
Addendum

The list of recommendations in paragraph 42, pages 16 and 17, should be replaced with those below:

- i) the Council implement as soon as practicable the measures that it has announced to improve the level of expertise, undertake procurement fitness checks at each institution and develop the consortium approach;
- ii) the Council update this Committee on progress within twelve months of the date that this report is published;
- iii) the Council coordinate activities in line with best project management practice, monitor the implementation of the action plans rigorously, and report on progress periodically to the Assembly Government;
- iv) the Council formally review its plans every year, consulting the institutions and identifying any changes necessary, in order to maintain the momentum once the initial phases have past;
- v) the Council take appropriate measures, including the withdrawal of funding as a last resort, if institutions persistently fail to cooperate with the reasonable requirements of the Council in respect of procurement. These requirements should accord with those set out in *Making the Connections* and other relevant Welsh Assembly Government policies for procurement in the wider public sector in Wales;
- vi) the Council assess the level of expertise available to the sector, and to individual institutions, and develop an appropriate strategy for ensuring that all parts of the sector have access to sufficient professional expertise. This should be organised to ensure optimum benefit for the sector as a whole;
- vii) the Council require each institution to develop a robust procurement strategy, monitor its implementation and review it regularly. The Council should use professional support, its own or others', to assess the quality of each strategy and recommend improvements if appropriate;
- viii) all institutions set a savings target of at least three per cent of their current procurement expenditure, in line with the national target in *Making the Connections*, and that the Council assist and monitor the achievement of this target;
- ix) develop their management information to enable them to demonstrate their performance against savings targets; and
- x) the Council work closely with individual institutions to achieve practical improvements in value for money from their procurement, taking full account of the Auditor General's recommendations on the relevant issues, as well as our own recommendations.

THE NATIONAL ASSEMBLY FOR WALES

AUDIT COMMITTEE

Report presented to the National Assembly for Wales on 11 April 2005 in accordance with section 102(1) of the Government of Wales Act 1998

Procurement in the Higher Education Sector in Wales

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Introduction

1. In this report we examine procurement in the higher education sector in Wales. We consider how well higher education institutions have managed their procurement (defined broadly as expenditure on goods and services, excluding the cost of paying directly employed staff) and the potential for improving value for money. On 2 December 2004, on the basis of a report by the Auditor General for Wales,¹ we took evidence from Professor Philip Gummett, Chief Executive of the Higher Education Funding Council for Wales; Mr Richard Hirst, Director of Finance and Risk at the Higher Education Funding Council for Wales; and Mr Paul Skellon, Head of the Welsh Procurement Initiative.
2. Procurement is important because it involves the expenditure of large amounts of public money, and the public sector has historically tended to lag behind the private sector in the importance that it attaches to this crucial activity. As a result, repeated studies have shown that procurement is a fruitful source of value for money improvements, including financial savings. The savings so released could be used to improve and extend the provision of higher education across Wales. The Welsh public procurement policy is set out in *Better Value Wales*, published in 2001, and has been reinforced recently by *Making the Connections: Delivering Better Services for Wales*, the Assembly Government's consultation paper on public services issued in October 2004. The central procurement target in *Making the Connections* is for savings of £120 million by 2010, equal to three per cent of current expenditure on procurement across the Welsh public sector, of which at least half should be delivered by 2008. The higher education sector in Wales (the sector) will be expected to contribute fully towards the achievement of this target.
3. The higher education sector in Wales spent £269 million (equivalent to 36 per cent of its total income) on the procurement of goods and services in the academic year 2002-03. The sector now comprises twelve institutions (13 until August 2004, when the University of Wales College of Medicine merged with the University of Wales College, Cardiff to form Cardiff University), each of which is self-governing and responsible for its own procurement. The Higher Education Funding Council for Wales (the Council) provided £325 million of grants to the sector in 2002-03, and is responsible for ensuring that value for money from these public funds is achieved. Each institution is accountable for this money through a financial memorandum that is agreed with the Council, and which sets out the terms and conditions on which the funds are provided. The Council therefore has a vital role in ensuring that the Assembly's money is well spent by the institutions.
4. We begin this report by considering the Council's role in influencing procurement within the current framework of accountability and control. We then consider whether institutions have firm foundations

¹ Report by the Auditor General for Wales, *Procurement in the Higher Education Sector in Wales*, presented to the National Assembly for Wales on 25 November 2004

for good procurement practice, and finally examine the potential for improving value for money from the sector's procurement.

