion-Dwyfor—to help develop those materials. There are too few staff capable of teaching in Welsh. It noted that where Welsh-medium activities were not a core activity, they received little attention. If it is not driven—to pick up on Dafydd Wigley’s point—I think there is no doubt that determined leadership, as for most things in life, is what makes the difference.
- 60.
61. **Mr Martin:** Mae’n ddaearyddol i raddau, ond mae’r ymchwil y cyfeiriais ato’n gynharach yng Nghanolfan Bedwyr yn eithaf dadlennol. Gallai fod o gymorth pe bawn yn cyfeirio at hynny’n fyr iawn. Yr oedd nifer o benawdau a ganfuwyd ganddo—yr oedd hyn yn ymchwil a wnaethpwyd yn 1999-2000. Dywedodd, er enghraifft, fod gwir brinder deunyddiau adnodd dysgu. Dyna un o’r rhesymau dros y premiwm ac un o’r rhesymau pam yr ydym yn ariannu’r uned arbennig hon yn awr—yr uned Sgiliaith yng Ngholeg Meirion-Dwyfor—i helpu i ddatblygu’r deunyddiau hynny. Nid oes digon o staff sydd yn gallu dysgu yn y Gymraeg. Nodwyd, lle nad oedd gweithgareddau cyfrwng Cymraeg yn weithgaredd craidd, mai prin oedd y sylw a roddid iddynt. Os na chaiff ei ysgogi—a dilyn pwynt Dafydd Wigley—credaf nad oes amheuaeth mai arweinyddiaeth benderfynol, yn yr un modd â’r rhan fwyaf o bethau mewn bywyd, sydd yn gwneud y gwahaniaeth.
- 62.

63. The research also noted that some students were reluctant to follow bilingual courses. This is my point about demand; it is not just about putting on courses. Why? The research suggested a number of reasons: peer pressure; eagerness to sever links with school traditions; perceptions that Welsh courses were more hard work, particularly because there were no learning materials—you can go on. However, there was a good analysis of these issues. We are now trying to move that on. What are the practical things being done? We set up this unit, but the National Assembly has made it very clear in the education and training action plan that it expects the National Council for Education and Training for Wales to make progress in these areas. We think it needs focused attention, hence the special group set up under Haydn Edwards.
- 64.
65. Nododd yr ymchwiler hefyd fod rhai myfyrwyr yn amharod i ddilyn cyrsiau dwyieithog. Dyma'r pwynt sydd gennyf ynghylch y galw; nid yw'n ymwneud â chyflwyno cyrsiau yn unig. Pam? Yr oedd yr ymchwiler yn awgrymu nifer o resymau: pwysau gan gyfoedion; awydd i dorri cysylltiadau â thraddodiadau ysgol; canfyddiadau bod cyrsiau Cymraeg yn golygu mwy o waith caled, yn enwedig gan nad oedd deunyddiau dysgu—gallwch fynd ymlaen. Fodd bynnag, yr oedd dadansoddiad da o'r materion hyn. Yn awr yr ydym yn ceisio symud hynny ymlaen. Beth yw'r pethau ymarferol a wneir? Sefydlasom yr uned hon, ond mae'r Cynulliad Cenedlaethol wedi rhoi ar ddeall yn glir iawn yn y cynllun gweithredu addysg a hyfforddiant ei fod yn disgwyl i Gyngor Cenedlaethol Cymru dros Addysg a Hyfforddiant wneud cynnydd yn y meysydd hyn. Credwn fod angen rhoi sylw manwl iddo, a dyna pam y sefydlwyd y grŵp arbennig o dan Haydn Edwards.

67. [10] **Janet Davies:** We will turn now to a question about general progress since 1999. There is a separate short report dealing with the progress made against the NAO recommendations on governance and financial management; it appears as an appendix to the latest Cabinet response. This shows that, while good progress is being made, there is still some way to go. Mr Martin, how close do you think you are to a situation where you will be satisfied, as an accounting officer, that all further education institutions have robust procedures in place for both governance and financial management?
68. [10] **Janet Davies:** Trown yn awr at gwestiwn am y cynnydd cyffredinol ers 1999. Mae adroddiad byr ar wahân sydd yn ymdrin â'r cynnydd a wnaethpwyd yn ôl argymhellion y Swyddfa Archwilio Genedlaethol ar lywodraethu a rheolaeth ariannol; ymddengys ar ffurf atodiad i'r ymateb diweddaraf gan y Cabinet. Dengys hyn, er y gwneir cynnydd da, fod peth ffordd i fynd eto. Mr Martin, pa mor agos yr ydych yn credu eich bod at sefyllfa lle y byddwch yn sicr, fel swyddog cyfrifo, fod gan yr holl sefydliadau addysg bellach weithdrefnau cadarn ar waith ar gyfer llywodraethu a rheolaeth ariannol?

69. **Mr Martin:** I take it that you are referring to the governance assurance statement that we submitted to the Assembly earlier this year. We made clear there that we were far from happy in the case of a number of institutions and we have a programme of work in hand to address that. I think we will never be totally happy, because it is always possible to do better, but we did identify a number of institutions where there were significant concerns. Would you like me to refer to those?

70.

73. [11] **Janet Davies:** Yes, please.

74.

71. **Mr Martin:** Cymeraf eich bod yn cyfeirio at y datganiad sicrwydd llywodraethu a gyflwynasom i'r Cynulliad yn gynharach eleni. Rhoesom ar ddeall yn hwnnw ein bod ymhell o fod yn fodlon yn achos nifer o sefydliadau ac mae gennym raglen waith ar y gweill i ymdrin â hynny. Credaf na fyddwn byth yn gwbl fodlon, oherwydd gellir gwneud yn well bob amser, ond canfuasom nifer o sefydliadau lle'r oedd pryderon sylweddol. A ydych yn dymuno imi gyfeirio at y rheini?

72.

75. [11] **Janet Davies:** Ydwyf, os gwelwch yn dda.

76.

77. **Mr Martin:** First of all, we reported that we had, in our previous and first annual assurance statement, expressed particular concern about the quality of governance and management of two institutions, namely Merthyr Tydfil College and WEA South. We had programmes of remedial action in hand. In both cases, the quality of governance has improved during the year but progress has been slower than we wanted it to be. There is no question about that, and we have had to work very hard on that. For instance, Merthyr Tydfil College has had difficulties financially and in terms of governance and management for some time. Some Members may be aware that there are proposals being seriously considered now, which are fairly well advanced, for Merthyr Tydfil College to merge with Ystrad Mynach College to preserve its identity and its campus and so on but to be part of that larger institution. That is in train and, ultimately, when the Funding Council receives proposals, will be forwarded to the Assembly for consideration.
78. **Mr Martin:** Yn gyntaf oll, rhoesom wybod, yn ein datganiad sicrwydd blynyddol blaenorol a chyntaf, ein bod wedi mynegi pryder arbennig am ansawdd llywodraethu a rheoli dau sefydliad, sef Coleg Merthyr Tudful a Mudiad Addysg y Gweithwyr y De. Yr oedd gennym raglenni o gamau cywiro ar y gweill. Yn y ddau achos, mae ansawdd y llywodraethu wedi gwella yn ystod y flwyddyn ond bu'r cynnydd yn arafach nag yr oeddem yn dymuno iddo fod. Nid oes amheuaeth am hynny, a bu'n rhaid inni weithio'n galed iawn ar hynny. Er enghraifft, mae Coleg Merthyr Tudful yn profi anawsterau ariannol a rhai o ran llywodraethu a rheoli ers cryn amser. Efallai fod rhai Aelodau'n ymwybodol bod cynigion yn cael eu hystyried o ddifrif yn awr, sydd wedi mynd yn eithaf pell, i Goleg Merthyr Tudful uno â Choleg Ystrad Mynach, iddo gadw ei hunaniaeth a'i gampws ac yn y blaen, ond i fod yn rhan o'r sefydliad mwy hwnnw. Mae hynny mewn trefn ac, yn y pen draw, pan fo'r Cyngor Cyllido yn derbyn cynigion, fe'i hanfonir ymlaen i'r Cynulliad i'w ystyried.

As far as WEA South is concerned, we have been very concerned about it, and particularly concerned about the potential threat to learners and learning opportunities. The institution failed to submit prompt and accurate returns on student attainment during the year. That impacted on its funding and our sole concern in all this is to make sure that there are the right learning opportunities. There have also been missed opportunities to get European funding and so on. We are addressing that. Arwel may perhaps be able to comment some more on the details, but we have, with WEA South, set up an arrangement, which is an executive group on which we are represented, so that we are able to work with it to try to solve these problems. There is no doubt that the organisation ought to be making a big contribution, or a bigger contribution than it already is, not least to reaching the socially disadvantaged in south Wales. There is some excellent practice on the ground but it is not matched by the quality of the governance and management that could extend that.

79.

[12] **Janet Davies:** Mr Thomas, do you wish to comment?

81.

O ran Mudiad Addysg y Gweithwyr y De, buom yn bryderus iawn yn ei gylch, ac yn arbennig o bryderus ynghylch y bygythiad posibl i ddysgwyr a chyfleoedd dysgu. Methodd y sefydliad â chyflwyno atebion prydlon a chywir ar gyrhaeddiad myfyrwyr yn ystod y flwyddyn. Effeithiodd hynny ar ei gyllido a'n hunig bryder yn hyn oll yw sicrhau bod yno'r cyfleoedd dysgu iawn. Collwyd cyfleoedd hefyd i gael cyllid Ewropeaidd ac yn y blaen. Yr ydym yn rhoi sylw i hynny. Efallai y gall Arwel wneud sylw pellach ar y manylion, ond yr ydym wedi sefydlu trefniant, gyda Mudiad Addysg y Gweithwyr y De, sydd yn grwp gweithredol y'n cynrychiolir arno, fel ein bod yn gallu gweithio gydag ef i geisio datrys y problemau hyn. Nid oes dwywaith y dylai'r corff fod yn gwneud cyfraniad mawr, neu gyfraniad mwy nag y mae eisoes, nid lleiaf at gyrraedd y rhai sydd o dan anfantais gymdeithasol yn ne Cymru. Mae peth arfer rhagorol yn y maes ond nid oes ansawdd cystal o lywodraethu a rheolaeth a allai ymestyn hynny.

80.

[12] **Janet Davies:** Mr Thomas, a ydych yn dymuno gwneud sylw?

82.

Mr Thomas: Yes, just to refer briefly to the fact that, as Steve mentioned, we have, at our beckoning, set up an executive group at WEA South. I am the national council's representative on that group. We are currently meeting on a fortnightly basis, identifying the priorities that we think should be addressed as far as getting quick progress to address the various shortcomings. We have met three times to date and have a number of other meetings in train. It is already evident that progress is being made on many of the shortcomings. When we get to a stage where we are happy that sufficient progress has been made, we will step back from that and allow the institution to develop further from there.

83.

[13] **Janet Davies:** Eleanor, you may come in on this very briefly.

85.

[14] **Eleanor Burnham:** Briefly, could you please tell us where WA South is? None of us here know and it does help to know.

87.

Mr Thomas: WEA South's headquarters are in Cardiff, just south of the train station.

89.

[15] **Lorraine Barrett:** What is it?

91.

Mr Thomas: It is the Workers Education Association.

93.

Mr Thomas: Ydwyf, dim ond i gyfeirio'n fyr at y ffaith ein bod, yn ôl ein dymuniad fel y dywedodd Steve, wedi sefydlu grwp gweithredol ym Mudiad Addysg y Gweithwyr y De. Myfi yw cynrychiolydd y cyngor cenedlaethol ar y grwp hwnnw. Ar hyn o bryd yr ydym yn cyfarfod bob pythefnos, gan nodi'r blaenoriaethau y credwn y dylid rhoi sylw iddynt o ran cael cynnydd cyflym i ymdrin â'r gwahanol ddiffygion. Cyfarfuasom dair gwaith hyd yn hyn ac mae gennym nifer o gyfarfodydd eraill i ddod. Mae'n amlwg eisoes fod cynnydd yn cael ei wneud ar lawer o'r diffygion. Pan ddeuwn at adeg pan ydym yn fodlon bod cynnydd digonol wedi ei wneud, byddwn yn camu'n ôl oddi wrth hynny ac yn caniatáu i'r sefydliad ddatblygu ymhellach oddi yno.

84.

[13] **Janet Davies:** Eleanor, cewch ddod i mewn ar hyn yn fyr iawn.

86.

[14] **Eleanor Burnham:** Yn fyr, a allech ddweud wrthym, os gwelwch yn dda, ym mhle y mae WA South? Nid yw'r un ohonom yma yn gwybod ac mae o gymorth gwybod.

88.

Mr Thomas: Mae pencadlys Mudiad Addysg y Gweithwyr y De yng Nghaerdydd, ychydig i'r de o'r orsaf drenau.

90.

[15] **Lorraine Barrett:** Beth ydyw?

92.

Mr Thomas: Mudiad Addysg y Gweithwyr ydyw.

94.

[16] **Eleanor Burnham:** Oh, the WEA.
95.

[16] **Eleanor Burnham:** O, Mudiad
Addysg y Gweithwyr.
96.

[17] **Lorraine Barrett:** I thought you said
WA. I know the WEA. I could not work out
what it was.

[17] **Lorraine Barrett:** Tybiais mai WA a
ddywedasoch. Yr wyf yn gwybod am
Fudiad Addysg y Gweithwyr. Nid oeddwn
yn deall beth ydoedd.

[18] **Janet Davies:** Thank you. Mr Martin,
do you want to come back on that?

[18] **Janet Davies:** Diolch i chi. Mr Martin,
a ydych yn dymuno dod yn ôl ar hynny?

Mr Martin: Could I complete the picture?
We have also expressed serious concerns in
this statement to the Assembly about the
Welsh College of Horticulture. I will not go
through the concerns in detail, but we were
particularly worried about the lack of any
long-term proper strategy for the
organisation, the effect of this on the
governing body's oversight, aspects of
management, financial control and, in
particular and most worryingly, a misleading
and inadequate response to our audit
recommendations, which showed the
persistence of the failures in the framework
of control. Again, an arrangement has been
set up with an executive group where the
national council is involved closely with the
college in taking those matters forward. So, I
am not happy.

Mr Martin: A gaf gwblhau'r darlun? Yr
ydym wedi mynegi pryderon difrifol hefyd yn
y datganiad hwn i'r Cynulliad am Goleg
Garddwriaeth Cymru. Nid af drwy'r
pryderon yn fanwl, ond yr oeddem yn
arbennig o bryderus ynghylch diffyg unrhyw
strategaeth briodol dymor hir ar gyfer y
corff, effaith hynny ar ochuchwyliaeth y corff
llywodraethu, agweddau ar reoli, rheolaeth
ariannol ac, yn benodol a'r hyn sydd yn
peri'r gofid mwyaf, ymateb camarweiniol ac
annigonol i'n hargymhellion archwiliad, a
ddangosodd barhad y methiannau yn y
fframwaith rheolaeth. Unwaith eto,
sefydlwyd trefniant gyda grwp gweithredol
lle y mae'r cyngor cenedlaethol yn ymwneud
yn agos â'r coleg wrth fwrw ymlaen â'r
materion hynny. Felly, nid wyf yn fodlon.

Perhaps I could just make one final point which is that the national council will be considering early in the new year in terms of its wider remit—not just for further education but for sixth forms and also for work-based training—what a good quality supplier of education and training looks like, what are the criteria that we will apply and what is a good network, picking up perhaps some of the themes and expectations that arise from the procurement report. This is not just about institutions working in isolation, it is about the network that enables them to perform as well as they need to perform. That is a very important piece of work because it marks a departure from a relationship, if you like, with individual colleges to one that is trying to shape the right learning infrastructure for Wales in the future. This is very much the central theme of the education and training action plan.

Efallai y gallwn wneud un pwynt olaf sef y bydd y cyngor cenedlaethol yn ystyried yn gynnar yn y flwyddyn newydd o ran ei gylch gwaith ehangach—nid yn unig ar gyfer addysg bellach ond ar gyfer dosbarthiadau chwech a hefyd ar gyfer hyfforddiant sydd yn seiliedig ar waith—pa wedd sydd ar gyflenwr addysg a hyfforddiant o ansawdd da, pa feini prawf a gymhwyswn a beth yw fframwaith da, gan ddilyn efallai rai o'r themâu a'r disgwyliadau sydd yn deillio o'r adroddiad caffael. Nid yw hyn yn ymwneud â sefydliadau yn gweithio ar eu pennau eu hunain yn unig, mae'n ymwneud â'r rhwydwaith sydd yn eu galluogi i berfformio cystal ag y mae arnynt angen perfformio. Mae hwnnw'n ddarn pwysig iawn o waith oherwydd mae'n arwydd o ymadael â pherthynas, os hoffech, â cholegau unigol a mynd at un sydd yn ceisio llunio'r seilwaith dysgu iawn i Gymru yn y dyfodol. Hon i raddau helaeth yw thema ganolog y cynllun gweithredu addysg a hyfforddiant.

[19] **Janet Davies:** Thank you very much.

[19] **Janet Davies:** Diolch yn fawr i chi.

[20] **Alison Halford:** Chair, I am awfully sorry, I know that you want to make progress. Is the Welsh College of Horticulture in Northop?

[20] **Alison Halford:** Gadeirydd, mae'n ddrwg iawn gennyf, gwn eich bod yn dymuno symud ymlaen. A yw Coleg Garddwriaeth Cymru yn Llaneurgain?

[21] **Janet Davies:** Yes.

[21] **Janet Davies:** Ydyw.

[22] **Alison Halford:** Right. That is my patch and I am quite concerned about the serious allegations that you are making about the way that the college is operating. Maybe we could write to each other?

[22] **Alison Halford:** Iawn. Dyna fy milltir sgwâr i ac yr wyf yn eithaf pryderus ynghylch y cyhuddiadau difrifol yr ydych yn eu gwneud am y modd y mae'r coleg yn gweithredu. Efallai y gallem ysgrifennu at ein gilydd?

Mr Martin: Of course. Perhaps I could add, Chair, that the statement that I have been referring to has been available to the Assembly for some time. So, if it would be helpful for you to have another copy of the statement I will provide that.

[23] **Janet Davies:** Thank you, Mr Martin. I would like to move now to some questions on the Welsh further education purchasing consortium, which has been set up. The Auditor General's report considers several aspects of this topic. The purchasing consortium was found to be one of the two key factors driving up the quality of procurement among the institutions, and delivering financial savings, or at least making a start on delivering financial savings. Paragraph 14 on page 8 of the report states that the national council has invested £51,000 to date in the development of the purchasing consortium, but paragraph 50 on page 16 of the report states that there is only evidence of savings of £47,000. Mr Martin, what assurance can you give us that this investment has been and will continue to be a good one, and that providing financial support for the consortium represents value for money?

Mr Martin: Wrth gwrs. Efallai y gallwn ychwanegu, Gadeirydd, fod y datganiad y bûm yn cyfeirio ato ar gael i'r Cynulliad ers peth amser. Felly, os byddai o gymorth ichi gael copi arall o'r datganiad, darparaf hynny.

[23] **Janet Davies:** Diolch i chi, Mr Martin. Hoffwn symud ymlaen yn awr at rai cwestiynau ar gonsortiw m prynu addysg bellach Cymru, sydd wedi'i sefydlu. Mae adroddiad yr Archwilydd Cyffredinol yn ystyried sawl agwedd ar y pwnc hwn. Cafwyd mai'r consortiw m prynu oedd un o'r ddau ffactor allweddol a oedd yn hybu ansawdd caffael ymysg y sefydliadau, ac yn cyflawni arbedion ariannol, neu o leiaf yn dechrau cyflawni arbedion ariannol. Dywed paragraff 14 ar dudalen 8 yr adroddiad fod y cyngor cenedlaethol wedi buddsoddi £51,000 hyd yn hyn wrth ddatblygu'r consortiw m prynu, ond dywed paragraff 50 ar dudalen 16 yr adroddiad fod tystiolaeth o arbedion o £47,000 yn unig. Mr Martin, pa sicrwydd y gallwch ei roi i ni fod y buddsoddiad hwn wedi bod yn un da ac y bydd yn parhau felly, a bod darparu cymorth ariannol i'r consortiw m yn golygu gwerth am arian?