The Higher Education Funding Council for Wales exerts too little influence over procurement in the sector

5. The Auditor General's report noted that performance was mixed, with some areas of good practice and well-established collaborative arrangements that had brought real benefits for the sector. However, there was much scope to improve, and in many cases the foundations for good procurement practice were lacking.² This is particularly disappointing, as many of these weaknesses are the same as those described in the Auditor General's 2001 report on procurement in further education institutions,³ and the main findings and recommendations of that report were disseminated to the higher education sector by the Council.
6. Given this limited progress, we asked Professor Gummett what action the Council had taken in response to the Audit Committee's report on procurement in the further education sector. He told us that the Council had stepped up its contribution to UK-wide procurement initiatives for the sector in order to promote good practice; and that it had introduced into its audit processes a series of questions on the extent to which there were good procurement practices within institutions. However, this did not involve a detailed assessment of each institution's strategic plan with regard to procurement.⁴ Indeed, procurement is considered at a very high level in these audit reviews, and Professor Gummett and Mr Hirst acknowledged that the focus is mainly on financial control and accounting systems.⁵ As a result, some of the institutions have been able to make very limited progress on procurement and not be taken to task by the Council in the three years since the publication of the Auditor General's report on procurement in the further education sector.
7. This in itself is a matter of considerable concern when effective public procurement is such an important contributor to value for money and a key part of Assembly Government policy. We became even more concerned as our evidence session unfolded, and a common thread in Professor Gummett's responses to our questions was that the Council could persuade and encourage, but not require institutions to undertake measures to improve their procurement practices.⁶ There was therefore some doubt about the Council's legal powers to require change – Professor Gummett himself was unsure – and we asked for a note on this.⁷ The Council has since received legal advice,⁸ which indicates that the Council does not have legal powers to enforce changes to the way in which institutions are managed,

² AGW Report, page 5 (“The Big Picture”)

³ Report by the Auditor General for Wales, *Procurement in the Further Education Sector in Wales*, presented to the National Assembly for Wales on 27 September 2001

⁴ Qs 3-4

⁵ Q27

⁶ Qs 12, 25, 30

⁷ Qs 33-36

⁸ Annex B

but that it can set conditions for the funding that it provides to institutions and impose financial penalties, if these are not met. Such conditions and sanctions would have to be applied reasonably in accordance with the general principles of administrative law.

8. As the main funder of Welsh universities and higher education colleges, the Council could therefore have an impressive influence over the way in which those funds are spent. We acknowledge that the Council does withhold funds, if fundamental policy goals are not met – for example, if an institution falls short of targets for the number of students⁹ – but evidently it is very reluctant to apply a similar degree of pressure to institutions that fail to make sufficient progress on procurement. The emphasis is on persuasion and co-operation: Professor Gummett stated that he was “at least 99 per cent certain that we can achieve [our objectives] ...without any change in legal powers”.¹⁰ If that is so, the Council will need to be much more persuasive than it has been in the past, as experience shows that the consensual approach has not been effective. We are concerned that an approach that relies solely on consensus and persuasion will take too long to reach fruition.¹¹ A much more assertive regime is now required. Indeed this is recognised more widely in the Welsh public sector: Mr Skellon told us that *Making the Connections* will now expect a three per cent savings target for each institution, rather than the “polite request” in *Better Value Wales*.¹² In particular, the Council needs to be prepared to apply financial penalties as a last resort, if an institution fails to engage with the process of improvement that is now proposed.
9. The Council accepts that it needs to make a renewed effort to bring about the changes recommended by the Auditor General and implicit in *Better Value Wales* and *Making the Connections*. Accordingly, Professor Gummett announced the following measures at the evidence session¹³:
- the Council would appoint its **own procurement specialist**, primarily to advise institutions and to co-ordinate the Council’s efforts to improve procurement in the sector;
 - the Council would arrange for the Welsh Procurement Initiative Team to undertake **procurement fitness checks** at each institution. This is a comprehensive review of an organisation’s procurement function, comparing it with other organisations and with best practice, and leading to an action plan to address gaps in procurement capability;¹⁴
 - the Council would work with each institution to ensure that it had sufficient access to procurement expertise, either its own person or through collective provision; and

⁹ Q72

¹⁰ Q33

¹¹ Q37

¹² Q17

¹³ Q24

¹⁴ Q26

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- the Council would work with the Higher Education Purchasing Consortium, Wales to develop a strategy for its future development and resources.