Mr Martin: First of all, the latest figure that I have for the savings that have been secured by the consortium, under the contracts that have been let so far, is now £91,000. So our investment has at least yielded a modest saving. If that was all it was, it would hardly have been worthwhile. The intention in making the investment was much bigger. The intention in making the investment was to develop a consortium that would, over time, really roll forward this agenda and make much more significant savings. We had never intended that we should fund that in perpetuity. It seems to me that it ought to be the case, probably for all investments in this area, that investments pay for themselves, and pay for themselves pretty quickly. Well, this one has. The national council will consider whether to renew support in some form or another for the consortium as it drives ahead. The consortium has now been opened up to all FE institutions in Wales in recent months. That is a major thing, because what we have done is established something that can now be a tool for achieving these procurement savings right across the sector and beyond.

[24] **Janet Davies:** You have referred to possible further support for the consortium. Can you give any idea of how much further funding is being requested? You say that it has to be self-financing, but how long do you expect it to be wanting support?

Mr Martin: Yn gyntaf oll, y ffigur diweddaraf sydd gennyf am yr arbedion a sicrhawyd drwy'r consortiwm, o dan y contractau a osodwyd hyd yn hyn, yw £91,000. Felly mae ein buddsoddiad wedi rhoi ychydig o arbediad o leiaf. Pe na fyddai ond hynny, prin y buasai'n werth yr ymdrech. Yr oedd y bwriad wrth wneud y buddsoddiad yn fwy o lawer. Y bwriad wrth wneud y buddsoddiad oedd datblygu consortiwm a fyddai, dros amser, yn gyrru'r agenda hon ymlaen ac yn rhoi arbedion mwy sylweddol o lawer. Nid oeddem erioed wedi bwriadu y dylem ariannu hynny am byth. Ymddengys i mi mai'r hyn a ddylai ddigwydd, yn achos pob buddsoddiad yn y maes hwn yn ôl pob tebyg, yw bod buddsoddiadau'n talu amdanynt eu hunain, ac yn talu amdanynt eu hunain yn eithaf cyflym. Wel, mae hwn wedi gwneud. Bydd y cyngor cenedlaethol yn ystyried a fydd yn adnewyddu'r cymorth ar ryw ffurf neu'i gilydd i'r consortiwm wrth iddo fwrw ymlaen. Mae'r consortiwm wedi ei agor yn awr i'r holl sefydliadau addysg bellach yng Nghymru yn y misoedd diwethaf hyn. Mae hynny'n beth pwysig, oherwydd yr hyn a wnaethom yw sefydlu rhywbeth a all fod yn arf yn awr i gyflawni'r arbedion caffael hyn ar draws y sector a'r tu hwnt.

[24] **Janet Davies:** Cyfeiriasoch at gymorth pellach posibl i'r consortiwm. A allwch roi unrhyw syniad o faint o gyllid pellach a geisir? Dywedwch fod rhaid iddo'i ariannu ei hun, ond am ba hyd yr ydych yn disgwyl y bydd arno angen cymorth?

Mr Martin: Well, it might want it for a long time, but I would not expect to be providing it for very long. There is a judgment to be made about enabling it to get on and do the work that it needs to do, and also about generalising the benefits, not just in further education but into the other sectors for which the national council is responsible. Could I ask Arwel Thomas to add any specific points on where we are with the particular bid that has been made, and our consideration of it?

Mr Thomas: We are currently discussing with the consortium the priorities for both the short term and the medium term. In the short term, the priorities are to extend the range of contracts that it is letting. The first three contracts that were let were fairly low value deliberately, because we did not want any problems occurring with these contracts. The consortium is currently looking at a new range of products, which includes library resources, computers and furniture, so the value of these new contracts will be much higher than the earlier ones. The expectation is that the size of the savings will be greater as well.

Mr Martin: Wel, efallai y bydd arno ei angen am amser hir, ond ni fyddwn yn disgwyl ei ddarparu am gyfnod hir iawn. Mae dyfarniad i'w wneud ynghylch ei alluogi i fynd ymlaen a gwneud y gwaith sydd ei angen, a hefyd ynghylch cyffredinolï'r buddion, nid yn unig mewn addysg bellach ond yn y sectorau eraill y mae'r cyngor cenedlaethol yn gyfrifol amdanynt. A gaf ofyn i Arwel Thomas ychwanegu unrhyw bwyntiau penodol ar ein sefyllfa gyda'r cais penodol a wnaethpwyd, a'n hystyriaeth ohono?

Mr Thomas: Ar hyn o bryd yr ydym yn trafod gyda'r consortiwm y blaenoriaethau ar gyfer y tymor byr a'r tymor canolig. Yn y tymor byr, y blaenoriaethau yw ymestyn yr ystod o gontractau y mae'n eu gosod. Yr oedd y tri chontract cyntaf a osodwyd o werth eithaf isel o fwriad, am nad oeddem yn dymuno i unrhyw broblemau ddigwydd gyda'r contractau hyn. Ar hyn o bryd mae'r consortiwm yn edrych ar ystod newydd o gynhyrchion, sydd yn cynnwys adnoddau llyfrgell, cyfrifiaduron a dodrefn, felly bydd gwerth y contractau newydd hyn yn uwch o lawer na'r rhai cynharach. Y disgwyl yw y bydd maint yr arbedion yn fwy hefyd.

97. What we are also doing is not just looking at the letting of contracts, but looking at procurement practice in general. We are working with the consortium to address things like procurement expertise, training, and good procurement practice generally. Part of the discussion between ourselves and the consortium is now focusing on the funding that we will possibly make available, being on the condition that issues other than savings are addressed as well, so that procurement practice generally is improved.
98. Yr hyn yr ydym yn ei wneud yw nid edrych ar osod contractau yn unig, ond edrych ar arfer caffael yn gyffredinol. Yr ydym yn gweithio gyda'r consortiwm i ymdrin â phethau fel arbenigedd caffael, hyfforddiant, ac arfer caffael da yn gyffredinol. Mae rhan o'r drafodaeth rhyngom a'r consortiwm yn canolbwyntio'n awr ar y cyllid y gallem ei ddarparu, ar yr amod bod materion heblaw am arbedion yn derbyn sylw hefyd, fel bod yr arfer caffael yn gyffredinol yn well.
99. [25] **Janet Davies:** Right. Thank you very much. Alison, would you like to come in on this?
100. [25] **Janet Davies:** Iawn. Diolch yn fawr i chi. Alison, a hoffech ddod i mewn ar hyn?

101. [26] **Alison Halford:** According to paragraph 48 on page 16 of the report, the pilot consortium has only set up three contracts initially. Could you please detail for us the progress that has been made on increasing the number of contracts since the consortium expanded to include all institutions in the sector? Can you give us an idea of the scale of keener prices negotiated on current contracts as outlined in paragraph 18 on page 56 of the report?

Mr Thomas: As I mentioned earlier, the focus for the ongoing work is to extend the range of services and products that are being let by the consortium. One contract that is about to be let is on library resources, that is, books, CDs, DVDs and so on. The indications are that savings of around 7 per cent should be achieved across the sector on that contract. The other contracts that are in the process of being let are for computers and furniture. Those are at an early stage, so we will have no indication of the potential savings there until tenders are received.

[27] **Alison Halford:** How can you be so sure that there will be a saving of 7 per cent?

102. [26] **Alison Halford:** Yn ôl paragraff 48 ar dudalen 16 yr adroddiad, dim ond tri chontract y mae'r consortiwm peilot wedi eu sefydlu yn y lle cyntaf. A allech roi manylion i ni, os gwelwch yn dda, am y cynnydd a wnaethpwyd ar gynyddu nifer y contractau ers i'r consortiwm ehangu i gynnwys yr holl sefydliadau yn y sector? A allwch roi syniad i ni o faint y prisiau isel a negodwyd ar y contractau cyfredol a amlinellir ym mharagraff 18 ar dudalen 56 yr adroddiad?

Mr Thomas: Fel y soniais yn gynharach, canolbwyntir yn y gwaith cyfredol ar ymestyn ystod y gwasanaethau a chynhyrchion a osodir gan y consortiwm. Mae un contract sydd ar fin ei osod ar gyfer adnoddau llyfrgell, sef llyfrau, crynoddsgiau, disgiau fideo digidol, ac yn y blaen. Yr arwyddion yw y dylid sicrhau arbedion o tua 7 y cant ar draws y sector ar y contract hwnnw. Mae'r contractau eraill sydd ar ganol cael eu gosod ar gyfer cyfrifiaduron a dodrefn. Mae'r rheini mewn cyfnod cynnar, felly ni fydd gennym arwydd o'r arbedion posibl arnynt nes derbyn y tendrau.

[27] **Alison Halford:** Sut y gallwch fod mor sicr y bydd arbediad o 7 y cant?

Mr Thomas: What has been done is that the tenders for library resources have been received and the lowest tender has been compared with the existing arrangements across the colleges. So it is a result of comparing the tendered prices in the new contract or the proposed contract with existing prices.

[28] **Alison Halford:** Paragraph 56 on page 18 states that all institutions now participate in the consortium. What role will the council play in the development and management thereof?

Mr Martin: I will say something about that. The consortium is something for the institutions to benefit from. We would expect to play a role in establishing what it is achieving and that it set itself sufficiently challenging targets for the sector as a whole. Incidentally, it seems to us that the general target in the 'Better Value Wales' report of a 3 per cent annual rolling improvement is an appropriate one for this sector. There is no reason why one should regard that as being less appropriate for further education than for any other sector.

Mr Thomas: Yr hyn a wnaethpwyd yw derbyn y tendrau am adnoddau llyfrgell a chymharu'r tendr isaf â'r trefniadau presennol ar draws y colegau. Felly mae'n ganlyniad i gymharu'r prisiau a dendrwyd yn y contract newydd neu'r contract arfaethedig â'r prisiau presennol.

[28] **Alison Halford:** Dywed paragraff 56 ar dudalen 18 fod yr holl sefydliadau'n cymryd rhan yn y consortiwm yn awr. Pa rôl y bydd y cyngor yn ei chwarae yn y gwaith o'i ddatblygu a'i reoli?

Mr Martin: Dywedaf rywbeth am hynny. Mae'r consortiwm yn rhywbeth i'r sefydliadau gael budd ohono. Disgwyllem chwarae rôl wrth gadarnhau yr hyn y mae'n ei gyflawni a'i fod yn gosod targedau digon ymestynnol iddo'i hun ar gyfer y sector yn ei gyfanrwydd. Gyda llaw, mae'n ymddangos i ni fod y targed cyffredinol yn adroddiad 'Gwell Gwerth Cymru' o welliant treiglol blynyddol o 3 y cant yn un priodol i'r sector hwn. Nid oes rheswm pam y dylai rhywun ystyried bod hynny'n llai priodol ar gyfer addysg bellach nag ar gyfer unrhyw sector arall.

We would also not just be looking at the performance of the consortium, but expecting individual institutions to have procurement strategies. That is a new formal requirement—they must have procurement strategies. In advance of that, to make sure that we maintain rapid progress, we have already drawn the National Audit Office's report to colleges' attention. We have asked them, on the nine points of action that were recommended to colleges, to let us know by the end of this calendar year how they propose to progress each of those. By next March, we will require procurement strategies from them. We will look at those and the work of the consortium and we will continue to advise, offer help on good practice and so on. We regard the consortium as the principal means by which the individual colleges can take this forward, not least the smaller colleges for which it may not be realistic to have their own high-level procurement expertise.

[29] **Janet Davies:** Eleanor, did you want to come in on this?

[30] **Eleanor Burnham:** Yes, briefly. Does that mean that there is nothing local about any of these consortia? Are they regional or are they national? Does that preclude smaller companies? Is this a drive against localised or smaller companies being involved?

Nid edrych ar berfformiad y consortiwm yn unig y byddem ychwaith, ond disgwyl i sefydliadau unigol gael strategaethau caffael. Mae hynny'n ofyniad ffurfiol newydd—rhaid iddynt gael strategaethau caffael. Cyn hynny, er mwyn sicrhau ein bod yn dal i symud ymlaen yn gyflym, yr ydym eisoes wedi dwyn adroddiad y Swyddfa Archwilio Genedlaethol i sylw'r colegau. Gofynasom iddynt roi gwybod i ni erbyn diwedd y flwyddyn galendr hon, ar y naw pwynt gweithredu a argymhellwyd i'r colegau, sut y bwriadant hyrwyddo pob un o'r rheini. Erbyn mis Mawrth nesaf, byddwn yn mynnu strategaethau caffael ganddynt. Byddwn yn edrych ar y rheini ac ar waith y consortiwm a byddwn yn parhau i gynghori, cynnig cymorth ar arfer da ac yn y blaen. Yr ydym yn ystyried y consortiwm yn brif gyfrwng i'r colegau unigol fwrw ymlaen â hyn, nid lleiaf y colegau llai nad yw o bosibl yn realistig iddynt gael eu harbenigedd caffael lefel uchel eu hunain.

[29] **Janet Davies:** Eleanor, a oeddech yn dymuno dod i mewn ar hyn?

[30] **Eleanor Burnham:** Oeddwn, yn fyr. A yw hynny'n golygu nad oes dim lleol ynghylch yr un o'r consortia hyn? A ydynt yn rhanbarthol ynteu'n genedlaethol? A yw hynny'n rhagwahardd cwmnïau llai? A yw hyn yn ymgyrch yn erbyn cymryd rhan gan gwmnïau lleol neu lai?

Mr Martin: There is a danger, which again is picked up in the general 'Better Value Wales' report. We are very concerned about that too. We very much welcome the clarity of the guidance that is in that report. I understand that the Assembly will take a view on how the report should be implemented shortly. What the consortium is doing already is offering advice, guidance and feedback to Welsh small and medium-sized enterprises to make sure that they can tender, but I have to say to you that the four consortium contracts that have been let to date have all gone to companies outside Wales.

Mr Martin: Mae perygl, y cyfeirir ato hefyd yn yr adroddiad 'Gwell Gwerth Cymru' cyffredinol. Yr ydym yn bryderus iawn am hynny hefyd. Yr ydym yn falch iawn o gael y cyfarwyddyd clir sydd yn yr adroddiad hwnnw. Deallaf y bydd y Cynulliad yn barnu cyn hir ynghylch sut y dylid gweithredu'r adroddiad. Yr hyn y mae'r consortiwm yn ei wneud eisoes yw cynnig cyngor, cyfarwyddyd ac adborth i fusnesau bach a chanolig eu maint yng Nghymru i sicrhau y gallant dendro, ond rhaid imi ddweud wrthyich fod pob un o'r pedwar contract consortiwm a osodwyd hyd yn hyn wedi mynd i gwmnïau y tu allan i Gymru.

[31] **Eleanor Burnham:** I find that quite worrying, which is why I asked the question, because surely, given all the monitoring and restrictive practices that consortia can develop generally in business terms, that precludes SMEs.

[31] **Eleanor Burnham:** Mae hynny'n peri cryn bryder i mi, a dyna pam y gofynnais y cwestiwn, oherwydd, o ystyried yr holl fonitro ac arferion rhwystrol y gall consortia eu datblygu'n gyffredinol yn nhermau busnes, mae hynny'n sicr o ragwahardd busnesau bach a chanolig eu maint.

103.

104.

Mr Martin: That should not be the case.

Mr Martin: Ni ddylai hynny fod yn wir.

105.

106.

[32] **Eleanor Burnham:** But it is obviously the case, as you have just indicated.

[32] **Eleanor Burnham:** Ond mae'n amlwg ei fod yn wir, fel yr ydych newydd nodi.

Mr Martin: I do not think that it is the case that there has been any restrictive practice. What there has—

Mr Martin: Ni chredaf ei fod yn wir bod unrhyw arfer rhwystrol wedi bod. Yr hyn—

[33] **Eleanor Burnham:** Sorry, I meant that in the general terms that, obviously, all these sort of restrictions often work against smaller companies, particularly on a local level.

[33] **Eleanor Burnham:** Mae'n ddrwg gennyf, yr oeddwn yn golygu yn y termau cyffredinol ei bod yn amlwg bod yr holl gyfyngiadau o'r math hwn yn aml yn gweithio yn erbyn cwmnïau llai, yn enwedig ar lefel leol.

Mr Martin: Can I say that my—I cannot claim this as science, as based on systematic research—but all the feedback that I and my colleagues get from individual colleges is that they are equally concerned, wherever they can, to encourage local suppliers, and to make sure that they are contributing to the local economy. They take that part of their mission very seriously. However, if, at the end of a process of encouraging local suppliers and making sure that they have the opportunity to tender—and I know that the Assembly has wider initiatives in mind that will help that process—it is still clearly better value for money to go down another route, that appears to be what has happened in this case. I would be very concerned if that was the repeated pattern. I think that we need to do everything we can to make sure that SMEs in Wales, and Welsh suppliers generally, have the chance to compete and—I do not know if it is for me to suggest—I am aware of work that has been going on with Assembly colleagues here, which I think would make a significant contribution.

[34] **Eleanor Burnham:** It is particularly worrying if you say that a lot of these tenders are going out of Wales.

Mr Martin: Well, the first four have. I do not think that one should say that that will necessarily be the pattern for the future. I was merely making a factual statement about where we are now. I do not know whether Arwel Thomas can give us a little more local colour, as it were, about how some of this works in terms of encouraging the local companies.

Mr Martin: A gaf ddweud bod fy—ni allaf honni bod hyn yn wyddonol gywir, wedi ei seilio ar ymchwil systematig—ond yr holl adborth a gaf fi a'm cydweithwyr oddi wrth golegau unigol yw ei bod yr un mor bwysig ganddynt, lle bynnag y gallant, annog cyflenwyr lleol, a sicrhau eu bod yn cyfrannu at yr economi leol. Maent o ddifrif calon ynghylch y rhan honno o'u cenhadaeth. Fodd bynnag, ar ddiwedd proses o annog cyflenwyr lleol a sicrhau bod ganddynt gyfle i dendro—a gwn fod gan y Cynulliad fentrau ehangach mewn golwg a fydd yn helpu'r broses honno—os yw'n amlwg o hyd bod dilyn llwybr arall yn rhoi gwell gwerth am arian, mae'n ymddangos mai hynny a ddigwyddodd yn yr achos hwn. Byddwn yn bryderus iawn os hynny oedd y patrwm dro ar ôl tro. Credaf fod angen inni wneud popeth a allwn i sicrhau bod busnesau bach a chanolig eu maint yng Nghymru, a chyflenwyr Cymru yn gyffredinol, yn cael cyfle i gystadlu ac—ni wn ai fy lle i yw awgrymu—yr wyf yn ymwybodol o waith a fu'n mynd ymlaen gyda chydweithwyr yn y Cynulliad yma, y credaf y byddai'n gwneud cyfraniad o bwys.

[34] **Eleanor Burnham:** Mae'n peri gofid arbennig os dywedwch fod llawer o'r tendrau hyn yn mynd o Gymru.

Mr Martin: Wel, aeth y pedwar cyntaf. Ni chredaf y dylai rhywun ddweud mai hynny fydd y patrwm ar gyfer y dyfodol o reidrwydd. Dim ond gwneud datganiad ffeithiol am ein sefyllfa bresennol yr oeddwn. Ni wn a oes modd i Arwel Thomas roi ychydig yn fwy o liw lleol i ni, fel petai, am y modd y mae rhywfaint o hyn yn gweithio o ran annog y cwmnïau lleol.

Mr Thomas: Certainly. If you look at the four contracts to date, three of which have been let and one which is in the process of being let, what we have done is to make sure that the consortium itself is not excluding local SMEs, or SMEs in Wales generally. For example, if you look at the stationery contract, 12 Welsh companies—SMEs—were included in the invitations to tender, so there is a deliberate inclusion of SMEs in the contract. For that contract five tenders were received from Welsh SMEs. At the end of the day the contract was let in fact to a French company which has a headquarters in Telford. However, the savings were significant: there were 30 per cent savings available through that contract. I can quote you similar figures in terms of the other contracts that have been let where Welsh companies are included in the invitations to tender, and with some of them the contract manager actually goes out to the smaller Welsh companies and helps them with their preparation of the tenders and so on, and provides feedback as far as why the contract was not won.

Mr Thomas: Wrth gwrs. Os edrychwch ar y pedwar contract hyd yn hyn, y mae tri ohonynt wedi eu gosod ac un yn y broses o gael ei osod, yr hyn a wnaethom oedd sicrhau nad yw'r consortiwm ei hun yn rhagwahardd busnesau bach a chanolig eu maint lleol, neu fusnesau bach a chanolig eu maint yng Nghymru yn gyffredinol. Er enghraifft, os edrychwch ar y contract deunydd ysgrifennu, cynhwyswyd 12 o gwmnïau—busnesau bach a chanolig eu maint—o Gymru yn y gwahoddiadau i dendro, felly mae busnesau bach a chanolig eu maint wedi eu cynnwys yn fwiadol yn y contract. Derbyniwyd pum tendr am y contract hwnnw oddi wrth fusnesau bach a chanolig eu maint yng Nghymru. Yn y diwedd gosodwyd y contract hwnnw mewn gwirionedd i gwmni o Ffrainc sydd â phencadlys yn Telford. Fodd bynnag, yr oedd yr arbedion yn sylweddol: yr oedd arbedion o 30 y cant ar gael drwy'r contract hwnnw. Gallaf ddyfynnu ffigurau tebyg i chi o ran y contractau eraill a osodwyd lle y cynhwysir cwmnïau o Gymru yn y gwahoddiadau i dendro, ac yn achos rhai ohonynt mae'r rheolwr contractau yn mynd allan, a dweud y gwir, at y cwmnïau llai yng Nghymru ac yn eu helpu i baratoi'r tendrau ac yn y blaen, ac yn darparu adborth ynghylch pam na enillwyd y contract.

[35] **Eleanor Burnham:** But surely—

[35] **Eleanor Burnham:** Ond mae'n rhaid—

[36] **Janet Davies:** This is not your particular slot, Eleanor, and I think that I have been very generous to you for the last few minutes to be quite frank—

[36] **Janet Davies:** Nid hwn yw'ch amser penodol chi, Eleanor, a chredaf imi fod yn hael iawn wrthy ch dros y munudau diwethaf hyn a siarad yn blwmp ac yn blaen—

[37] **Eleanor Burnham:** Thank you very much, Chair. I am very grateful.

[37] **Eleanor Burnham:** Diolch yn fawr i chi, Gadeirydd. Yr wyf yn ddiolchgar iawn.

[38] **Janet Davies:** I think that that is an issue that is going to come up again as we go on with the hearing because getting the best prices and being fair to Welsh SMEs is a major issue. Ann, have you got enough time?

[38] **Janet Davies:** Credaf fod hynny'n fater a fydd yn codi eto wrth inni fynd ymlaen â'r gwrandawriad oherwydd mae cael y prisiau gorau a bod yn deg â busnesau bach a chanolig eu maint yng Nghymru yn fater pwysig. Ann, a oes gennych ddigon o amser?

[39] **Ann Jones:** Yes. Thank you, Chair. Mr Martin, you obviously were outlining the way in which you expect the establishment to look at procurement, but it seems to me that there is little procurement expertise in the sector, and so what steps are you taking to identify and manage the potential risks involved in giving further financial support to this new expanded consortium?

[39] **Ann Jones:** Oes. Diolch i chi, Gadeirydd. Mr Martin, yr oeddech yn amlwg yn amlinellu'r modd yr ydych yn disgwyl i'r staff edrych ar gaffael, ond ymddengys i mi mai ychydig o arbenigedd caffael sydd yn y sector, ac felly pa gamau yr ydych yn eu cymryd i ganfod a rheoli'r risgiau posibl sydd yn gysylltiedig â rhoi cymorth ariannol pellach i'r consortiwm ehangach newydd hwn?

Mr Martin: Well, I go back to a point I made earlier about the fact that the consortium has already paid for itself. The investment we made of just over £50,000 has now produced savings of £90,000 odd, and the consortium will be one of the principal, but not the only weapon, if you like, in making the cumulative 3 per cent annual savings that the Assembly is calling for generally in the use of public money in Wales for procurement. So, I would see the principal way in which we would ensure that this investment is safeguarded as being the returns it makes and, as I say, those are already showing a positive return.

Mr Martin: Wel, af yn ôl at bwynt a wneuthum yn gynharach am y ffaith bod y consortiwm wedi talu amdano'i hun eisoes. Mae'r buddsoddiad a wnaethom o ychydig dros £50,000 wedi creu arbedion yn awr o tua £90,000, a'r consortiwm fydd un o'r prif arfau, ond nid yr unig un, wrth wneud yr arbedion blynyddol o 3 y cant yn gronol y mae'r Cynulliad yn galw amdanynt yn gyffredinol yn y defnydd o arian cyhoeddus yng Nghymru ar gyfer caffael. Felly, ystyriwn mai'r brif ffordd inni sicrhau y caiff y buddsoddiad hwn ei ddiogelu yw'r adenillion oddi wrtho ac, fel y dywedaf, mae'r rheini eisoes yn dangos elw.

[40] **Ann Jones:** I will move on to that. So, what you are saying is that you believe that you have identified further financial savings above the £600,000 that the Auditor General for Wales mentions in paragraph 75? Are you saying that that is on course, and will increase?

[40] **Ann Jones:** Symudaf ymlaen at hynny. Felly, yr hyn a ddywedwch yw'ch bod yn credu eich bod wedi canfod arbedion ariannol pellach ar ben y £600,000 y mae Archwilydd Cyffredinol Cymru yn sôn amdano ym mharagraff 75? A ydych yn dweud y bydd hynny'n digwydd, ac y bydd yn cynyddu?

Mr Martin: That figure is already, I understand, now £700,000, but it needs to be significantly higher. The potential savings are significantly greater. I have no argument at all with the assessment of those in the report from the National Audit Office.

[41] **Ann Jones:** Do you have a timescale for when we are likely to see these substantial savings being increased?

Mr Martin: Well, I repeat that I think that it is realistic to look for a 3 per cent rolling return. I do not know at what point it becomes impossible to make further savings, but we have not reached that point yet. I think what is important, though, is not necessarily to expect that all to happen quickly. What we need is to achieve that, I would say—I mean I would like to make that a minimum target for future financial years, but the consortium is only just gearing up, so to say that that would be achieved by the day after tomorrow—. One of the other problems in all this of course, as identified in the report, is the shortage of good baseline and management information. Actually, the level of savings that is being achieved is significantly greater. The savings—if you take these 10 colleges that were covered by the survey—represented 1.5 per cent of their total expenditure, so it may well be that there are savings of that sort of order being made in the other institutions not surveyed.

Mr Martin: Deallaf fod y ffigur hwnnw eisoes yn £700,000 yn awr, ond mae angen iddo fod yn uwch o lawer. Mae'r arbedion posibl yn fwy o lawer. Nid wyf yn anghydweld o gwbl â'r asesiad o'r rheini yn yr adroddiad oddi wrth y Swyddfa Archwilio Genedlaethol.

[41] **Ann Jones:** A oes gennych amserlen i ddangos pryd yr ydym yn debygol o weld y cynnydd yn yr arbedion sylweddol hyn?

Mr Martin: Wel, dywedaf eto fy mod yn credu ei bod yn realistig chwilio am adenillion treiglol o 3 y cant. Ni wn ar ba bwynt y bydd yn amhosibl gwneud arbedion pellach, ond nid ydym wedi cyrraedd y pwynt hwnnw eto. Credaf mai'r hyn sydd yn bwysig, er hynny, yw peidio â disgwyl i hynny i gyd ddigwydd yn gyflym o reidrwydd. Yr hyn y mae arnom ei angen i gyflawni hynny, ddywedwn i—yr wyf yn golygu yr hoffwn wneud hynny'n darged lleiaf ar gyfer blynyddoedd ariannol y dyfodol, ond newydd ddechrau cyflymu y mae'r consortiwm, felly mae dweud y cyflawnir hynny erbyn y diwrnod ar ôl yfory—. Un o'r problemau eraill yn hyn oll, fel y nodir yn yr adroddiad, yw prinder gwybodaeth llinell sylfaen a rheoli da. A dweud y gwir, mae'r lefel o arbedion a gyflawnir yn fwy o lawer. Yr oedd yr arbedion hyn—os cymerwch y 10 coleg hyn a gynhwyswyd yn yr arolwg—yn cynrychioli 1.5 y cant o gyfanswm eu gwariant, felly mae'n ddigon posibl y gellir gwneud arbedion o faint tebyg yn y sefydliadau eraill na chawsant eu harolygu.

[42] **Ann Jones:** Okay, thank you. I have a question for Mr Richards. I wonder how the development of this further education consortium fits into the plans set out in 'Better Value Wales—the Review of Procurement in the Welsh Public Sector' to improve procurement across the public sector as a whole. Do you have any views?

Mr Richards: Yes, it fits entirely in line with the strategy, and the strategy in 'Better Value Wales' was to pull together what has happened across the public sector, so Paul has been working very closely with Education and Learning Wales to develop this. It has developed in a way that I think 'Better Value Wales' envisaged, that we have smarter consortia which do not just look for huge contracts. They are certainly looking very hard for value for money, but they are also looking at the scope for putting in a regional dimension, and looking at the scope for encouraging the local SMEs. So we are working very closely, and it is the same target.

[43] **Janet Davies:** Thank you. We will have a coffee break now. It is slightly earlier than I said, but I think that this is a good moment to break. When we come back, we want to look at the progress that the institutions have made since 1999.

[42] **Ann Jones:** O'r gorau, diolch i chi. Mae gennyf gwestiwn i Mr Richards. Tybed sut y mae datblygu'r consortiwm addysg bellach hwn yn ffitio i'r cynlluniau a nodir yn 'Gwell Gwerth Cymru—yr Adolygiad o Gaffael yn y Sector Cyhoeddus yng Nghymru' i wella caffael ar draws y sector cyhoeddus yn ei gyfanrwydd. A oes gennych unrhyw sylwadau?

Mr Richards: Oes, mae'n ffitio'n gwbl unol â'r strategaeth, a'r strategaeth yn 'Gwell Gwerth Cymru' oedd tynnu at ei gilydd yr hyn a ddigwyddodd ar draws y sector cyhoeddus, felly bu Paul yn gweithio'n agos iawn gyda Dysgu ac Addysgu Cymru i ddatblygu hyn. Mae wedi datblygu mewn modd a ragwelodd 'Gwell Gwerth Cymru', yr wyf yn credu, fel bod gennym gonsortia mwy call nad ydynt yn chwilio am gontractau anferth yn unig. Maent yn sicr yn chwilio'n galed iawn am werth am arian, ond maent hefyd yn edrych ar y cyfle i gynnwys dimensiwn rhanbarthol, ac yn edrych ar y cyfle i annog busnesau bach a chanolig eu maint lleol. Felly yr ydym yn gweithio'n agos iawn, a'r un yw'r targed.

[43] **Janet Davies:** Diolch i chi. Cawn egwyl goffi yn awr. Mae ychydig yn gynharach nag y dywedais, ond credaf fod hon yn adeg dda i gael toriad. Pan ddeuwn yn ôl, yr ydym yn dymuno edrych ar y cynnydd a wnaeth y sefydliadau ers 1999.

[*Cynhaliwyd egwyl goffi rhwng 10.36 a.m. a 10.53 a.m.*]
[*A coffee break was held between 10.36 a.m. and 10.53 a.m.*]

[44] **Janet Davies:** Welcome back. As you can see, we have, unfortunately, lost three members of the Committee, Alun Cairns, Ann Jones and Alison Halford—as they have gone to their party group meetings. However, the rest of us will continue.

[44] **Janet Davies:** Croeso'n ôl. Fel y gallwch weld, yr ydym, gwaetha'r modd, wedi colli tri aelod o'r Pwyllgor, Alun Cairns, Ann Jones ac Alison Halford—gan eu bod wedi mynd i'w cyfarfodydd grwp plaid. Fodd bynnag, bydd y gweddill ohonom yn mynd ymlaen.

[45] **Janice Gregory:** Alison is coming back.

[45] **Janice Gregory:** Mae Alison yn dod yn ôl.

[46] **Janet Davies:** In that case, we have only lost two Members.

[46] **Janet Davies:** Os felly, dim ond dau Aelod yr ydym wedi eu colli.

107. It is now time to turn to other aspects of good procurement management. We will go through them in the same order as they appear in the Auditor General's report. It is easier to do it like that.

108. Mae'n bryd troi yn awr at agweddau eraill ar reolaeth caffael dda. Awn drwyddynt yn yr un drefn ag y maent yn ymddangos yn adroddiad yr Archwilydd Cyffredinol. Mae'n haws ei wneud felly.

109. First, the Auditor General reports that there is a lack of procurement strategy documents in the sector. Only 14 institutions have procurement strategies in place and not all of them meet the criteria for strategies. Mr Martin, is this an indication that procurement is not accorded a sufficiently high priority in institutions?

110. Yn gyntaf, mae'r Archwilydd Cyffredinol yn adrodd bod prinder dogfennau strategaeth caffael yn y sector. Dim ond 14 o sefydliadau sydd â strategaethau caffael ar waith ac nid yw pob un ohonynt yn bodloni'r meini prawf ar gyfer strategaethau. Mr Martin, a yw hyn yn arwydd na roddir blaenoriaeth ddigon uchel i gaffael mewn sefydliadau?

111. **Mr Martin:** I think that has to be so, and our response to that, working very closely with the Assembly and the NAO, has been to take the actions which I indicated earlier. However, in addition, we are on the point of publishing a bulletin on best practice in the production of strategies, which includes a model strategy. We will, as I said earlier, be expecting institutions not only to respond with an action plan by the end of the year on the nine recommendations aimed specifically at them in the report, but also to produce procurement strategies in accordance with that good practice by next spring.

112.

[47] **Janet Davies:** You mentioned the prospect of comprehensive guidance being produced by the council. Why was it not possible to produce it sooner?

115.

113. **Mr Martin:** Credaf fod hynny'n sicr o fod yn wir, a'n hymateb i hynny, gan weithio'n agos iawn gyda'r Cynulliad a'r Swyddfa Archwilio Genedlaethol, oedd cymryd y camau a nodais yn gynharach. Fodd bynnag, yn ogystal â hynny, yr ydym ar fin cyhoeddi bwletin ar yr arfer gorau wrth gynhyrchu strategaethau, sydd yn cynnwys strategaeth fodel. Fel y dywedais yn gynharach, byddwn yn disgwyl nid yn unig i sefydliadau ymateb gyda chynllun gweithredu erbyn diwedd y flwyddyn ar y naw argymhellid a anelwyd atynt yn benodol yn yr adroddiad, ond iddynt hefyd gynhyrchu strategaethau caffael yn unol â'r arfer da hwnnw erbyn y gwanwyn nesaf.

114.

[47] **Janet Davies:** Soniasoch am y rhagolwg o gynhyrchu cyfarwyddyd cynhwysfawr gan y cyngor. Pam nad oedd yn bosibl ei gynhyrchu yn gynharach?

116.

Mr Martin: At one level, there has been no shortage of guidance over the years. I was actually reminding myself earlier about the guidance issued as long ago as 1994-95. It was voluminous, and perhaps that was part of the problem.

[48] **Dafydd Wigley:** Yes.

Mr Martin: Not least because, the serious point I want to make here is that I think the lesson is that, unless this is driven by top management, it does not work. It is no good handing it to a specialist, however clever or well qualified he or she is. It has to be something which is on the agenda of top management, which is why the notion of targets for public sector investment in Wales and so on, and relating that down to individual sectors, is a good one.

Mr Martin: Ar un lefel, ni fu prinder cyfarwyddyd dros y blynyddoedd. A dweud y gwir, yr oeddwn yn dwyn i gof yn gynharach y cyfarwyddyd a gyhoeddwyd mor bell yn ôl â 1994-95. Yr oedd yn swmpus, ac efallai fod hynny'n rhan o'r broblem.

[48] **Dafydd Wigley:** Oedd.

Mr Martin: Nid lleiaf oherwydd, y pwynt difrifol y dymunaf ei wneud yma yw fy mod yn credu mai'r wers ydyw, oni chaiff ei ysgogi gan y rheolwyr uchaf, nid yw'n gweithio. Nid oes diben ei drosglwyddo i arbenigwr, ni waeth pa mor ddawnus neu gymwysedig y mae ef neu hi. Rhaid iddo fod yn rhywbeth sydd ar agenda'r rheolwyr uchaf, a dyna pam mai syniad da yw targedau ar gyfer buddsoddi sector cyhoeddus yng Nghymru ac yn y blaen a chysylltu hynny â sectorau unigol.

It is also worth noting that—and I do not say this in any way as an excuse, merely as a factual description—for many years the presumption was that the only thing that needed to happen, beyond guidance around issues such as propriety and regularity and so on, was to have a very tight financial regime and to have institutions competing one with another and across sectors and that that would produce the disciplined performance that would produce the right outcome. I mean, if you like, in further education institutions the efficiency squeeze in terms of the unit of resource in real terms was a reduction of 20 per cent or more up until 1998-99. There has been some alleviation subsequently but it still amounts to a 14 per cent squeeze on the unit of resource, compared with when colleges were incorporated in the early 1990s. I say that because there was a very strong emphasis, as I said, on that competitive model. We now have, particularly since the establishment of the Assembly, a significant emphasis on co-operation in procurement, as in other areas.

[49] **Janet Davies:** What arrangements will you or the council put in place to examine the strategies and to give constructive feedback on them to the institutions?

Mae hefyd yn werth nodi—ac ni ddywedaf hyn fel esgus o gwbl, dim ond fel disgrifiad ffeithiol—mai'r rhagdybiaeth am flynyddoedd lawer oedd mai'r unig beth yr oedd gofyn iddo ddigwydd, heblaw am gyfarwyddyd ynghylch materion fel priodoldeb a rheoleidd-dra ac yn y blaen, oedd cael cyfundrefn ariannol dynn iawn a chael sefydliadau i gystadlu â'i gilydd ac ar draws sectorau ac y byddai hynny'n creu'r perfformiad disgybledig a fyddai'n creu'r canlyniad iawn. Yr hyn a olygaf, os mynnwch, yw bod y gwasgiad effeithlondeb mewn sefydliadau addysg bellach o ran yr uned adnodd yn ostyngiad o 20 y cant neu fwy mewn gwirionedd hyd at 1998-99. Bu rhywfaint o leddfu wedyn ond mae'n dal i fod yn gymaint â 14 y cant o wasgiad ar yr uned adnodd, o'i gymharu â'r adeg pan ymgorfforwyd colegau yn y 1990au cynnar. Dywedaf hynny am fod pwyslais mawr iawn, fel y dywedais, ar y model cystadleuol hwnnw. Yn awr mae gennym bwyslais mawr, yn enwedig ers sefydlu'r Cynulliad, ar gydweithredu mewn caffael, fel mewn meysydd eraill.

[49] **Janet Davies:** Pa drefniadau y byddwch chi neu'r cyngor yn eu sefydlu i archwilio'r strategaethau a rhoi adborth adeiladol arnynt i'r sefydliadau?

Mr Martin: If I could answer in general terms and then, perhaps, invite Arwel Thomas to add any detail. First, an obvious point is that we would assess them against the model of good practice that we have been working on and will publish. That has involved people in the sector, those who have expertise, but also draws on the NAO's work and the work of colleagues in the Assembly in terms of the wider agenda. We have also strengthened our own expertise. We have Karen Wolliner in the audience today, as it were, who has recently joined us. She is a qualified procurement specialist and is now on our staff. That obviously gives us an extra tool both in terms of our relationship with institutions and, indeed, in terms of our own procurement.

Mr Thomas: I will just add very briefly to that from the point of view that when the strategies are submitted to us sometime next spring, they will be subject to an evaluation and an assessment against the model that we have suggested to the sector. Following on from the assessment, there will be detailed feedback to individual institutions in terms of anything further that they need to address.

[50] **Janet Davies:** Will you make the production compulsory and, if an institution does not produce one, what action will you consider taking?

Mr Thomas: The requirement, which will be part of the bulletin that we will send out in the next couple of weeks, is a requirement for a strategy to be prepared and submitted to us.

[51] **Janet Davies:** Lorraine, would you like to come in on this?

Mr Martin: Os caf ateb yn gyffredinol ac wedyn, efallai, wahodd Arwel Thomas i ychwanegu unrhyw fanylion. Yn gyntaf, un pwynt amlwg yw y byddem yn eu hasesu yn ôl y model arfer da y buom yn gweithio arno ac y byddwn yn ei gyhoeddi. Mae hynny wedi cynnwys pobl yn y sector, y rhai sydd ag arbenigedd, ond mae hefyd yn gwneud defnydd o waith y Swyddfa Archwilio Genedlaethol a gwaith cydweithwyr yn y Cynulliad o ran yr agenda ehangach. Yr ydym wedi cryfhau ein harbenigedd ein hunain hefyd. Mae Karen Wolliner gyda ni yn y gynulleidfa heddiw, fel petai, sydd wedi ymuno â ni'n ddiweddar. Mae'n arbenigwr caffael cymwysedig ac mae'n awr yn un o'r staff. Mae hynny, wrth gwrs, yn rhoi arf ychwanegol i ni o ran ein perthynas â sefydliadau ac, yn wir, o ran ein caffael ein hunain.