10. We very much welcome this announcement. It is a good start and we hope that it will trigger a step-change in the development of procurement in the sector. Success will depend on the Council actively monitoring the implementation of the plans and, above all, as Professor Gummatt pointed out, on top-level commitment in the institutions themselves.¹⁵ However, we remain concerned about the Council's reluctance to set targets and to apply sanctions if institutions fail to engage seriously in the process of reform. Of course, support and cooperation is always preferable to compulsion, and we do not expect the Council to resort to sanctions, unless progress is clearly unsatisfactory and an institution is unwilling to engage seriously in improving its position. But the Council must not feel constrained in applying sanctions if support, encouragement and persuasion have failed. It is the guardian of our constituents' money and it should feel confident about asserting its control when value for money is compromised. Nor should the Council, as was implied by Professor Gummatt, be too concerned about complaints that withdrawal of funding will hurt students and staff. Money wasted on bad procurement practices deprives students and staff of resources, year in and year out. A modest cash penalty applied probably only once, and staggered if necessary, to avoid undue liquidity pressures, could help prevent this waste altogether.¹⁶ The institutions cannot complain of a lack of funds, yet simultaneously waste money through inappropriate procurement, when savings are retained by the institutions that make them.¹⁷ We therefore:

- **endorse the plans put forward by the Council, and recommend that they be carried out as soon as practicable;**
- **recommend that the Council update this Committee on progress within twelve months of the date that this report is published;**
- **recommend that the Council coordinate activities in line with best project management practice, monitor the implementation of the action plans rigorously, and report on progress periodically to the Welsh Assembly Government;**
- **recommend that the Council formally review its plans every year, consulting the institutions and identifying any changes necessary, in order to maintain the momentum, once the initial phases have passed;**
- **recommend that the Council take appropriate measures, including the withdrawal of funding as a last resort, if institutions persistently fail to cooperate with the reasonable requirements**

¹⁵ Q74

¹⁶ Qs 63-73

¹⁷ Q16

of the Council in respect of procurement. These requirements should accord with those set out in *Making the Connections* and other relevant Welsh Assembly Government policies for procurement in the wider public sector in Wales.

The sector needs firmer foundations on which to build good procurement practice

11. The essential elements of good procurement practice are well known, but are not in place across the whole of the higher education sector. In themselves, these elements do not lead to better procurement; but together they form a system that makes improvements much more likely. We questioned the witnesses on three key aspects of this framework:

- sufficient professional expertise;
- a good procurement strategy to give shape and direction to the institution's efforts; and
- a sound performance management system, underpinned by appropriate management information.

Expertise

12. Professional expertise is perhaps the most important single element of the procurement framework, since it is often needed to deliver the whole range of improvements that leads to procurement excellence. Professionally qualified and experienced procurement staff are likely to have the key skills for good purchasing, including higher-level skills such as knowledge of contract law and procurement regulations, and an understanding of how purchasing should be structured to best meet the needs of the organisation. Membership of the Chartered Institute of Purchasing and Supply (CIPS) is generally recognised as the premier qualification in the procurement field, but the sector also provides training through National Vocational Qualifications (NVQs) in purchasing.¹⁸

13. The Auditor General found that seven institutions had a CIPS-qualified procurement manager, with a total of 11 CIPS-qualified staff throughout the whole sector.¹⁹ Six institutions did not have a procurement officer and none of these had any professional expertise within their institutions. The Auditor General's report on procurement in the further education sector recommended that all institutions with more than £3 million of non-pay expenditure each year should appoint a dedicated procurement officer. Professor Gummatt accepted that the £3 million threshold was reasonable, but emphasised that some institutions were very small and that it may well be better for them to share well-

¹⁸ AGW report, paragraphs 2.7-2.8

¹⁹ AGW report, Figure 7 on page 15

qualified professional staff.²⁰ The Council would assist by reviewing the requirements of the sector as a whole, and providing the services of its own specialist when he or she had been appointed.²¹