Mr Thomas: Ni wna'f ond ychwanegu'n fyr at hynny o'r safbwynt y bydd y strategaethau, pan gyflwynir hwy rywdro y gwanwyn nesaf, yn cael eu gwerthuso a'u hasesu yn ôl y model a awgrymasom i'r sector. O ganlyniad i'r asesiad, rhoddir adborth manwl i sefydliadau unigol o ran unrhyw beth ychwanegol y mae gofyn iddynt roi sylw iddo.

[50] **Janet Davies:** A fyddwch yn ei gwneud yn orfodol i'w cynhyrchu ac, os nad yw sefydliad yn cynhyrchu un, pa gamau y byddwch yn ystyried eu cymryd?

Mr Thomas: Mae'r gofyniad, a fydd yn rhan o'r bwletin a anfonwn yn yr wythnos neu ddwy nesaf, yn ofyniad i baratoi strategaeth a'i chyflwyno i ni.

[51] **Janet Davies:** Lorraine, a hoffech ddod i mewn ar hyn?

[52] **Lorraine Barrett:** Mr Martin, I have two questions and I will ask them together. I am looking at staffing arrangements. Given that the amount of expenditure across the sector was over £78 million in 1999-2000, it is a little surprising that key personnel in many areas have had little or no formal training in terms of managing the procurement process. What are you doing to ensure that staff at the institutions are properly equipped to handle their responsibilities effectively? Added on to that, given that there are only five dedicated procurement officers in the further education sector and that only three of them are qualified, procurement at 21 institutions therefore must be a small part of the manager's role. In view of the importance of the procurement and the scope for saving money, why do so few institutions have a dedicated procurement officer?

[52] **Lorraine Barrett:** Mr Martin, mae gennyf ddau gwestiwn ac fe'u gofynnaf gyda'i gilydd. Yr wyf yn edrych ar drefniadau staffio. O wybod bod maint y gwariant ar draws y sector dros £78 miliwn yn 1999-2000, mae'n ychydig o syndod mai ychydig neu ddim o hyfforddiant ffurfiol a gafodd y personél allweddol mewn llawer o ardaloedd o ran rheoli'r broses caffael. Beth yr ydych yn ei wneud i sicrhau bod y staff yn y sefydliadau wedi eu cymhwyso'n briodol i drafod eu cyfrifoldebau'n effeithiol? Ar ben hynny, o wybod mai dim ond pum swyddog caffael penodol sydd yn y sector addysg bellach ac mai dim ond tri ohonynt sydd yn gymwysedig, rhaid felly fod caffael mewn 21 o sefydliadau yn rhan fach o rôl y rheolwr. Yng ngolwg pwysigrwydd y caffael a'r cyfle i arbed arian, pam y ceir swyddog caffael penodol mewn cyn lleied o sefydliadau?

Mr Martin: There has been a bit of the beginnings of a transformation, if you like, in recent years. It was not until 1997, when Coleg Sir Gâr appointed a specialist, that there was anybody who was a specialist procurement officer in the sector. I can now update the picture that is in the report for you. Swansea College, which was merely considering an appointment, has now made one and we understand that Pembrokeshire College is now considering doing the same. I know that Arwel Thomas is busily evangelising with those who have yet to make an appointment. There is a recognition in this report however that, for some of our smaller institutions—I go back to the points I made about the work that we are doing on what the network of providers should look like to get the best value and the best outcomes for learners—it may not be realistic in all cases to have full-time expertise. We need to find other ways of making sure that they have that.

[53] **Lorraine Barrett:** On that point, do you not agree that, in that case, the good quality targeted training with the smaller institutions would be valuable? I can see that it might not be cost effective to have a full procurement officer, but it is that training and the expertise that is important.

Mr Martin: I very much agree and perhaps I could invite Arwel Thomas to say something about the work that the consortium is doing. I see it as very much part of the consortium's role to make sure that training and best practice is disseminated through the sector.

Mr Martin: Mae mymryn o weddnewidiad wedi dechrau, os mynnwch, yn y blynyddoedd diwethaf hyn. Nid oedd yr un swyddog caffael arbenigol yn y sector tan 1997, pan benododd Coleg Sir Gâr arbenigwr. Yn awr gallaf ddiweddarau'r darlun sydd yn yr adroddiad i chi. Mae Coleg Abertawe, nad oedd ond yn ystyried penodi, bellach wedi gwneud penodiad a deallwn fod Coleg Sir Benfro yn awr yn ystyried gwneud yr un peth. Gwn fod Arwel Thomas yn efengylu'n brysur ymysg y rhai sydd heb wneud penodiad eto. Cydnabyddir yn yr adroddiad hwn, fodd bynnag, yn achos rhai o'n sefydliadau llai—af yn ôl at y pwyntiau a wneuthum ynghylch y gwaith yr ydym yn ei wneud ar y wedd a ddylai fod ar y darparwyr rhwydwaith er mwyn cael y gwerth gorau a'r canlyniadau gorau i ddysgwyr—ei bod yn bosibl na fydd yn realistig cael arbenigedd llawn amser ym mhob achos. Rhaid inni ganfod dulliau eraill o sicrhau eu bod yn meddu ar hynny.

[53] **Lorraine Barrett:** Ar y pwynt hwnnw, a ydych yn cytuno, yn yr achos hwnnw, y byddai'r hyfforddiant penodol o ansawdd da gyda'r sefydliadau llai yn werthfawr? Gallaf weld ei bod yn bosibl na fyddai cael swyddog caffael llawn yn gost-ffeithiol, ond yr hyfforddiant a'r arbenigedd hwnnw sydd yn bwysig.

Mr Martin: Cytunaf yn fawr iawn ac efallai y gallaf wahodd Arwel Thomas i ddweud rhywbeth am y gwaith y mae'r consortiwm yn ei wneud. Gwelaf mai rhan fawr o rôl y consortiwm yw sicrhau bod hyfforddiant a'r arfer gorau yn cael eu lledaenu drwy'r sector.

Mr Thomas: Indeed. One of the things that the consortium has already done is that it organised two training events back in August for the whole of the sector and invited participation and input from the professional bodies into those events. They were well attended by smaller colleges as well as the ones that had the procurement expertise. Those events will be repeated in the new year so that, progressively, two things are happening. General awareness of the importance of procurement is increasing and, hopefully, it is also addressing the issue of expertise.

[54] **Janet Davies:** Janice, would you like to come in on this?

[55] **Janice Gregory:** You have given such detailed answers to your questions that I fear that we are getting into the realms now of Members asking questions on subjects that have already been touched upon or, indeed, answered. You have partially answered one of my questions. I would like to draw you on the size of the institutions. If an institution is too small to have a dedicated procurement officer, how do you think that it would manage—forgive me if you have already answered this and I was on another planet, but I am concerned that the smaller institutions will not have a dedicated procurement officer. We are looking for best practice throughout the sector. Are you saying that, it is okay and that if you are below a certain size you do not have to worry about procurement, or are you suggesting that there would be a shared procurement officer with another institution?

Mr Thomas: Yn wir. Un o'r pethau a wnaeth y consortiwm eisoes oedd trefnu dau ddiwyddiad hyfforddi yn ôl ym mis Awst ar gyfer y sector cyfan a gofyn i'r cyrff proffesiynol gymryd rhan a rhoi mewnbwn i'r diwyddiadau hynny. Yr oedd nifer dda yn bresennol o'r colegau llai yn ogystal â'r rhai yr oedd ganddynt arbenigedd caffael. Ailadroddir y diwyddiadau hynny yn y flwyddyn newydd fel bod dau beth yn digwydd yn raddol. Mae'r ymwybyddiaeth gyffredinol o bwysigrwydd caffael yn cynyddu ac mae hefyd, gobeithio, yn rhoi sylw i fater arbenigedd.

[54] **Janet Davies:** Janice, a hoffech ddod i mewn ar hyn?

[55] **Janice Gregory:** Rhoesoch atebion mor fanwl i'ch cwestiynau fel yr ofnaf ein bod yn cyrraedd man yn awr lle y mae'r Aelodau yn gofyn cwestiynau ar bynciau y cyfeiriwyd atynt eisoes neu, yn wir, a atebwyd eisoes. Yr ydych wedi ateb un o'm cwestiynau yn rhannol. Hoffwn gael gwybod mwy gennych ar faint y sefydliadau. Os yw sefydliad yn rhy fach i gael swyddog caffael penodol, sut y credwch y gallai lwyddo—maddeuwch i mi os ydych wedi ateb hyn eisoes a minnau ar blaned arall, ond pryderaf na fydd gan y sefydliadau llai swyddog caffael penodol. Yr ydym yn ceisio'r arfer gorau drwy'r sector. A ydych yn dweud ei bod yn iawn ac os ydych yn llai na maint penodol nad oes raid ichi boeni am gaffael, neu a ydych yn awgrymu y byddai swyddog caffael ar y cyd â sefydliad arall?

Mr Martin: I am certainly not suggesting that they should not worry. On the contrary, we need to make sure that special measures are taken to make sure that the smaller colleges, which find many of the management challenges actually much more difficult than a larger institution, are given that assistance. Certainly, sharing a procurement officer is one option. I think that the wider agenda, which is in the 'Better Value Wales' report, will also be important. If the regional consortia can be established across the public sector, that may well be a much better approach than looking narrowly within further education. If I have not made the point sufficiently clear already, I do see co-operation with the Assembly, as these arrangements develop, as being crucial. I think that just looking at this as a further education issue will not be particularly productive. It will take you so far but it will not take you as far as you need to get, not least with this issue of how you manage to get best value but at the same time do not inadvertently penalise the small and medium enterprises that are the backbone of local economies.

Mr Martin: Yn sicr, nid wyf yn awgrymu na ddylent boeni. I'r gwrthwyneb, mae gofyn inni sicrhau y cymerir mesurau arbennig i sicrhau bod y colegau llai, sydd yn cael llawer o'r heriau rheoli yn fwy anodd o lawer, a dweud y gwir, nag y mae sefydliad mawr, yn cael y cymorth hwnnw. Yn sicr, mae rhannu swyddog caffael yn un dewis. Credaf y bydd yr agenda ehangach, sydd yn yr adroddiad 'Gwell Gwerth Cymru', yn bwysig hefyd. Os gellir sefydlu'r consortia rhanbarthol ar draws y sector cyhoeddus, mae'n bosibl iawn y bydd hynny'n well dull o weithredu o lawer nag edrych yn gul oddi mewn i addysg bellach. Os na wneuthum y pwynt yn ddigon clir eisoes, gwelaf fod cydweithredu â'r Cynulliad, wrth i'r trefniadau hyn ddatblygu, yn holl bwysig. Credaf na fydd edrych ar hyn fel mater addysg bellach yn unig yn arbennig o gynhyrchiol. Bydd yn mynd â chi rywfaint o'r ffordd ond nid aiff â chi mor bell ag y mae angen ichi fynd, nid lleiaf gyda'r mater hwn o sut y llwyddwch i gael y gwerth gorau heb gosbi drwy amryfusedd y busnesau bach a chanolig eu maint sydd yn asgwrn cefn i economïau lleol yr un pryd.

[56] **Janice Gregory:** Many members of the public would not understand what procurement is. Working within the confines of the public purse, perhaps we all understand how important procurement is. I can understand, to a certain extent, why procurement has not been number one on the agendas of most managers in further education. It is difficult and, correct me if I am wrong, it is time consuming. Obviously, we are now putting emphasis on the need for procurement. So, I wonder, Steve, whether you can tell us what the national council is doing to encourage more dedicated appointments and to actually raise the issue of procurement in institutions given that it has not had a very high profile in past years, even though there were reams of paper on it in 1994-95, as you said.

Mr Martin: I think that the first thing I would say is that I do not sense any lack of appetite among colleges for making savings where they can make them. What they want to do, as the national council wants to do, is to maximise the investment in the learning opportunities that are available. I think it is about raising their sights and I think that that, actually, is probably one of the difficulties about earlier guidance, which was too much about principles and too little about the details of best practice. I think that offering guidance on model strategies and on the work that the consortium will do on spreading best practice and so on is going to be much more effective than pious general guidance, however well intended.

[56] **Janice Gregory:** Mae llawer o aelodau o'r cyhoedd na fyddent yn deall beth yw caffael. A ninnau'n gweithio oddi mewn i gyfyngiadau pwrs y wlad, efallai ein bod i gyd yn deall mor bwysig yw caffael. Gallaf ddeall, i ryw raddau, pam na fu caffael ar ben agendâu'r rhan fwyaf o'r rheolwyr mewn addysg bellach. Mae'n anodd, a chywirwch fi os wyf yn anghywir, mae'n cymryd amser. Wrth gwrs, yr ydym yn rhoi'r pwyslais yn awr ar gaffael. Felly, tybed, Steve, a allwch ddweud wrthym beth y mae'r cyngor cenedlaethol yn ei wneud i annog mwy o benodiadau penodol ac i hybu mater caffael yn wirioneddol mewn sefydliadau, o wybod na fu'n amlwg iawn yn y blynyddoedd a fu, er bod tomenni o bapur arno yn 1994-95, fel y dywedasoeh.

Mr Martin: Credaf mai'r peth cyntaf a ddywedwn yw na synhwyraf unrhyw ddiffyg awydd ymhlith y colegau i wneud arbedion lle y gallant. Yr hyn y dymunant ei wneud, fel y dymuna'r cyngor cenedlaethol, yw mwyhau'r buddsoddiad yn y cyfleoedd dysgu sydd ar gael. Credaf ei bod yn ymwneud â chodi eu golygon a chredaf mai hynny, a dweud y gwir, oedd un o'r anawsterau ynghylch cyfarwyddyd cynharach, yn ôl pob tebyg, a oedd yn ymwneud yn ormodol ag egwyddorion ac yn rhy ychydig â manylion yr arfer gorau. Credaf y bydd cynnig cyfarwyddyd ar strategaethau model ac ar y gwaith a wnaiff y consortiwm ar ledaenu'r arfer gorau ac yn y blaen yn fwy effeithiol o lawer na chyfarwyddyd cyffredinol hunanfodlon, ni waeth pa mor dda ei fwriad.

117. I would expect that the work that I described earlier that the national council is undertaking on what a good provider looks like will become, in effect, a model for how we fund. If we are not satisfied that a provider is up to scratch, not just in further education, but in other sectors too, then we clearly have to take remedial measures to address that. I think that there is a much closer focus than there has been in the past on what are the steps that are necessary to get effective performance in procurement and in management generally so that we can maximise the amount of money that is spent on learning.

118.

[57] **Janice Gregory:** There is obviously an extremely important role for the national council to play in this. I am concerned, because we are so keen that the institutions follow the route of procurement, that as much support is given as criticism—for want of a better word. I would hope, and expect, frankly, that support would be given by the national council and anyone else involved, to ensure that if institutions find themselves with a problem, that they are able to seek the advice and guidance that they need. On the other side of the coin, how do you intend to monitor the proposed savings? What are the targets?

119. Disgwyliwn y bydd y gwaith a ddisgrifiais yn gynharach a wneir gan y cyngor cenedlaethol ar y wedd a fydd ar ddarparwr da, yn dod yn fodel, i bob pwrpas, i'n dull o ariannu. Os nad ydym yn sicr bod darparwr gystal â'r disgwyl, nid mewn addysg bellach yn unig, ond yn y sectorau eraill hefyd, mae'n amlwg y bydd yn rhaid inni gymryd camau cywiro i ymdrin â hynny. Credaf fod ffocws llawer manylach nag a fu yn y gorffennol ar y camau sydd eu hangen i gael perfformiad effeithiol mewn caffael ac mewn rheoli yn gyffredinol fel y gallwn fwyhau'r swm o arian a werir ar ddysgu.

120.

[57] **Janice Gregory:** Mae'n amlwg bod rôl bwysig iawn i'w chwarae gan y cyngor cenedlaethol yn hyn o beth. Yr wyf yn bryderus, gan ein bod mor awyddus i'r sefydliadau ddilyn llwybr caffael, y dylid rhoi cymaint o gymorth ag o feirmiadaeth—yn niffyg gair gwell. Gobeithiwn, a disgwyliwn, a dweud y gwir, y câi cymorth ei roi gan y cyngor cenedlaethol ac unrhyw un arall a oedd yn gysylltiedig, i sicrhau, os yw sefydliadau yn cael bod ganddynt broblem, eu bod yn gallu ceisio'r cyngor a'r cyfarwyddyd y mae arnynt eu hangen. Ar ochr arall y geiniog, sut y bwriadwch fonitro'r arbedion arfaethedig? Beth yw'r targedau?

Mr Martin: We would expect the overall monitoring to be in the context of the general strategies that institutions have to prepare each year, which we consider and debate with them where necessary. There will be, as a subset of those, these particular procurement strategies and we will obviously want to make sure that they are delivering on their promises. To go back to your point about the support, our general approach is to be supportive. We are not punitive. The comments I made earlier on the general issue of the quality of governance and management were not intended to be punitive. They were a frank assessment of where we are. We are actually, as I described, working very closely with the institutions that are in difficulty to help them improve. However, I hope that the Assembly finds it helpful to have a frank statement about those issues even though it is a bit painful and is the result of a lot of prior consideration with the institutions. We are not standing back from the battle and criticising and pointing the finger. We are very much there trying to help them and support them.

[58] **Janet Davies:** Jocelyn Davies would like to pursue the topics of management information and market testing.

[59] **Jocelyn Davies:** The Auditor General reports that there is still a lack of basic information on procurement across the sector. In fact, the report says that good practice in this area is very rare. Before this report, how well was it recognised that poor management information was a significant problem?

Mr Martin: Byddem yn disgwyl i'r monitro cyffredinol fod yng nghyd-destun y strategaethau cyffredinol y mae'n rhaid i'r sefydliadau eu paratoi bob blwyddyn, y byddwn yn eu hystyried a'u trafod â hwy lle y bo angen. Fel is-set i'r rheini, bydd strategaethau caffael penodol a byddwn, wrth gwrs, yn dymuno sicrhau eu bod yn cywiro eu haddewidion. I fynd yn ôl at eich pwynt am y cymorth, ein dull gweithredu cyffredinol yw bod yn gefnogol. Nid ydym yn gosbol. Nid oedd y sylwadau a wneuthum yn gynharach ar fater cyffredinol ansawdd llywodraethu a rheoli i fod yn gosbol. Yr oeddent yn asesiad gonest o'n sefyllfa. Mewn gwirionedd, fel y disgrifiais, yr ydym yn gweithio'n agos iawn gyda'r sefydliadau sydd mewn helynt i'w helpu i wella. Fodd bynnag, gobeithiaf fod y Cynulliad yn ei chael o gymorth i gael datganiad gonest am y materion hynny er ei fod braidd yn boenus ac yn ganlyniad i lawer o ystyriaeth ymlaen llaw gyda'r sefydliadau. Nid ydym yn cadw draw oddi wrth y frwydr ac yn beirniadu ac yn pwyntio bys. Yr ydym yn amlwg yn ceisio eu helpu a'u cynorthwyo.

[58] **Janet Davies:** Hoffai Jocelyn Davies edrych ar bynciau gwybodaeth reoli a phrofi'r farchnad.

[59] **Jocelyn Davies:** Mae'r Archwilydd Cyffredinol yn adrodd bod diffyg gwybodaeth sylfaenol o hyd ar gaffael ar draws y sector. Mewn gwirionedd, dywed yr adroddiad fod arfer da yn y maes hwn yn brin iawn. Cyn yr adroddiad hwn, i ba raddau y cydnabyddid bod gwybodaeth reoli wael yn broblem sylweddol?

Mr Martin: I think there has been an awareness. I will ask Arwel Thomas to comment on that in detail as he has been around in this field a lot longer than I have. I think that it goes back, if I may say so, to the general point that I was making about the approach to what were, and are still, independent institutions which formally, according to the Office for National Statistics, are in the private sector. They may be spending a lot of public money but they are in the private sector.

We can, as the commentary at the beginning of this report notes, advise and offer good practice and support. We cannot instruct them to do things unless they are in breach of the detailed terms of the financial memorandum that we have, which have to be quite narrowly drawn in terms of propriety and regularity issues and so on. So, there are some wider issues about our future relationship with the sector. One of the things in the assurance statement which we did flag up picks up one of the themes at this Committee when I appeared before you, I think, in June 2000, is whether we have sufficient powers as a council to take remedial actions where there are failings of governance and management.

Mr Thomas: I will add some detail to Mr Martin's comments. I think the problems in the past, in terms of having sufficient and reliable management information, have arisen from a number of weaknesses. These include the lack of a co-ordinated approach to procurement at institutions where the pattern was that individuals or individual schools or departments did their own procurement.

Mr Martin: Credaf fod ymwybyddiaeth wedi bod. Gofynnaf i Arwel Thomas wneud sylw ar hynny'n fanwl gan ei fod wedi gweithio yn y maes hwn yn llawer hwy nag y bûm i. Credaf fod hyn yn mynd yn ôl, os caf ddweud felly, at y pwynt cyffredinol yr oeddwn yn ei wneud am yr agwedd at yr hyn a oedd, ac sydd yn dal i fod, yn sefydliadau annibynnol sydd, yn ôl y Swyddfa Ystadegau Gwladol, yn ffurfiol yn y sector preifat. Efallai eu bod yn gwario llawer o arian cyhoeddus ond maent yn y sector preifat.

Fel y noda'r sylwadau ar ddechrau'r adroddiad, gallwn gynghori a chynnig arfer da a chymorth. Ni allwn eu cyfarwyddo i wneud pethau oni bai eu bod yn torri amodau manwl y memorandwm ariannol sydd gennym, y mae'n rhaid eu diffinio'n eithaf manwl o ran materion priodoldeb a rheoleidd-dra ac yn y blaen. Felly, mae rhai materion ehangach ynghylch ein perthynas â'r sector yn y dyfodol. Mae un o'r pethau yn y datganiad sicrwydd y tynasom sylw ato yn codi un o'r themâu yn y Pwyllgor hwn pan ddeuthum ger eich bron ym Mehefin 2000, yr wyf yn credu, yw a oes gennym bwerau digonol fel cyngor i gymryd camau cywiro pan fo methiannau llywodraeth a rheoli.

Mr Thomas: Ychwanegaf rai manylion at sylwadau Mr Martin. Credaf fod y problemau yn y gorffennol, o ran cael gwybodaeth reoli ddigonol a dibynadwy, wedi codi o nifer o wendidau. Yn eu plith mae diffyg ymagwedd gydlynol at gaffael mewn sefydliadau lle'r oedd patrwm o gaffael gan unigolion neu ysgolion neu adrannau unigol eu hunain.

There has also been a lack of proper procurement systems in terms of a computerised basis to procurement and having the management information that would arise from that. Perhaps the most significant weakness has been the lack of expertise in the sector in terms of knowing what information should be available and should be collected. What we have done to address those is in the bulletin within the guidance. We have highlighted the types of management information that we would expect to be collected and made available. The guidance sets that out.

We have also, in discussion with the consortium, asked it to ensure that, as the national contracts are let, there is a requirement on the suppliers themselves to be collecting and supplying management information back to the colleges, so that as time is moving on, the amount of management information is improving and increasing.

[60] **Jocelyn Davies:** So, what we are talking about is what is bought, at what price, quantities, performance, cost, quality and that kind of thing.

Mr Thomas: Indeed. I am looking at the bulletin, which I have in front of me, and it reads

‘typically, procurement management information should include supplier details, details of goods, services and works procured, quantities bought, prices paid and supplier performance in respect of delivery times and quality of goods.’

So it covers those.

Bu diffyg systemau caffael priodol hefyd o ran sylfaen gyfrifiadurol i gaffael a chael y wybodaeth reoli a fyddai'n codi o hynny. Efallai mai'r gwendid mwyaf sylweddol a fu yw'r diffyg arbenigedd yn y sector o ran gwybod pa wybodaeth a ddylai fod ar gael ac y dylid ei chasglu. Mae'r hyn a wnaethom i ymdrin â hynny yn y bwletin o fewn y cyfarwyddyd. Yr ydym wedi tynnu sylw at y mathau o wybodaeth reoli y disgwyliem iddynt gael eu casglu a'u darparu. Mae'r cyfarwyddyd yn nodi hynny.

Yr ydym hefyd, mewn trafodaeth â'r consortiwm, wedi gofyn iddo sicrhau, wrth osod y contractau cenedlaethol, fod gofyniad i'r cyflenwyr eu hunain gasglu a chyflenwi gwybodaeth reoli yn ôl i'r colegau, fel bod maint y wybodaeth reoli yn gwella ac yn cynyddu wrth i amser fynd ymlaen.

[60] **Jocelyn Davies:** Felly, yr hyn yr ydym yn sôn amdano yw beth a brynir, am ba bris, meintiau, perfformiad, cost, ansawdd a phethau o'r fath.

Mr Thomas: Yn wir. Yr wyf yn edrych ar y bwletin, sydd gennyf o'm blaen, ac mae'n darllen

‘fel arfer, dylai gwybodaeth rheoli caffael gynnwys manylion y cyflenwr, manylion y nwyddau, y gwasanaethau a'r gwaith a geir, y meintiau a brynir, y prisiau a delir a pherfformiad y cyflenwr mewn perthynas ag amseroedd danfon ac ansawdd y nwyddau.’

Felly mae'n cynnwys y rheini.

[61] **Jocelyn Davies:** That seems to be very basic information when you are talking about spending large sums of money. If the institutions do not have that relevant information how do you, as the funding body, monitor their performance? I point you to paragraph 41 of the Auditor General's report that says that without management information,

'institutions are not able to judge whether they are achieving value for money in procurement; nor would they be in a position to assess the impact of any changes.'

Therefore, if they cannot monitor themselves, how are you monitoring them?

Mr Thomas: I think that the processes that we have of monitoring will start with an updated position as far as the sector is concerned, which we will have in December. We have asked each of the institutions to respond to us on each of the National Audit Office recommendations. So, we will have fresh information in December as to where each institution stands. Also, there will be further information in the spring when we have the strategies in. When we have those returned, we will look individually at each institution in terms of what they are telling us is available and then we would address any continuing shortcomings on that basis.

[61] **Jocelyn Davies:** Ymddengys fod hynny'n wybodaeth elfennol iawn pan ydych yn sôn am wario symiau mawr o arian. Os nad yw'r sefydliadau'n meddu ar y wybodaeth berthnasol honno sut yr ydych chi, fel y corff cyllido, yn monitro eu perfformiad? Fe'ch cyfeiriaf at baragraff 41 o adroddiad yr Archwilydd Cyffredinol sydd yn dweud, os nad oes gwybodaeth reoli,

'ni all sefydliadau farnu a ydynt yn cyflawni gwerth am arian wrth gaffael; ac ni fyddent mewn sefyllfa i asesu effaith unrhyw newidiadau.'

Felly, os na allant eu monitro eu hunain, sut yr ydych chi'n eu monitro?

Mr Thomas: Credaf y bydd y prosesau monitro sydd gennym yn dechrau gyda sefyllfa ddiweddaedig o ran y sector, a fydd gennym yn Rhagfyr. Gofynasom i bob un o'r sefydliadau roi ymateb i ni ar bob un o argymhellion y Swyddfa Archwilio Genedlaethol. Felly, bydd gennym wybodaeth newydd yn Rhagfyr ynghylch sefyllfa pob sefydliad. Hefyd, bydd gwybodaeth bellach yn y gwanwyn pan dderbyniwn y strategaethau. Pan ddychwelir y rheini atom, byddwn yn edrych ar bob sefydliad yn unigol o ran yr hyn y dywed wrthym sydd ar gael ac wedyn byddem yn ymdrin ag unrhyw ddiffygion sydd yn parhau ar y sail honno.

[62] **Jocelyn Davies:** This is closely linked with the market testing, which I know Alun Cairns wanted to ask you about. My question on market testing, which is very important as it should give rise to more significant savings, is, without the management information, how will you monitor the degree of market testing taking place and the savings being achieved? What is currently being monitored in the absence of that information? How do you know that the claims on savings are reliable? I do not mind which one of you answers those questions.

Mr Martin: Clearly, without baseline information it is impossible to do this, but that has to be part of the strategies. Part of the bulletin is going to say to institutions that they must have a strategy for best value testing. We are picking up on the theme. We are not using the language of market testing now in quite the same way as was used in this report, but I believe that that picks up on an emphasis that is as much part of the Assembly's approach as part of the 'Better Value Wales' report.

What we will be able to do is to look at those strategies to ensure that they include a programme for testing best value and, where necessary, for tendering those services. We will follow that through with the institutions. However, the absence of the information up to now is not an impediment to that process as long as that information is generated as part of this programme of producing strategies and programmes.

[62] **Jocelyn Davies:** Mae cysylltiad agos rhwng hyn a phrofi'r farchnad, y gwn fod Alun Cairns yn dymuno'ch holi yn ei gylch. Y cwestiwn sydd gennyf ar brofi'r farchnad, sydd yn bwysig iawn gan y dylai arwain at arbedion mwy sylweddol, yw, heb gael y wybodaeth rheoli, sut y byddwch yn monitro'r graddau o brofi'r farchnad sydd yn digwydd a'r arbedion a gyflawnir? Beth a gaiff ei fonitro ar hyn o bryd yn niffyg y wybodaeth honno? Sut y gwyddoch fod yr honiadau am arbedion yn ddibynadwy? Nid oes gwahaniaeth gennyf pa un ohonoch sydd yn ateb y cwestiynau hynny.

Mr Martin: Heb y wybodaeth ar y waelodlin, mae'n amlwg ei bod yn amhosibl gwneud hynny, ond rhaid i hynny fod yn rhan o'r strategaethau. Bydd rhan o'r bwletin yn dweud wrth y sefydliadau fod yn rhaid iddynt gael strategaeth ar gyfer profi gwerth gorau. Yr ydym yn dilyn y thema. Nid ydym yn defnyddio iaith profi'r farchnad yn awr yn union yr un ffordd ag y'i defnyddiwyd yn yr adroddiad hwn, ond credaf fod hynny'n dilyn pwyslais sydd yn gymaint rhan o ddull gweithredu'r Cynulliad ag ydyw o'r adroddiad 'Gwell Gwerth Cymru'.

Yr hyn y gallwn ei wneud yw edrych ar y strategaethau hynny i sicrhau eu bod yn cynnwys rhaglen ar gyfer profi gwerth gorau a, lle y bo angen, ar gyfer gosod y gwasanaethau hynny ar dendr. Byddwn yn cyflawni hynny gyda'r sefydliadau. Fodd bynnag, nid yw'r diffyg gwybodaeth hyd yn hyn yn rhwystr i'r broses honno ar yr amod y cynhyrchir gwybodaeth fel rhan o'r rhaglen hon o gynhyrchu strategaethau a rhaglenni.

[63] **Jocelyn Davies:** Yes, I can see that in the future things will be much better and that that information will be reliable. However, I am talking about the claims of savings that have already been made. Are they reliable without that needed information?

Mr Martin: Subject to any points that Arwel Thomas wants to add, I would say that the figures that are reproduced in this report, I presume—looking across, if I may, at the Auditor General's colleagues in the audience—would have a degree of reliability. We have not claimed any more than, as it were, updating those figures. What I gave you earlier was an indication that the level of savings overall from those contracts, based on the same survey of colleges, does look to be greater. However, we do not have baseline information across the sector as a whole. I do repeat the point that over the years the principal emphasis was on the control of the unit cost of resource to colleges, so there was a general discipline placed on them to reduce their cost base. What they have not done is to document the way in which they did that. They clearly have done it because they have taken on many more students at a cost per student that is 14 per cent less, in real terms, than it was eight or nine years ago.

[63] **Jocelyn Davies:** Ie, gallaf weld y bydd pethau yn y dyfodol yn well o lawer ac y bydd y wybodaeth honno'n ddibynadwy. Fodd bynnag, yr wyf yn sôn am yr honiadau am arbedion a wnaethpwyd eisoes. A ydynt yn ddibynadwy heb y wybodaeth ofynnol honno?

Mr Martin: Yn amodol ar unrhyw bwyntiau y mae Arwel Thomas yn dymuno eu hychwanegu, dywedwn fod y ffigurau a atgynhychir yn yr adroddiad, yr wyf yn cymryd—gan edrych draw, os caf, at gydweithwyr yr Archwilydd Cyffredinol yn y gynulleidfa—yn ddibynadwy i raddau. Nid ydym wedi honni dim mwy, fel petai, na diweddarau'r ffigurau hynny. Yr hyn a roddais ichi'n gynharach oedd arwydd bod lefel yr arbedion o'r contractau hynny at ei gilydd, ar sail yr un arolwg o golegau, yn ymddangos yn fwy. Fodd bynnag, nid oes gennym wybodaeth ar y waelodlin ar draws y sector yn ei gyfanrwydd. Ailadroddaf y pwynt bod y prif bwyslais dros y blynyddoedd ar reoli cost yr uned o adnoddau i golegau, felly yr oedd disgyblaeth gyffredinol wedi ei gosod arnynt i leihau eu sylfaen gostau. Yr hyn na wnaethant oedd cofnodi eu dull o wneud hynny. Mae'n amlwg eu bod wedi gwneud hynny oherwydd maent wedi derbyn llawer mwy o fyfyrwyr ar gost y myfyriwr sydd yn 14 y cant yn llai, yn wirioneddol, nag ydoedd wyth neu naw mlynedd yn ôl.

Mr Thomas: Could I just add to Steve's comments in terms of concerns perhaps about the reliability of claims of savings being made? Steve earlier quoted a figure of approaching £700,000 in terms of the savings which compares to the £600,000 that is in the report by the National Audit Office. The principal contributors to that level of savings have been Coleg Sir Gâr and Coleg Gwent. Both of those institutions maintained registers of their savings, so there is a documented track of the savings themselves. As far as the consortium is concerned, I have personally checked the level of savings by having a look at the management report that the contracts have supplied, so I am comfortable that the savings levels that we are quoting here are accurate.

[64] **Jocelyn Davies:** Okay. Thank you, Chair.

[65] **Janet Davies:** We will now turn to the subject of supplier management. I would like to ask David Richards a question. The 'Better Value Wales' report recommends preference be given to local small and medium-sized enterprises and suggests measures to assist them to compete for business in the Welsh public sector. What will this involve and how might it impact on the way further education institutions procure goods and services, bearing in mind of course that they are independent and in the private sector although they are spending public money?

Mr Thomas: A gaf ychwanegu at sylwadau Steve o ran pryderon efallai ynghylch dibynadwyedd yr honiadau o arbedion a wneir? Yn gynharach dyfynnodd Steve ffigur o ymron i £700,000 yn nhermau'r arbedion sydd yn cymharu â'r £600,000 sydd yn yr adroddiad gan y Swyddfa Archwilio Genedlaethol. Y prif gyfranwyr at y lefel honno o arbedion oedd Coleg Sir Gâr a Choleg Gwent. Cadwodd y ddau sefydliad hynny gofrestrau o'u harbedion, felly mae llwybr wedi ei ddogfennu o'r arbedion eu hunain. O ran y consortiwm, yr wyf fi fy hun wedi gwirio lefel yr arbedion drwy orfod edrych ar yr adroddiad rheoli a roddodd y contractau, felly yr wyf yn fodlon bod lefelau'r arbedion yr ydym yn eu dyfynnu yma yn gywir.

[64] **Jocelyn Davies:** O'r gorau. Diolch i chi, Gadeirydd.

[65] **Janet Davies:** Trown yn awr at bwnc rheoli cyflenwyr. Hoffwn ofyn cwestiwn i David Richards. Mae adroddiad 'Gwell Gwerth Cymru' yn argymhell rhoi ffafriaeth i fusnesau bach a chanolig eu maint lleol ac yn awgrymu mesurau i'w cynorthwyo i gystadlu am fusnes yn sector cyhoeddus Cymru. Beth fydd hyn yn ei olygu a sut y gallai effeithio ar y modd y mae sefydliadau addysg bellach yn caffael nwyddau a gwasanaethau, gan gofio, wrth gwrs, eu bod yn annibynnol ac yn y sector preifat er eu bod yn gwario arian cyhoeddus?

Mr Richards: It will involve a range of measures. We are working with the Welsh Development Agency to draw up some training packages for SMEs in Wales so that they can become more competitive. It is important to get more information across to the public sector in Wales about what is on offer, so we are working towards a single database for Wales, which will hold all the contracts that the public sector has available so that there is a single point of entry where you can go to look for business.

We want to work towards a 'meet the buyer' event so that we can get the people actually doing the purchasing face to face with the people who are in the market so that they can talk about their requirements on the one hand and what is on offer on the other. We want to make sure that proper supplier lists are maintained, so that people who are doing the procuring know that there is a Welsh market. The indications are—certainly in our experience so far—that there is a double win here. You can actually get better value for money when you can encourage local sources and you can keep the business in Wales.

Mr Richards: Bydd yn golygu amryw o fesurau. Yr ydym yn gweithio gydag Awdurdod Datblygu Cymru i baratoi rhai pecynnau hyfforddi i fusnesau bach a chanolig eu maint yng Nghymru fel y gallant ddod yn fwy cystadleuol. Mae'n bwysig cyfleu mwy o wybodaeth i'r sector cyhoeddus yng Nghymru ynghylch yr hyn sydd ar gynnig, felly yr ydym yn ymdrechu i gael un gronfa ddata i Gymru, a fydd yn cynnwys yr holl gontractau sydd ar gael gan y sector cyhoeddus fel bod un pwynt mynediad lle y gallwch fynd i chwilio am fusnes.

Dymunwn ymdrechu i gael digwyddiad 'cwrdd â'r prynwr' fel y gallwn ddod â'r rhai sydd yn gwneud y prynu ei hun wyneb yn wyneb â'r rhai sydd yn y farchnad fel y gallant sôn am eu gofynion ar un llaw a'r hyn sydd ar gael ar y llall. Dymunwn sicrhau y cedwir rhestrau iawn o gyflenwyr, fel bod y rhai sydd yn caffael yn gwybod bod marchnad Gymreig. Yr arwyddion yw—yn sicr yn ein profiad hyd yn hyn—fod ennill deublyg yma. Gallwch gael gwell gwerth am arian pan allwch hybu ffynonellau lleol a gallwch gadw'r busnes yng Nghymru.

[66] **Janet Davies:** In paragraph 54 on page 17 of the report, the Auditor General reports that pressure to use local suppliers as a matter of policy can be a factor that has hindered some institutions, and that consortium suppliers are national suppliers based in England. You have answered this question to an extent, but could you give some indication of how institutions should balance support for local suppliers with the need to obtain value for money? I know that you have partly answered that question, but I think that perhaps there is a bit more that could be pursued.

[66] **Janet Davies:** Ym mharagraff 54 ar dudalen 17 yr adroddiad, mae'r Archwilydd Cyffredinol yn nodi bod pwysau i ddefnyddio cyflenwyr lleol fel mater o bolisi yn ffactor a allai fod wedi llesteirio rhai sefydliadau, a bod cyflenwyr y consortiwm yn gyflenwyr cenedlaethol wedi eu lleoli yn Lloegr. Yr ydych wedi ateb y cwestiwn hwn i raddau, ond a allwch roi rhyw arwydd o'r modd y dylai sefydliadau gadw'r ddysgl yn wastad rhwng cefnogaeth i gyflenwyr lleol a'r angen am werth am arian? Gwn eich bod wedi ateb y cwestiwn hwnnw i raddau, ond credaf y gellir mynd ymhellach ar y trywydd hwn.

Mr Richards: Value for money has to be paramount. This is taxpayers' money and we have to get the best value from it. I think that institutions will always have to make sure that they are aware of what their local market can deliver for them, because, in our experience, in some parts of the public sector in Wales people simply do not know what they can get at their doorstep. Our experience also is that it is a mistake to always think that very large is always the best. Sometimes procurement people think that, you know, if a medium-sized contract has given value for money, a much bigger contract will give much better value for money. It does not actually always work that way. So there is a kind of education for them. I am not thinking in particular of the FE sector, but of the whole experience across the board. There is a kind of education there, which involves looking at the market. There is work to be done to develop the market itself. Somehow we want to work with the buyers to make sure that they look at the market. Through the Welsh Development Agency we want to look at the market so that it is actually geared up to provide the best sort of services.