14. We remain concerned about both the paucity of professional expertise in the sector and the fact that large areas of expenditure remain outside the remit of the procurement function. Mr Skellon confirmed that these issues are common across the public sector, and reflect a long-standing cultural problem of failing to give sufficient importance to the procurement function. We accept Professor Gummett's point that access to expertise is more important than the presence of a dedicated procurement officer in each institution, and that sharing expertise may be a better solution for some of the small institutions. Indeed, the sharing of knowledge has merit for all institutions and sectors. But procurement spending at four of the six institutions that do not have a procurement officer exceeds by a considerable margin the £3 million threshold suggested by the Auditor General, and it is clear that there is a lot of scope for improvement at these institutions. It seems to us much more likely that substantial improvement will take place if in all but the smallest institutions there is a procurement manager within the organisation to drive forward the necessary changes. We therefore expect all institutions to appoint a procurement officer unless there is a very clear justification to the contrary, supported by a clear sectoral strategy for ensuring that sufficient expertise is available to all parts of the sector. **We recommend that the Council assess the level of expertise available to the sector, and to individual institutions, and develop an appropriate strategy for ensuring that all parts of the sector have access to sufficient professional expertise. This should be organised to ensure optimum benefit for the sector as a whole.**
15. Mr Skellon told us that the sector was not alone in not applying professional procurement expertise across the whole range of non-pay expenditure: this was a common problem throughout the public sector. It reflected a tendency to regard procurement as a "back office and second-order priority function," and to focus on primary objectives such as the education of students or the treatment of patients. Also, procurement had a lower profile in the public sector than the private sector because less public expenditure is for bought-in goods and services, so its potential contribution to financial savings was relatively less. But the potential is still enormous – at least £4 billion is spent annually on public procurement in Wales alone, and savings of £120 million a year could be realised, if buyers were able to save three per cent of their current spending. Mr Skellon felt that the cultural lag with the private sector was now closing, and this process would be greatly assisted by the additional impetus of *Making the Connections*. The requirement for each organisation to have a savings target would be particularly important in creating a culture of continuous improvement in the field of procurement.²²

²⁰ Qs 9-11

²¹ Q12, Q24

²² Q15, Q17

Procurement strategies

16. The Auditor General emphasises that every institution needs a procurement strategy to set the direction and framework for the development of procurement activity. It should include clear objectives and priorities, and be reviewed regularly to take account of the institution's changing circumstances. The Welsh Procurement Initiative has developed a model strategy to provide guidance on the content and preparation of a good strategy.²³
17. Professor Gummatt accepted that strategies were essential, and said that all but one of the twelve institutions now had a procurement strategy. This is promising, but is clearly a very recent development: the Auditor General found that only six institutions had a strategy when the National Audit Office carried out its survey,²⁴ although having a strategy had been a basic element of good practice for many years. It seems that the Council has let the institutions slip in this respect,²⁵ and that the sector has tightened up in response to the prospect of the Auditor General's report. It is worrying that half the institutions in the sector have taken so long to develop a formal strategy for their procurement, and we have no assurance on the quality of those strategies that have most recently been developed – many of the existing ones were deficient in several important respects.²⁶
18. Professor Gummatt told us that institutions did need external assistance to develop appropriate procurement strategies, and the Council's own procurement specialist would assist with strategy development, if required. We expect the remaining institution without a strategy to develop one without delay, following which the Council should focus on the quality and implementation of the strategies. **We recommend that the Council require each institution to develop a robust procurement strategy, monitor its implementation and review it regularly. The Council should use professional support, its own or others', to assess the quality of each strategy and recommend improvements, if appropriate.**

Performance management, including savings targets

19. All institutions require a system to manage procurement performance and ensure that the objectives set out in its strategy are being achieved. This requires clear targets and performance indicators (the criteria for assessing performance), good management information (to enable relevant information to be collected) and appropriate reporting arrangements (to ensure that results are collated and considered at the right level in the organisation, so that action may be taken if necessary).
20. Few institutions have formal performance management systems, to the extent that it is very difficult to assess the sector's procurement performance. Professor Gummatt considered its performance to be

²³ AGW report, paragraphs 2.2

²⁴ AGW report, paragraph 2.3

²⁵ Q20

²⁶ AGW report, paragraph 2.3

average, and pointed to the results of an exercise undertaken by the National Audit Office, which showed that overall the sector paid one per cent more than the average for a selection of commonly-purchased consumable products.²⁷ However, he acknowledged that this concealed sharp differences between categories of products and between institutions, showing a need to raise standards to converge with the best.²⁸ In addition, this exercise focused on products for which collaborative purchasing was already well-established and the benefits apparent. He also accepted that a lack of formal performance information meant that it was not possible to reach definitive conclusions, although he felt that the sector was doing better than it was able to demonstrate, and there were a lot of good things happening in the sector. The point is that at present we do not know – and we will not know - until reliable systems are in place across the sector, with appropriate information collated by the Council.²⁹