Mr Richards: Gwerth am arian yw'r peth pwysicaf, mae'n rhaid. Arian y trethdalwyr ydyw a rhaid inni gael y gwerth gorau ohono. Credaf y bydd yn rhaid bob amser i sefydliadau sicrhau eu bod yn ymwybodol o'r hyn y gall eu marchnad leol ei gyflawni drostynt, oherwydd, yn ein profiad ni, mewn rhai rhannau o'r sector cyhoeddus yng Nghymru nid yw pobl yn gwybod am yr hyn y gallant ei gael ar garreg eu drws. O'n profiad ni hefyd mae'n gamgymeriad meddwl bob tro mai'r hyn sydd yn fawr iawn yw'r gorau bob tro. Weithiau mae pobl caffael yn meddwl, wyddoch chi, os yw contract o faint canolig wedi rhoi gwerth am arian, y bydd contract mwy o lawer yn rhoi llawer gwell gwerth am arian. Nid yw'n gweithio felly bob tro, a dweud y gwir. Felly mae rhyw fath o addysg ar eu cyfer. Nid wyf yn meddwl am y sector addysg bellach yn benodol, ond am yr holl brofiad drwyddo draw. Mae rhyw fath o addysg yn y fan honno, sydd yn golygu edrych ar y farchnad. Mae gwaith i'w wneud i ddatblygu'r farchnad ei hun. Dymunwn weithio gyda'r prynwyr rywsut i sicrhau eu bod yn edrych ar y farchnad. Drwy Awdurdod Datblygu Cymru dymunwn edrych ar y farchnad fel ei bod wedi ei chymhwysu i ddarparu'r math gorau o wasanaethau.

If I can give an example from print procurement for the Welsh Office, and then the Assembly, as Members will know, we publish an awful lot of consultation documents, reports and things. Four years ago, we were spending £1.5 million on our print procurement. It was all sourced through a single contract with the Central Office of Information. It did all the tendering, or most of the tendering, it sourced it and it delivered the product. We were not happy with that. It was a perfectly respectable way to buy your print, but we did not think that we were getting enough value for money. Largely through the agitation of Paul, who did a review, we cancelled that contract, and we got in a team of print buyers ourselves. Now, we are doing three times as many print jobs, and we are paying the same amount. Four years ago, 90 per cent of the then Welsh Office print business went to firms outside Wales, now 90 per cent of it goes to firms in Wales. You can do both. You can get value for money and source it in Wales.

Os caf roi enghraifft o gaffael argraffwaith ar gyfer y Swyddfa Gymreig, ac wedyn y Cynulliad, fel y gwyr yr Aelodau, yr ydym yn cyhoeddi llawer iawn o ddogfennau ymgynghori, adroddiadau a phethau. Bedair blynedd yn ôl, yr oeddem yn gwario £1.5 miliwn ar gaffael ein hargraffwaith. Fe'i cafwyd drwy un contract gyda'r Swyddfa Hysbysrwydd Ganolog. Hi a wnaeth yr holl dendro, neu'r rhan fwyaf o'r tendro, fe'i dyrannai a dosbarthai'r cynnyrch. Nid oeddem yn fodlon ar hynny. Yr oedd yn ffordd gwbl barchus o brynu'ch argraffwaith, ond ni chredem ein bod yn cael digon o werth am arian. Yn bennaf drwy ymgyrchu Paul, a wnaeth adolygiad, diddymasom y contract hwnnw, a chawsom dîm o brynwyr argraffwaith i ni'n hunain. Yn awr, yr ydym yn gwneud tair gwaith y nifer o dasgau argraffu, ac yr ydym yn talu'r un maint. Bedair blynedd yn ôl, aeth 90 y cant o fusnes argraffu'r Swyddfa Gymreig gynt i fusnesau y tu allan i Gymru, yn awr mae 90 y cant ohono yn mynd i fusnesau yng Nghymru. Gallwch wneud y ddau. Gallwch gael gwerth am arian a'i gael yng Nghymru.

[67] **Janet Davies:** I must say that as I read the report, what started going through my mind was to ask what the Assembly itself is doing in its procurement. However, that is not the point of today's hearing. Eleanor, you have a few questions on energy management.

[67] **Janet Davies:** Rhaid imi ddweud mai'r hyn a ddechreuodd fynd drwy fy meddwl wrth imi ddarllen yr adroddiad oedd gofyn beth y mae'r Cynulliad ei hun yn ei wneud o ran ei gaffael. Fodd bynnag, nid dyna yw pwynt y gwrandawriad heddiw. Eleanor, mae gennych ychydig o gwestiynau ar reoli ynni.

[68] **Eleanor Burnham:** We understand from the report that you are carrying out a benchmarking exercise on energy management. What stage are you at, how will you use the results of this exercise, and how will you link it to the consortium? That is one question.

[68] **Eleanor Burnham:** Deallwn ar sail yr adroddiad eich bod yn gwneud ymarfer meincodi ar reoli ynni. Ar ba gam ydych, sut y byddwch yn defnyddio canlyniadau'r ymarfer hwn, a sut y byddwch yn ei gysylltu â'r consortiwm? Dyna un cwestiwn.

Mr Martin: If I could answer first, the value for money study, in which Arwel Thomas has been intimately engaged—and I am sure that he will have things to add—is due to be produced in about a month, so we are well on with that. We expect that to offer some very good examples of good practice. We expect also to be requiring proper strategies specifically for energy management from institutions, again linked to their general institutional strategies. The position in terms of tendering for those services is pretty good. With the exception of one very small institution, there has been competitive tendering. The issue is now more about monitoring and having best practice in terms of energy usage, and also in terms of environmental issues. So there has already been a significant amount of work to get best value. There is always more that can be done, but we see the primary emphasis of this guidance being on those new areas where not enough has been done yet in terms of monitoring levels of consumption and pursuing best practice within institutions in that way.

Mr Martin: Os caf fi ateb yn gyntaf, mae'r astudiaeth gwerth am arian, y bu Arwel Thomas yn ymwneud yn agos â hi—ac yr wyf yn sicr y bydd ganddo bethau i'w hychwanegu—i'w chynhyrchu ymhen tua mis, felly yr ydym wedi mynd rhagom yn dda â hynny. Disgwyliwn i honno gynnig rhai enghreifftiau da iawn o arfer da. Disgwyliwn hefyd y byddwn yn mynnu cael strategaethau iawn yn benodol ar gyfer rheoli ynni gan sefydliadau, yn gysylltiedig eto â'u strategaethau sefydliadol cyffredinol. Mae'r sefyllfa o ran tendro am y gwasanaethau hynny yn eithaf da. Heblaw am un sefydliad bach iawn, bu tendro cystadleuol. Mae'r mater yn ymwneud yn fwy'n awr â monitro a chael yr arfer gorau o ran defnyddio ynni, a hefyd o ran materion amgylcheddol. Felly bu llawer o waith eisoes i gael y gwerth gorau. Gellid gwneud mwy bob amser, ond ystyriwn mai ar y meysydd newydd hynny lle na wnaethpwyd digon eto o ran monitro lefelau o ddefnydd a cheisio'r arfer gorau mewn sefydliadau yn y modd hwnnw y mae prif bwyslais y cyfarwyddyd hwn

Mr Thomas: Yes, the study itself has had two points of focus. One is the procurement of energy, gas and other fuels, and the story there is quite good in that not only have all of the institutions tendered, but they tender regularly. Most institutions now tender for the supply of energy on an annual basis and there is a fair amount of monitoring of electricity bills as part of that. The weakness has been what is being done to manage and control usage. The study has picked up a number of good examples of the management of electricity. For example, some colleges have now introduced initiatives such as having lighting that only comes on in a room through a sensor. There are estimates that that particular initiative is saving 40 per cent on lighting costs. There are other initiatives and the primary focus is on where there is new build at institutions, it including energy efficiency measures. On top of that, a lot of money has been spent in improving the energy efficiency of a great deal of the estate in the sector. A lot of it is quite inefficient in terms of being 1950s and 1960s build. There has been quite a lot of investment in double-glazing and so on to improve that. On the work with the consortium, the consortium has recently looked at a benchmarking of the electricity prices that are being paid by each of the institutions and it has arranged an energy procurement seminar in December to take this forward and get even keener prices.

[69] **Eleanor Burnham:** I was going to ask about new build and the eco-friendly strategies and so on but you obviously have that in train. Can you indicate at this stage the possible savings that can be made through better energy management, or is that a rather farfetched question?

Mr Thomas: Ie, bu dau ganolbwynt yn yr astudiaeth ei hun. Un yw caffael ynni, nwy a thanwyddau eraill, ac mae'r hanes yno yn eithaf da i'r graddau bod yr holl sefydliadau wedi tendro, a'u bod hefyd yn tendro'n rheolaidd. Mae'r rhan fwyaf o sefydliadau'n tendro'n awr ar gyfer cyflenwi ynni'n flynyddol ac mae cryn dipyn o fonitro ar filiau trydan yn rhan o hynny. Y gwendid oedd yr hyn a wneir i lywio a rheoli defnydd. Mae'r astudiaeth wedi codi nifer o enghreifftiau da o reoli trydan. Er enghraifft, mae rhai colegau bellach wedi cyflwyno mentrau fel goleuadau nad ydynt ond yn cynnau mewn ystafell drwy synhwyrydd. Mae amcangyfrifon bod y fenter arbennig honno yn arbed 40 y cant ar gostau goleuo. Mae mentrau eraill ac mae'r prif sylw ar leoedd lle y mae adeiladu newydd mewn sefydliadau, gan gynnwys mesurau effeithlonrwydd ynni. Ar ben hynny, gwariwyd llawer o arian ar wella effeithlonrwydd ynni mewn rhan fawr o ystad y sector. Mae llawer ohoni'n eithaf aneffeithlon am ei bod wedi ei chodi yn y 1950au a'r 1960au. Bu cryn fuddsoddi mewn gwydro dwbl ac yn y blaen i wella hynny. Ynghylch y gwaith gyda'r consortiwm, mae'r consortiwm wedi edrych yn ddiweddar ar feincnodi'r prisiau trydan a delir gan bob un o'r sefydliadau ac mae wedi trefnu seminar caffael ynni yn Rhagfyr i fwrw ymlaen â hyn ac i gael prisiau is byth.

[69] **Eleanor Burnham:** Yr oeddwn yn mynd i holi ynghylch adeiladu newydd a'r strategaethau amgylchedd garedig ac yn y blaen ond mae'n amlwg bod hynny mewn trefn gennyich. A allwch ddweud yn awr yr arbedion posibl y gellir eu gwneud drwy well rheoli ynni, neu a yw hynny'n gwestiwn braidd yn annhebygol?

Mr Thomas: It is very difficult. The best information that we have is that there are some very simple and easy initiatives that can be taken such as switching off lighting and, where that is possible, through sensors and so on, it happens automatically. As I mentioned earlier, the indication from that kind of initiative is that there is a 40 per cent saving. I do not have any other indications of savings that are available.

Mr Thomas: Mae'n anodd iawn. Y wybodaeth orau sydd gennym yw bod rhai mentrau syml a hawdd iawn y gellir eu cychwyn fel diffodd goleuadau a, lle y bo modd, drwy synwryddion ac yn y blaen, mae'n digwydd yn awtomatig. Fel y soniais yn gynharach, yr argoelion o'r math hwnnw o fenter yw bod arbediad o 40 y cant. Nid oes gennyf unrhyw arwyddion eraill o'r arbedion sydd ar gael.

[70] **Janet Davies:** I will ask a final question on this section. It seems that the improvements that have been made in the various aspects of procurement are not consistent across the sector. Some institutions are clearly more advanced than others. The consortium pilot proved that working together can be beneficial, but do you think that there is scope for any greater collaborative working between institutions, other than through the consortium arrangements?

[70] **Janet Davies:** Gofynnaf gwestiwn terfynol am yr adran hon. Ymddengys nad yw'r gwelliannau a wnaethpwyd yn y gwahanol agweddau ar gaffael yn gyson ar draws y sector. Mae'n amlwg bod rhai sefydliadau wedi mynd yn bellach nag eraill. Profodd rhagbrawf y consortiwm y gall gweithio ar y cyd fod yn fuddiol, ond a gredwch fod cyfle ar gyfer mwy o weithio cydweithredol rhwng sefydliadau, heblaw drwy drefniadau'r consortiwm?

Mr Martin: I think that there is. Now that all institutions are members of the consortium, it is a starting point, but it will not answer every question for them. I know that Assembly colleagues have been working up proposals on the possibility of regional consortia. There is also, frankly, some very good practice in higher education. My other job is as chief executive of the Higher Education Funding Council. I have staff who work for both councils. I think that we need to do more to open up those opportunities. Again, that does not answer all the questions. I think you have to have a flexible approach to ensure that colleges are tied in to whatever arrangements will enable them to best achieve best value in their circumstances. The consortium is one, and has to be a principal focus, but it is not the only one.

[71] **Alison Halford:** The savings that you are making must surely have a capital cost requirement—double-glazing and that kind of thing. Is money now being made available under the capital budget, which allows cost savings to be made?

Mr Martin: Yes, there are resources available to colleges. They, of course, can generate their own surpluses—where they are particularly well managed—to invest in their estates, but we also have specific estates resources. One of the criteria we would expect to apply is where it enables them to make savings for the future.

[72] **Alison Halford:** A final question. You actually said, Steve, that the council does not have sufficient powers to take action. We were actually talking about management information systems.

Mr Martin: Credaf fod. Gan fod pob sefydliad yn aelod o'r consortiwm bellach, mae'n fan cychwyn, ond ni fydd yn ateb pob cwestiwn iddynt. Gwn fod cydweithwyr yn y Cynulliad wedi bod yn paratoi cynigion ar y posibiliad o gonsortia rhanbarthol. Mae rhywfaint o arfer da iawn mewn addysg uwch hefyd, a dweud y gwir. Fy swydd arall yw prif weithredwr y Cyngor Cyllido Addysg Uwch. Mae gennyf staff sydd yn gweithio i'r ddau gyngor. Credaf fod angen inni wneud rhagor i ehangu'r cyfleoedd hynny. Unwaith eto, nid yw hynny'n ateb yr holl gwestiynau. Credaf fod yn rhaid ichi gael dull hyblyg o weithredu er mwyn sicrhau bod colegau wedi ymrwymo i ba bynnag drefniadau a fydd yn eu galluogi i gyflawni'r gwerth gorau mwyaf yn eu hamgylchiadau. Mae'r consortiwm yn eu plith, a rhaid iddo fod yn brif ffocws, ond nid hwnnw yw'r unig un.

[71] **Alison Halford:** Rhaid bod gofyniad cost cyfalaf ar gyfer yr arbedion yr ydych yn eu gwneud, wrth gwrs—gwydro dwbl a phethau o'r fath. A oes arian ar gael yn awr o dan y gyllideb cyfalaf, sydd yn golygu bod modd gwneud arbedion cost?

Mr Martin: Oes, mae adnoddau ar gael i golegau. Wrth gwrs, gallant greu eu gwargedau eu hunain—pan gânt eu rheoli'n arbennig o dda—i'w buddsoddi yn eu hystadau, ond mae gennym adnoddau ystadau penodol hefyd. Un o'r meini prawf y disgwyliem ei gymhwyso yw lle y mae'n eu galluogi i wneud arbedion ar gyfer y dyfodol.

[72] **Alison Halford:** Un cwestiwn olaf. Dywedasoeh yn benodol, Steve, nad oes gan y cyngor bwerau digonol i weithredu. Yr oeddem yn sôn yn benodol am systemau gwybodaeth reoli.

Mr Martin: I was referring much more generally to the debate that occurred when I was before the Committee on the matter of Coleg Gwent and the difficulties that there had been there some years past. As I recall, Sir John was invited to comment and he suggested that there were some problems with the model of governance. At the moment there is, frankly, quite a long-winded process if there are serious management deficiencies. I am not talking about a problem with management information systems narrowly. I am talking about the sort of major concerns that I was expressing earlier when I referred to the governance assurance statement.

Mr Martin: Yr oeddwn yn cyfeirio yn fwy cyffredinol o lawer at y ddadl a fu pan oeddwn gerbron y Pwyllgor ar fater Coleg Gwent a'r anawsterau a fuasai yno rai blynyddoedd yn ôl. Fel y cofiaf, gwahoddwyd Syr John i wneud sylw ac awgrymodd fod rhai problemau ynghylch y model llywodraethu. Ar hyn o bryd, mae proses eithaf hirwyntog, a dweud y gwir, os oes diffygion rheoli difrifol. Nid wyf yn sôn am broblem sydd yn gyfyngedig i systemau gwybodaeth reoli. Yr wyf yn sôn am y math o bryderon mawr a fynegais yn gynharach pan gyfeiriais at y datganiad sicrwydd llywodraethu.

We have some powers. We have the ability, for instance, to appoint a couple of additional governors. They would still be in a minority, but we do have that power. We have the power to propose the dissolution of a college, which the Assembly would then determine. It is a bit of a nuclear power with a ring-side seat, really. My concern, and this is flagged up in the assurance statement, is about where we need to move rapidly. The council has, rightly, statutory duties to make sure that there is adequate provision of education and training throughout Wales. So we cannot simply close things. What does worry me is that learners suffer. Many of the measures that we could take would involve learners suffering because we would be choking off money. Where we need to move quickly to tackle really serious management problems, we cannot do that at the moment. We do all that we can; we work very hard, but it is actually rather more labour intensive and I suspect that, if we had some wider powers, we could probably produce the remedial action rather more quickly, probably most of the time without using those powers.

Mae gennym rai pwerau. Gallwn, er enghraifft, benodi dau lywodraethwr ychwanegol. Byddent yn dal i fod yn lleiafrif, ond mae'r pwr hwnnw gennym. Mae gennym y pwr i gynnig diddymu coleg, a byddai'r Cynulliad yn penderfynu ar hynny wedyn. Mae braidd fel bod ag arf niwclear gyda sedd wrth ochr y ring, mewn gwirionedd. Mae'r pryder sydd gennyf fi, a thynnir sylw at hyn yn y datganiad sicrwydd, yn ymwneud â lle y mae angen inni symud yn gyflym. Mae'n briodol bod gan y cyngor ddyletswyddau statudol i sicrhau bod darpariaeth ddigonol o addysg a hyfforddiant ledled Cymru. Felly ni allwn gau pethau yn unig. Yr hyn sydd yn peri gofid i mi yw bod dysgwyr yn dioddef. Byddai llawer o'r mesurau y gallem eu cymryd yn golygu bod dysgwyr yn dioddef oherwydd byddem yn rhwystro arian. Lle y mae angen inni symud yn gyflym i fynd i'r afael â phroblemau rheoli gwirioneddol ddifrifol, ni allwn wneud hynny ar hyn o bryd. Yr ydym yn gwneud popeth a allwn; yr ydym yn gweithio'n galed iawn, ond mae'n fwy llafurddwys o dipyn, a dweud y gwir, ac yr wyf yn amau, pe bai gennym rai pwerau ehangach, y gallem gyflwyno'r camau cywiro yn gyflymach, a hynny, mae'n debyg, heb ddefnyddio'r pwerau hynny gan amlaf.

[73] **Alison Halford:** Who gives you those powers?

[73] **Alison Halford:** Pwy sy'n rhoi'r pwerau hynny i chi?

Mr Martin: The powers would have to come from the primary and secondary legislation which exists for our relationship with the sector.

Mr Martin: Byddai'n rhaid i'r pwerau ddod o'r ddeddfwriaeth sylfaenol ac eilaidd sydd yn bodoli ar gyfer ein perthynas â'r sector.

[74] **Janet Davies:** Are you lobbying for those powers?

[74] **Janet Davies:** A ydych yn pwysu i gael y pwerau hynny?

Mr Martin: I have made it clear to Assembly officials and, indeed, I hope that Sir John will not mind me saying, he and I touched on this recently in a private discussion. It is not simple. It is not straightforward. The last thing that I would want is a system of, as it were, bureaucratic day-to-day controls. It is not about micro-management. That would be disastrous. Colleges at their best do wonderful things by having lots of freedom to work with their partners and deliver learning opportunities. Not all of them do it well, and where there are problems they can arise quite quickly and I think that we need the ability to move in. After all, if we were operating in a commercial environment and you had serious problems with one of your major suppliers, you would not hang around to have a chat with the governors over a long period. You would move in, you would take action and you would move on.

Mr Martin: Yr wyf wedi rhoi hynny ar ddeall i swyddogion y Cynulliad ac, yn wir, gobeithiaf nad oes gwahaniaeth gan Syr John os dywedaf, cyfeiriodd ef a minnau at hyn yn ddiweddar mewn trafodaeth breifat. Nid yw'n syml. Nid yw'n rhwydd. Y peth diwethaf y dymunwn ei gael yw system o reolaethau biwrocraidd o ddydd i ddydd, fel petai. Nid yw'n ymwneud â microreoli. Byddai hynny'n drychinebus. Mae colegau ar eu gorau yn gwneud pethau rhyfeddol drwy gael digonedd o ryddid i weithio gyda'u partneriaid a darparu cyfleoedd dysgu. Nid yw pob un yn gwneud hynny'n dda, a lle y mae problemau gallant godi'n eithaf cyflym a chredaf fod angen inni allu mynd i mewn. Wedi'r cyfan, pe byddech yn gweithredu mewn amgylchedd masnachol ac yn profi problemau difrifol gydag un o'ch prif gyflenwyr, ni fyddech yn oedi i gael sgwrs â'r llywodraethwyr dros gyfnod hir. Byddech yn mynd i mewn, byddech yn cymryd camau a byddech yn symud ymlaen.

[75] **Alison Halford:** Could we invite a letter on this subject, Chair?

[75] **Alison Halford:** A allem ofyn am llythyr ar y pwnc hwn, Gadeirydd?

[76] **Janet Davies:** From whom to whom?

[76] **Janet Davies:** Oddi wrth bwy at bwy?

[77] **Alison Halford:** From Steve to the Committee.

[77] **Alison Halford:** Oddi wrth Steve at y Pwyllgor.

[78] **Janet Davies:** What would be the purpose of the letter?

[78] **Janet Davies:** Beth fyddai pwrpas y llythyr?

[79] **Alison Halford:** We have been told that it has been discussed for some considerable time that there are insufficient powers to handle certain situations. This is obviously known by Sir John. We hear that officials have been asked to look at it. No powers would appear to be forthcoming at the moment. All I am asking is, does the Committee have any clout to try to address the situation that has been described to us?

Mr Martin: Would it help the Committee if I said a little more about the discussions and where we are with them?

[80] **Janet Davies:** Yes, it would be interesting. I was going to ask you about this at the end in fact, so we have got to it a bit earlier.

Mr Martin: I do not encounter any reluctance from anyone I have spoken to about the importance of this issue and that it is addressed. It is certainly helpful if the Audit Committee feels able to say things about that. I imagine that you are very influential when these matters are considered. I simply want you to know that, in terms of the discussions with Sir John and Assembly officials—and I have also been able to flag up this issue with the Minister for Education and Lifelong Learning, Jane Davidson—I do not sense anyone being very cautious about this. There is always the issue about when legislative opportunities arise, of course.

[79] **Alison Halford:** Dywedwyd wrthym fod trafod wedi bod ar hyn ers cryn amser ac nad oes digon o bwerau i ymdrin â rhai sefyllfaoedd. Mae'n amlwg yn hysbys i Syr John. Clywn fod cais wedi bod i'r swyddogion edrych arno. Nid yw'n ymddangos bod pwerau ar y ffordd ar hyn o bryd. Y cwbl a ofynnaf yw, a oes gan y Pwyllgor unrhyw ddylanwad i geisio ymdrin â'r sefyllfa a ddisgrifiwyd i ni?

Mr Martin: A fyddai o gymorth i'r Pwyllgor pe dywedwn ychydig yn rhagor am y trafodaethau a lle'r ydym arnynt?

[80] **Janet Davies:** Byddai, byddai'n ddiddorol. Yr oeddwn yn mynd i ofyn ichi am hyn ar y diwedd, a dweud y gwir, felly yr ydym wedi ei gyrraedd ychydig yn gynharach.

Mr Martin: Nid wyf yn dod ar draws amharodrwydd gan neb yr wyf wedi siarad ag ef am bwysigrwydd y mater hwn a'r angen i roi sylw iddo. Mae'n sicr o gymorth os yw'r Pwyllgor Archwilio yn teimlo ei fod yn gallu dweud pethau am hynny. Tybiaf eich bod yn ddylanwadol iawn pan ystyrir y materion hyn. Nid wyf ond yn dymuno ichi wybod, o ran y trafodaethau gyda Syr John a swyddogion y Cynulliad—ac yr wyf hefyd wedi gallu dod â'r mater hwn i sylw'r Gweinidog dros Addysg a Dysgu Gydol Oes, Jane Davidson—nad wyf yn synhwyro bod neb yn ochelgar iawn am hyn. Mae cwestiwn bob amser ynghylch pa bryd y mae cyfleoedd deddfwriaethol yn codi, wrth gwrs.

[81] **Janet Davies:** Before we come to a conclusion, we want to ask you, Mr Martin, some questions about further potential savings and Mr Richards some questions about the Assembly's 'Better Value Wales' report. First, to Mr Martin, if we turn to the specific issue of savings, the Auditor General gives £2.5 million as an illustration of the potential savings that might be achieved through improved procurement processes. Do you agree that that is a realistic target level of savings that might arise, and have you any idea of what time period might be necessary to get them realised?

Mr Martin: I think it would be folly for me today, in advance of receiving the strategies that institutions are producing, to give you a precise target timetable. I have already expressed the view that the 3 per cent rolling annual savings that are referred to generally in the Assembly's Best Value work on this looks like a realistic figure for this sector too. I do not see why it should be exempt from that discipline. I would want those to be secured as quickly as possible. I would be very happy to report to the Committee with a clearer timetable for by when I expect that to be, when we have had a chance to examine the response from institutions. As I said earlier, I think it will take time to build up to that level, but the consortium is now getting into gear. As Arwel Thomas indicated earlier, it is beginning to look at some areas that offer some much bigger savings.

[81] **Janet Davies:** Cyn inni ddod i'r diwedd, dymunwn ofyn rhai cwestiynau i chi, Mr Martin, am arbedion posibl yn y dyfodol a rhai cwestiynau i Mr Richards am adroddiad 'Gwell Gwerth Cymru' y Cynulliad. Yn gyntaf, i Mr Martin, os trown at fater penodol arbedion, mae'r Archwilydd Cyffredinol yn rhoi £2.5 miliwn fel enghraifft o'r arbedion posibl y gellid eu sicrhau drwy well prosesau caffael. A gytunwch fod hynny'n lefel darged realistig o arbedion a allai godi, ac a oes gennych unrhyw syniad am y cyfnod o amser a allai fod yn angenrheidiol i'w cyflawni?

Mr Martin: Credaf mai ffolineb fyddai i mi heddiw, cyn derbyn y strategaethau y mae'r sefydliadau'n eu cynhyrchu, roi amserlen darged fanwl i chi. Yr wyf eisoes wedi datgan y farn bod y 3 y cant o arbedion blynyddol treiglol y cyfeirir atynt yn gyffredinol yng ngwaith Gwerth Gorau'r Cynulliad yn ymddangos yn ffigur realistig ar gyfer y sector hwn hefyd. Ni welaf pam y dylai gael ei eithrio o'r ddisgyblaeth honno. Dymunwn i'r rheini gael eu sicrhau mor gyflym ag y bo modd. Byddwn yn falch iawn o roi amserlen gliriach i'r Pwyllgor am yr adeg y disgwyliaf i hynny fod, pan ydym wedi cael cyfle i archwilio'r ymateb oddi wrth y sefydliadau. Fel y dywedais yn gynharach, credaf y bydd yn cymryd amser i godi i'r lefel honno, ond mae'r consortiwm yn dechrau dod i'r afael. Fel y nododd Arwel Thomas yn gynharach, mae'n dechrau edrych ar rai meysydd sydd yn cynnig rhai arbedion mwy o lawer.

One other thing I have to flag up is that I think that there has been a very useful exchange about, as it were, the tension that there can be in the short term between the pursuit of value for money on the one hand and support for local economies on the other. David Richards made clear that that is not necessarily a problem and that you can get a win on both sides as long as you go about it in a systematic way. I think if I were to say that we will achieve these savings in six months, nine months or whatever, and we did not have the right mechanisms in place to ensure that that enabled the small and medium-sized enterprises in Wales to compete in that process, it could be very damaging to them. I am not trying to wriggle; I would like to come back at a point when we can be clearer about exactly what sort of levels of savings there will be. What matters to me above all, I think, is that we have a rolling programme of cumulative savings from this process.

[82] **Janet Davies:** I think that the Auditor General will be following up on what is happening with procurement. That will give a chance for the information to come back to Committee in that form.

[83] **Dafydd Wigley:** Yr wyf am addasu rhai o'r cwestiynau yr oeddwn am eu gofyn am fod llawer ohonynt wedi'u hateb yn barod wrth i'r sgwrs fynd ymlaen. Ar y pwynt olaf a wnaethoch, o safbwynt consortiwm pwrcasu canolog, mae'n hollbwysig bod consortiwm o'r math hwnnw'n meddwl o'r canol ond yn gweithredu'n lleol, ac mor ddatganoledig ag sydd yn bosibl yn ei weithrediadau, neu byddwn ar ein colled o safbwynt economi lleol. A ydynt yn deall hynny?

Un peth arall y mae'n rhaid imi dynnu sylw ato yw fy mod yn credu bod trafod buddiol iawn wedi bod ynghylch, fel petai, y tyndra y gellir ei gael yn y tymor byr rhwng ceisio gwerth am arian ar un llaw a chymorth i economïau lleol ar y llall. Rhoddodd David Richards ar ddeall nad yw hyn yn broblem o reidrwydd ac y gallwch ennill ar y ddwy ochr cyhyd â'ch bod yn mynd yn ei gylch yn systematig. Credaf, pe bawn yn dweud y sicrhawn yr arbedion hyn mewn chwe mis, naw mis neu beth bynnag, a ninnau heb y mecanweithiau iawn ar waith i sicrhau bod hynny'n galluogi'r busnesau bach a chanolig eu maint yng Nghymru i gystadlu yn y broses honno, y gallai fod yn niweidiol iawn iddynt. Nid wyf yn ceisio sleifio; hoffwn ddod yn ôl ar bwynt pan allwn fod yn eglurach ynghylch yr union fath o lefelau o arbedion a fydd. Yr hyn sydd yn bwysicach na dim i mi, yr wyf yn credu, yw bod gennym raglen dreiglol o arbedion cronol o'r broses hon.

[82] **Janet Davies:** Credaf y bydd yr Archwilydd Cyffredinol yn mynd ar ôl yr hyn sydd yn digwydd gyda chaffael. Bydd hynny'n gyfle i'r wybodaeth ddod yn ôl i'r Pwyllgor ar y ffurf honno.

[83] **Dafydd Wigley:** I will adapt some of the questions that I wanted to ask because many of them have already been answered as the conversation has progressed. On the last point you made, in terms of the central purchasing consortium, it is vital that that kind of consortium thinks from the centre but acts locally and is as devolved in its actions as possible, or we will lose out in terms of the local economy. Do they understand that?

Mr Martin: Cytunaf yn llwyr. Ychwanegaf un pwynt arall sydd yn fwy cyffredinol. Ceir cwestiwn yma, byddwn yn dweud, nid yn unig am bwrcasu a'r rhaglen sydd ar y gweill gan y Cynulliad i wella perfformiad yn y cyddestun hwnnw, ond hefyd am godi lefel sgiliau yn gyffredinol mewn busnesau bach dros Gymru gyfan. Mae rôl gan y cyngor cenedlaethol i gyfrannu at hynny hefyd.

Mr Martin: I agree wholeheartedly. I add one other point, which is more general. There is a question here, I would say, not only about purchasing and the programme that is ongoing in the Assembly to improve performance in that context, but also about raising the skills levels in general in small businesses throughout Wales. The national council has a role in contributing to that as well.

[84] **Dafydd Wigley:** Derbyniaf hynny. Symudaf ymlaen i sôn am yr hyn a ddywedasoch ychydig funudau yn ôl ynglyn â'r '*rolling programme*'—dyna oedd y term y bu ichi ei ddefnyddio—yn rhoi arbedion cynyddol. A allaf fod yn glir am yr hyn y soniwn amdano? Yn y ddogfen 'Gwell Gwerth Cymru', mae sôn am arbedion o 3 y cant y flwyddyn. A ydym yn sôn am y 3 y cant yn cynyddu flwyddyn ar ôl blwyddyn, ynteu am 3 y cant o arbedion sydd yn rhoi, wedyn, symiau ariannol cynyddol o flwyddyn i flwyddyn? Mae gwahaniaeth, onid oes?

[84] **Dafydd Wigley:** I accept that. I move on to what you said a few moments ago about the rolling programme—that was the term that you used—giving cumulative savings. May I be clear about what we are referring to. In the document 'Better Value Wales', 3 per cent savings per year is mentioned. Are we talking about 3 per cent cumulative savings year on year, or about savings of 3 per cent that will then give increasing financial sums year on year? There is a difference, is there not?

Mr Martin: Mae hynny'n hollbwysig. Credaf y dylai fod yn bosibl i anelu at 3 y cant ar ben 3 y cant am gyfnod. Nid wyf yn sicr beth yw diben y broses honno. Bydd yn rhaid inni adolygu y cynnydd hwnnw yn y cynilion flwyddyn ar ôl blwyddyn ac yna gosod targedau eraill ar ben y perfformiad hyd yn hyn.

Mr Martin: That is vital. I believe that it should be possible to aim towards 3 per cent on top of 3 per cent for a period. I am not sure what the end of that process is. We must review that increase in savings year on year and then set other targets on top of the performance to date.

[85] **Dafydd Wigley:** A gaf ddweud, os ydych yn llwyddo i gael 3 y cant ar ben 3 y cant ar ben 3 y cant am nifer o flynyddoedd, byddwch yn cael arbedion llawer mwy sylweddol na'r symiau yr ydym wedi bod yn sôn amdanynt yma. Mae hynny'n rhywbeth i'w groesawu'n fawr iawn.

[85] **Dafydd Wigley:** May I say, if you succeed in achieving 3 per cent on top of 3 per cent on top of 3 per cent for several years, you will have much more substantial savings than the sums that we have been discussing here. That is something to be very much welcomed.

Mr Martin: Nid wyf wedi dweud y bydd yn bosibl i wneud hynny tan ddiwedd yr oes, fel petai. Ond, mae hynny'n arferol yn y byd busnes. Nid wyf yn credu y dylai'r sefyllfa yn y sector cyhoeddus fod yn hollol wahanol.

Mr Martin: I have not said that it will be possible to do that forever, as it were. However, that is normal in the business world. I do not believe that the situation in the public sector should be completely different.

[86] **Dafydd Wigley:** Derbyniaf fod lle'n sicr i edrych i mewn i hyn ac i weithredu felly. Credaf fod *limit*, fel y gwelwyd yn y sector iechyd, lle yr oedd disgwyl i'r awdurdodau a'r ymddiriedolaethau wneud arbedion ar ben ei gilydd am ryw 10 mlynedd. Yr oedd hynny'n dechrau torri'r asgwrn. Fodd bynnag, daliwyd ati ar hyd hynny.

[86] **Dafydd Wigley:** I accept that there is certainly room to investigate this and put it into action. I believe that there is a limit, as was seen in the health sector, where the authorities and the trusts were expected to make cumulative savings for some 10 years. That was getting to be too much. However, it was still followed.

Yr oeddech yn cyfeirio at y monitro. I ryw raddau, yr ydych wedi ateb y pwynt hwn eisoes, ond sut y bydd y cyngor yn helpu'r consortiwm i ddatblygu systemau ar gyfer mesur yr arbedion hyn ar sail cyson, dealladwy, agored a chydnybodedig, fel bod pawb yn gwybod yn union beth sy'n cael ei fesur a sut mae'n cael ei fesur, a bod hyn yn dod yn rhan o ddiwylliant y sector, os hoffech?

You referred to monitoring. To some extent, you have already answered this point, but how will the council help the consortium to develop systems to measure these savings on a consistent, understandable, open and acknowledged basis, so that everyone knows exactly what is being measured and how it is measured, and that this becomes part of the culture of the sector, if you like?

Mr Martin: Will you answer this, Arwel?

Mr Martin: A wnewch chi ateb hyn, Arwel?

Mr Thomas: One of the things that the consortium is doing as part of its work to monitor savings is it has actually employed a benchmarking company to look at the prices that it is achieving and, as part of that, ensuring that everything is on a consistent basis. So, there is some outside help given to the consortium in the monitoring of savings and the prices that it achieves. It is the cumulation of that work that will be the main factor that will enable us to have assurance in terms of levels of saving through time.

Mr Thomas: Un o'r pethau y mae'r consortiwm yn ei wneud fel rhan o'i waith i fonitro arbedion, fel mae'n digwydd, yw ei fod wedi defnyddio cwmni meincnodi i edrych ar y prisiau y mae'n eu sicrhau ac, fel rhan o hynny, sicrhau bod popeth ar sail gyson. Felly, rhoddir rhywfaint o gymorth o'r tu allan i'r consortiwm wrth fonitro arbedion a'r prisiau y mae'n ei sicrhau. Y cyfuniad o'r gwaith hwnnw fydd y prif ffactor a fydd yn ein galluogi i gael sicrwydd o ran y lefelau o arbedion dros amser.

[87] **Dafydd Wigley:** Ac mae'r systemau y byddwch yn eu defnyddio yn rhai cyffelyb i systemau pwysu a mesur arbedion a ddefnyddir mewn rhannau eraill o'r sector cyhoeddus?

Mr Thomas: Ydynt. Yr ydym yn siarad gyda'n cyfeillion yn y Cynulliad ynglyn â'r math o wybodaeth yr ydym yn erfyn ei weld yn y sector.

[87] **Dafydd Wigley:** And the systems that you will use will be similar to the savings evaluation systems used in other parts of the public sector?

Mr Thomas: Yes. We are speaking to our colleagues in the Assembly about the type of information that we expect to see in the sector.

[88] **Dafydd Wigley:** Diolch i chi am hynny. A gaf droi, felly, at Mr Richards? Beth yw'ch barn chi o berfformiad y sector addysg bellach o safbwynt pwrcasu mewn cymhariaeth â rhannau eraill o'r sector cyhoeddus yng Nghymru?

[88] **Dafydd Wigley:** Thank you for that. May I therefore turn to Mr Richards? What is your opinion of the performance of the further education sector as regards purchasing, compared to other parts of the public sector in Wales?

Mr Richards: I think we were a bit slow out of the box originally in getting to grips with this. I think that they now have a very good head of steam and there are a lot of exciting and interesting things going on. I am very pleased at the way that the two organisations are working together on that. I think, like the rest of the public sector in Wales, that we have found that the problem is that it is patchy, as Steve said earlier. There are good things across the public sector in Wales, including in the FE sector, to which you can point and say 'that is really good, that is exciting'. However, it is not spreading enough. So one of the things that we want to do in working together with ELWa and with the other bodies in the public sector is to ensure that the good and exciting things that happen get picked up and spread across everywhere else.

[89] **Dafydd Wigley:** A oes gennych farn ar y potensial ar gyfer arbedion pellach yn y sector addysg bellach?

Mr Richards: Credaf ein bod wedi cychwyn braidd yn araf ar y dechrau wrth fynd i'r afael â hyn. Credaf eu bod wedi magu stêm yn dda iawn bellach ac mae llawer o bethau cyffrous a diddorol yn mynd ymlaen. Yr wyf yn fodlon iawn ar y modd y mae'r ddau gorff yn gweithio gyda'i gilydd ar hynny. Credaf, fel y gweddill o'r sector cyhoeddus yng Nghymru, ein bod wedi canfod mai'r broblem yw anghysondeb, fel y dywedodd Steve yn gynharach. Mae pethau da ar draws y sector cyhoeddus yng Nghymru, gan gynnwys y sector addysg bellach, y gallwch gyfeirio atynt a dweud 'mae hynny'n wirioneddol dda, mae hynny'n gyffrous'. Fodd bynnag, nid yw'n ymledu ddigon. Felly un o'r pethau y dymunwn ei wneud wrth weithio ar y cyd ag ELWa a chyda'r cyrff eraill yn y sector cyhoeddus yw sicrhau bod y pethau da a chyffrous sydd yn digwydd yn cael eu codi a'u lledaenu i bob man arall.

[89] **Dafydd Wigley:** Do you have an opinion on the potential for further savings in the further education sector?

Mr Richards: Well, we have nailed our colours across Wales to this 3 per cent saving and, you know, that will do for me for now.

Mr Richards: Wel, yr ydym yn dal at yr arbediad hwn o 3 y cant ledled Cymru a, wyddoch chi, mae hynny'n ddigon da i mi am y tro.

[90] **Dafydd Wigley:** Yes. Cumulative?

[90] **Dafydd Wigley:** Ie. Yn gronnol?

Mr Richards: No. Three per cent. Not increasingly cumulative, but we want to work up to a saving of 3 per cent from where we start now. Across the public sector in Wales, 3 per cent might not sound much, but if you set that against the amount that the public sector in Wales spends on procurement, that is £90 million a year. That will be a recurrent year-on-year saving.

Mr Richards: Nace. Tri y cant. Nid yn cynyddu'n gronnol, ond dymunwn ymdrechu i gyrraedd arbediad o 3 y cant o'r lle yr ydym yn cychwyn yn awr. Efallai nad yw 3 y cant yn swnio'n llawer, ar draws y sector cyhoeddus yng Nghymru, ond os rhowch hynny ochr yn ochr â'r swm y mae'r sector cyhoeddus yng Nghymru yn ei wario ar gaffael, mae hynny'n £90 miliwn y flwyddyn. Bydd hynny'n arbediad rheolaidd flwyddyn ar ôl blwyddyn.

[91] **Dafydd Wigley:** Yes. That is the very point that I was making a moment ago to Steve Martin. I was delighted that he indicated that, not only will there be this 3 per cent ongoing saving in terms of the savings in money year upon year, but that there will be a cumulative percentage. I am sure that you would welcome that as well. To the extent that it can be taken, that should be chased through.

[91] **Dafydd Wigley:** Ie. Dyna'r union bwynt yr oeddwn yn ei wneud funud yn ôl wrth siarad â Steve Martin. Yr oeddwn yn falch iawn ei fod yn nodi nid yn unig y bydd yr arbediad parhaus hwn o 3 y cant o ran yr arbedion mewn arian flwyddyn ar ôl blwyddyn, ond y bydd canran gronnol. Yr wyf yn sicr y byddech yn croesawu hynny hefyd. I'r graddau y gellir ei gymryd, dylid dilyn hynny drwodd.

Mr Richards: Everything that we can take, we will take.

Mr Richards: Popeth y gallwn ei gymryd, fe'i cymerwn.

[92] **Dafydd Wigley:** Great. I am glad that that is minuted.

[92] **Dafydd Wigley:** Ardderchog. Yr wyf yn falch bod hynny wedi ei gofnodi.

Mr Richards: Not take away from the sector, let me add. This is not an exercise in clawing things back.

Mr Richards: Nid ei gymryd oddi wrth y sector, gadewch imi ychwanegu. Nid yw hyn yn ymarfer mewn adfachu pethau.

[93] **Dafydd Wigley:** Yn hollol. Yr wyf yn croesawu hynny'n fawr. A gaf ofyn i Steve Martin ac efallai i David Richards—ac mae hyn yn codi rhywbeth y mae Steve Martin eisoes wedi cyffwrdd ag ef—pam yr ydych yn meddwl bod y sector addysg uwch wedi mynd ymhellach o ran gwerth am arian na'r sector addysg bellach? Pam bod hyn wedi digwydd dros amser?

Mr Martin: Mae nifer o resymau. Yr ydym yn sôn am fwy o arian o lawer. Mae'n gwario rhyw £200,000(1) y flwyddyn ar bwrcasu. A hefyd, yn gyffredinol, yr ydym yn sôn am sefydliadau sydd yn fwy. Mae hynny yn ffactor hefyd. Mae *initiatives* wedi bod dros y blynyddoedd, ac maent yn mynd yn ôl nifer o flynyddoedd, i edrych ar hyn dros y Deyrnas Unedig, nid yn unig yng Nghymru. Yr ydym yn sôn am fusnesau mawrion yn y fan hyn. Fodd bynnag, wedi dweud hynny, mae gwahaniaeth yn y sector addysg uwch hefyd, rhwng sefydliadau sydd wedi bod ar flaen y gad wrth wneud hyn, a sefydliadau eraill, yn enwedig y sefydliadau llai, sydd ddim yn perfformio ar yr un lefel. Mae cwestiwn, yn gyffelyb i'r cwestiwn a ofynnwyd yn gynharach, ynglyn â sut i sicrhau bod y sefydliadau addysg uwch llai yn gallu gwneud rhywbeth ar yr un lefel a'r sefydliadau mawr.

[94] **Dafydd Wigley:** A ydych yn rhagweld y bydd cydweithrediad agosach yn y dyfodol rhwng y sectorau addysg uwch a phellach, er mwyn manteisio ar y grym pwrcasu sydd yno?

[93] **Dafydd Wigley:** Precisely. I welcome that very much. May I ask Steve Martin and perhaps David Richards—and this raises something that Steve Martin has already touched upon—why do you think the higher education sector has gone further in terms of value for money than the further education sector? Why has this happened over time?

Mr Martin: There are several reasons. We are talking about much more money. It spends about £200,000(1) a year on procurement. Also, generally, we are talking of institutions that are larger in size. That is also a factor. There have been initiatives over the years, and they go back a number of years, to look at this throughout the United Kingdom, not just in Wales. We are talking about large companies here. However, having said that, there are differences in the higher education sector as well, between institutions that have been at the forefront in doing this and other institutions, especially the smaller institutions, that do not perform to the same level. There is a question, similar to that asked earlier, about how to ensure that smaller higher education establishments can do something on the same level as the larger establishments.

[94] **Dafydd Wigley:** Do you foresee that there will be closer collaboration between the higher and further education sectors in future, to take advantage of the purchasing power there?

Mr Martin: Yr ydym yn annog hynny. Er enghraifft, y flwyddyn diwethaf, fe gododd Cyngor Cyllido Addysg Uwch Cymru y gwaharddiad, fwy neu lai, a oedd ar weithio rhwng y sectorau, gan gynnwys *mergers* o'r sefydliadau, os bydd hynny yn gwneud cyfraniad i les dysgwyr dros Gymru.

Mr Martin: We are encouraging that. For example, last year, the Higher Education Funding Council for Wales lifted the ban, more or less, on working between the sectors, including mergers of institutions, if that would make a contribution to the benefit of learners throughout Wales.

[95] **Dafydd Wigley:** A oes lle i'r math hwnnw o dorri ffiniau fynd ymhellach na dim ond y ffin rhwng addysg uwch ac addysg bellach?

[95] **Dafydd Wigley:** Is there room for that kind of crosscutting to go further than just the border between higher and further education?

Mr Martin: Mae'n bwysig inni ystyried hynny. Yr wyf wedi cyfeirio at y cyfrifoldebau sydd gan y cyngor cenedlaethol newydd, sydd yn cynnwys dosbarthiadau chwech yng Nghymru, a hefyd hyfforddi'r gweithlu. Felly, yr ydym yn edrych ar beth a fydd yn bosibl i gyfuno'r cyfrifoldebau, ac i ddefnyddio cyfrifoldebau ar y lefel ehangach honno, i sicrhau popeth a fydd yn ei gwneud yn bosibl inni ehangu y ddarpariaeth dysgu sydd ar gael yng Nghymru.

Mr Martin: It is important that we consider that. I have referred to the responsibilities of the new national council, which includes Welsh sixth forms, and also workforce training. Therefore, we are looking at what will be possible to combine responsibilities and to use them on that wider level to ensure everything that will make it possible for us to widen the educational provision that is available in Wales.

[96] **Dafydd Wigley:** Felly, yn olaf, Gadeirydd, mae'n amlwg bod sgôp i'r arbedion yr ydym yn gweithio arnynt yn y sector addysg bellach gael eu gweld ochr yn ochr ag arbedion addysg uwch, sef gweddill y sector addysg, ac yn wir, sectorau eraill er mwyn cyrraedd nod 'Gwell Gwerth Cymru' o arbedion o £90 miliwn y flwyddyn. Bydd sialens i sicrhau cydweithrediad ar draws ffiniau felly; bydd o les i chi, ond hefyd i bobl eraill fanteisio o'r profiad a gawsoch chi, iddynt hwy sicrhau eu harbedion eu hunain.

[96] **Dafydd Wigley:** Lastly, Chair, it is clear that there is scope for the savings that you are working on in the further education sector to be seen now side-by-side with savings in higher education, that is, the remainder of the education sector, and, indeed, other sectors in order to reach the objective in 'Better Value Wales' of £90 million in savings per year. Ensuring crosscutting collaboration will be a challenge; it will be advantageous to you but also to other people in taking advantage of your experience to ensure savings themselves.

121. A ydych yn gweld bod yr adrannau gwahanol yn cydweithio a bod y cynlluniau hyn yn ffitio i mewn gyda'i gilydd i gyrraedd y nod?
- Do you see that the different departments are working together and that these schemes all fit in together to reach the objective?
122. **Mr Martin:** Cytunaf yn llwyr. Dyna'r rheswm y croesawais y ffaith bod symudiadau ar y gweill i gael consortia rhanbarthol, a fydd yn edrych dros y sector cyhoeddus yn gyffredinol.
- Mr Martin:** I agree completely. That is the reason why I welcomed the fact that there are movements towards establishing regional consortia, which will look across the public sector in general.
- 123.
- [97] **Dafydd Wigley:** Diolch yn fawr iawn.
- [97] **Dafydd Wigley:** Thank you very much.
- [98] **Janet Davies:** We are just about coming to the end. I have one last question for Mr Martin. It follows on from Mr Richards's comment that there was a slow start, but that you have built up a full head of steam now. It is apparent from that that those involved with the purchasing consortium have an understanding of the issues and are trying to address the problems. However, on this issue of patchiness, there has to be concern about the fact that not all institutions have the expertise or the systems needed to carry these good intentions through.
- [98] **Janet Davies:** Yr ydym bron â dod i'r diwedd. Mae gennyf un cwestiwn olaf i chi, Mr Martin. Mae'n dilyn sylw Mr Richards am gychwyn araf, ond eich bod wedi codi stêm yn awr. Mae'n amlwg oddi wrth hynny bod y rhai sydd yn ymwneud â'r consortiwm prynu yn meddu ar ddealltwriaeth o'r materion dan sylw a'u bod yn ceisio ymdrin â'r problemau. Fodd bynnag, ar y mater o anghysondeb, rhaid bod pryder ynghylch y ffaith nad yw'r holl sefydliadau'n meddu ar yr arbenigedd neu'r systemau sydd eu hangen i gyflawni'r bwriadau da hyn.

124. Progress since 1999 has been measured and there is much more to be done to drive savings onwards. What assurance can you give us that all institutions will have the appropriate support and guidance to both improve their processes and to achieve significant savings?

Mr Martin: Before answering the direct question, perhaps I could go back to the issue of cumulative savings. The reason why I suggested that we might achieve that was because I agree with David Richards's comment that the further education institutions, compared with some other sectors, have been a bit slow off the blocks. Therefore, in the early years, we ought to be ambitious. Clearly, we need to get everyone up to speed to do that. In a way, I am going over ground that we have already covered but, if you do not mind me repeating a couple of points, I would say that the fact that the consortium's work now extends across all further education institutions is very significant. It is not just a consortium to go out to get contracts; as we have heard earlier, it is about training, support and spreading best practice.

125. Mesurwyd y cynnydd ers 1999 ac mae llawer mwy i'w wneud i yrru'r arbedion ymlaen. Pa sicrwydd y gallwch ei roi i ni y caiff yr holl sefydliadau y cymorth a'r cyfarwyddyd priodol i wella eu prosesau ac i sicrhau arbedion sylweddol?

Mr Martin: Cyn ateb y cwestiwn uniongyrchol, efallai y gallwn fynd yn ôl at fater arbedion cronol. Y rheswm yr awgrymais y gallem gyflawni hynny oedd fy mod yn cydweld â sylw David Richards bod y sefydliadau addysg bellach wedi cychwyn braidd yn araf, o'u cymharu â rhai sectorau eraill. Felly, yn y blynyddoedd cynnar, dylem fod yn uchelgeisiol. Wrth gwrs, rhaid inni godi pawb i'r un cyflymder i wneud hynny. Ar un ystyr, yr wyf yn mynd dros dir yr ydym wedi ymdrin ag ef eisoes ond, os nad oes gwahaniaeth gennyh fy mod yn ailadrodd ychydig o bwyntiau, dywedwn fod y ffaith bod gwaith y consortiwm yn ymestyn bellach ar draws holl sefydliadau addysg bellach yn bwysig iawn. Nid yw'n gonsortiwm ar gyfer mynd allan i gael contractau yn unig; fel y clywsom yn gynharach, mae'n ymwneud â hyfforddi, cymorth a lledaenu'r arfer gorau.

In my exchange with Dafydd Wigley just now I was talking about the contribution of the potential regional consortia and the way in which we can work between institutions. We have a piece of work in hand with the higher education institutions for instance, with further education institutions as potential contributors. We are looking at that in detail across all their overheads; it is not just about purchasing, but about how we can, in Wales, get the maximum co-operation between institutions which have been working in their boxes, as it were, with a very patchy approach to how these things are handled. Why do we need, for instance, a succession of different payroll arrangements? You can extend this approach to a wide range of areas and we have agreed an approach to this with Higher Education Wales. I know that the higher education institutions are now taking a generous view of their regional role and on the way in which they need to work across these traditional boundaries.

[99] **Janet Davies:** Thank you very much. The subject of this report is visually crystallised for me on page 6, where the pie chart shows the percentage that is spent on staff and on procurement and the small percentage spent on other items. I was grateful to hear Mr Richards say—at least I think I heard him say—that it is not a question of taking money away from the sector but rather of making more money available for staffing. If colleges realise that more efficient procurement gives more money for staffing—I hope that I am not being simplistic in that equation—it would be helpful for them to pursue more efficient procurement. Eleanor, you wanted to come in on this point.

Yn y siarad rhyngof a Dafydd Wigley funud yn ôl soniais am gyfraniad y consortia rhanbarthol posibl a'r modd y gallwn weithio rhwng sefydliadau. Mae gennym ddarn o waith ar y gweill gyda'r sefydliadau addysg uwch, er enghraifft, gyda sefydliadau addysg bellach yn gyfranwyr posibl. Yr ydym yn edrych yn fanwl ar hynny ar draws eu holl gostau cyffredinol; nid yw'n ymwneud â phrynu'n unig, ond â'r modd y gallwn ni, yng Nghymru, gael y cydweithredu mwyaf rhwng sefydliadau a fu'n gweithio ar eu pennau eu hunain, fel petai, gydag ymagwedd anghyson iawn at sut y trafodir y pethau hyn. Pam y mae arnom angen dilyniant o wahanol drefniadau cyflogres, er enghraifft? Gallwch ymestyn yr ymagwedd hon at ystod eang o feysydd a chytunasom ar ymagwedd at hyn gydag Addysg Uwch Cymru. Gwn fod y sefydliadau addysg uwch yn edrych yn hael bellach ar eu rôl ranbarthol ac ar y modd y mae'n rhaid iddynt weithio ar draws y ffiniau traddodiadol hyn.

[99] **Janet Davies:** Diolch yn fawr i chi. Crisialir pwnc yr adroddiad hwn i mi yn weledol ar dudalen 6, lle y mae'r siart cylch yn dangos y ganran a warir ar staff ac ar gaffael a'r ganran fach a warir ar eitemau eraill. Yr oeddwn yn ddiolchgar o glywed Mr Richards yn dweud—o leiaf, yr wyf yn credu imi ei glywed yn dweud—nad yw'n gwestiwn o fynd ag arian oddi wrth y sector ond yn hytrach o ddarparu mwy o arian ar gyfer staffio. Os yw colegau'n sylweddoli bod caffael mwy effeithlon yn rhoi mwy o arian ar gyfer staffio—gobeithiaf nad wyf yn rhy syml wrth roi'r hafaliad hwnnw—byddai o gymorth iddynt geisio caffael mwy effeithlon. Eleanor, yr oeddech yn dymuno dod i mewn ar y pwynt hwn.

[100] **Eleanor Burnham:** Mae gen i ddau gwestiwn byr. O ran y buddsoddiad o £90 miliwn, tuag at beth fydd hynny'n mynd? A fydd yn aros yn y colegau neu yn mynd i'ch pwrs chi? Hefyd, yr ydym wedi canolbwyntio drwy'r bore ar golegau. Pa fath o berthynas sydd gennych chi ag ysgolion? Pa ddylanwad sydd gennych arnynt a pa waith yr ydych yn ei wneud gyda hwy o ystyried eich bod—

[101] **Janet Davies:** I have to interrupt. This is a further education report—

[102] **Eleanor Burnham:** This is ELWa, which covers post-16 education, and I am asking a fundamental question as to whether it will be looking in that direction, because I want to know the answer.

[103] **Janet Davies:** You saw our value for money programme earlier on—

[104] **Eleanor Burnham:** It is a brief question and I would like an answer, please.

Mr Martin: Byddaf innau'n fyr hefyd, os gallaf. Nid ydym wedi dechrau cymryd y cyfrifoldeb dros hyn. Y flwyddyn nesaf, byddwn yn cymryd y cyfrifoldeb am yr ariannu, ond nid ydym am newid unrhywbeth. Mae perthynas sensitif a phwysig yno gydag awdurdodau lleol. Nid yw'n bosibl i ni weithredu heb drafodaeth fanwl gyda'r awdurdodau ynglyn â sut y gwneir hynny. Fodd bynnag, wedi dweud hynny, yr ydym yn ymwybodol o'r ffaith y dylai fod yn bosibl i ni weithredu, nid yn unig gyda sefydliadau unigol a'r sector addysg bellach, ond gyda sectorau eraill a ddaw o dan gylch gorchwyl y cyngor.

[100] **Eleanor Burnham:** I have two brief questions. As regards the £90 million investment, what will that go towards? Will it stay in the colleges or will it go to your own purse? Also, we have been concentrating on colleges all morning. What kind of relationship do you have with schools? What influence do you have on them and what work do you do with them, given that you are considering—

[101] **Janet Davies:** Rhaid imi dorri ar draws. Adroddiad addysg bellach yw hwn—

[102] **Eleanor Burnham:** ELWa yw hwn, sydd yn cynnwys addysg ôl-16, ac yr wyf yn gofyn cwestiwn sylfaenol ynghylch a fydd yn edrych i'r cyfeiriad hwnnw, oherwydd dymunaf wybod yr ateb.

[103] **Janet Davies:** Gwelsoch ein rhaglen gwerth am arian yn gynharach—

[104] **Eleanor Burnham:** Cwestiwn byr ydyw a hoffwn gael ateb, os gwelwch yn dda.

Mr Martin: I will also be brief, if I can. We have not started taking responsibility for this. Next year, we will take over responsibility for funding, but we will not change anything. There is a sensitive and important relationship there with local authorities. It is not possible for us to act without detailed discussion with the authorities on how that will happen. However, having said that, we are aware of the fact that it should be possible for us to act, not just with individual institutions and the further education sector, but with other sectors that come under the council's remit.

A gaf ddweud hefyd, o ran yr arbedion, y May I also say, in terms of savings, that the
bydd yr arbedion a gaiff eu gwneud yn y savings made in this context remain with the
cyd-destun hwn yn aros gyda'r colegau— colleges—that is the point—so that they can
dyna'r pwynt—er mwyn iddynt eu invest them in the colleges.
buddsoddi yn y colegau.

[105]**Eleanor Burnham:** Diolch yn fawr [105] **Eleanor Burnham:** Thank you very
iawn. much.

[106] **Janet Davies:** Thank you. I thank all [106] **Janet Davies:** Diolch i chi. Diolchaf
the witnesses for their full and helpful i'r holl dystion am eu hatebion llawn a
answers. A transcript will be sent to you so defnyddiol. Anfonir trawsgrifiad atoch fel y
that you can check it for any factual gallwch ei wirio i ganfod a oes unrhyw
inaccuracies before it is published as part of anghywirdeb ffeithiol cyn ei gyhoeddi'n rhan
the minutes. It will also be included as an o'r cofnodion. Fe'i cynhwysir hefyd fel
annex to our report when it is published. atodiad i'n hadroddiad pan gyhoeddir ef.

Daeth y sesiwn gymryd tystiolaeth i ben am 11.53 a.m.

The evidence-taking session ended at 11.53 a.m.

- (1) Hoffai'r tystion ei gwneud yn glir mai'r ffigur cywir yw £200 miliwn.
- (1) The witnesses wish to clarify that the correct figure is £200 million.

6/11/2001

Annex B

This paper is available in hard copy only

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 21st March 2002:

Dafydd Wigley (Plaid Cymru) - Chair
Alan Cairns (Conservative)
Janet Davies (Plaid Cymru)
Jocelyn Davies (Plaid Cymru)
Alison Halford (Labour)
Ann Jones (Labour)
Val Lloyd (Labour)
Janice Gregory (Labour)
Eleanor Burnham (Liberal Democrat)

Further information about the Committee can be obtained from:

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