21. In terms of **performance criteria**, the Auditor General found that five institutions did not measure their performance at all, and the rest had a range of indicators, depending on the information available. Only one had a specific savings target, and procurement managers in the sector were generally reluctant to accept such targets, as they believed that savings were difficult to measure, and that targets could penalise those institutions that had already made the most progress.³⁰ This contravenes the recommendation of *Better Value Wales* that all public sector bodies adopt a target of saving three per cent of their current expenditure on procurement, to ensure that the overall target for the public sector is achieved.
22. Professor Gummatt readily accepted that the sector as a whole needed to meet the three per cent target, but was reluctant to commit the Council to setting the same target for each institution. He was waiting for detailed guidance from the Welsh Assembly Government, but was clearly inclined to focus on the target for the sector as a whole, and work with institutions collectively to achieve that target. He did accept, after some pressure from the Committee, that each institution would need a target, although it might not be as high as three per cent in all cases. He said that institutions varied in their capacity to deliver savings because of size, geographical location and other factors.³¹ Mr Skellon, as Head of the Welsh Procurement Initiative, took a harder line: he was adamant that all institutions must have a target of at least three per cent. Sector targets were not a good idea, as they tended to result in a loss of focus: no one was clearly accountable for them, whereas an accounting officer was clearly accountable for his or her organisation's targets.³² Furthermore, it was generally accepted in the procurement profession that three per cent was achievable for all organisations; those with well-managed procurement functions could make further savings through supply chain management and other advanced techniques, whilst those with less mature functions should have a higher target initially as there was a

²⁷ AGW report, Figure 11 (page 22)

²⁸ Q7

²⁹ Qs 21-23

³⁰ AGW report, paragraphs 2.21 and 2.22

³¹ Qs 41-45

³² Q46

greater scope for savings. The recent Gershon Review of procurement in UK central government is based on a three per cent target, as are similar policies in Scotland and Northern Ireland.³³

23. We agree with Mr Skellon. Savings are at the heart of the Assembly Government's procurement policy in *Making the Connections*. It is hard to see how this policy can be implemented effectively if public sector bodies do not adopt the national target: to make recurrent annual savings by 2010 of at least three per cent of their current procurement spending. We have no objection to a sector-wide target, which could help focus collaboration between the institutions and assist the Council's monitoring of procurement performance, but it should be underpinned by the institution's own targets for which they must be clearly accountable. Given the sector's previous reluctance to embrace targets of any description, it is unlikely that a collective, consensus-based approach to savings would deliver the necessary improvements.
24. We also support Mr Skellon's suggestion that three per cent should be the minimum target: those institutions with greater potential should set a higher target for a reasonable initial period so that the necessary improvements are driven forward vigorously. We hope that this would assist convergence between the more advanced and less advanced parts of the sector and address the concern that the better institutions would be penalised by a uniform target. The savings target should be a leading indicator, but not the sole indicator of success. It needs to be part of a balanced framework of financial and non-financial indicators that encompass the wider roles of the procurement function.³⁴ **We recommend that all institutions set a savings target of at least three per cent of their current procurement expenditure, in line with the national target in *Making the Connections*, and that the Council assist and monitor the achievement of this target.**
25. The other concern raised by the sector's procurement managers is the measurement of savings. This may be a complex operation, as savings do not always take the form of a straightforward price reduction. The Welsh Procurement Initiative's value measurement system, described in the Auditor General's report,³⁵ provides for several different types of saving but will require quite sophisticated **management information**. However, the Auditor General's report makes clear that management information for procurement in much of the sector is fairly basic, and is not integrated into a coherent system of accounting and financial control.³⁶ Professor Gummatt accepted that many institutions would not be able to measure savings fully and accurately. The Council currently does not review procurement management information as part of its three-yearly audits of institutions' governance arrangements. Mr Hirst and Professor Gummatt told us that the main purpose of the Council's audit procedures is "keeping everyone honest": financial accounting, propriety of expenditure and accurate

³³ Q47

³⁴ AGW report, paragraph 2.23

³⁵ AGW report, Figure 10 (page 20)

³⁶ AGW report, paragraphs 2.16-2.19

accounting of student numbers.³⁷ This is understandable to some extent, but it does tend to support Mr Skellon’s view that procurement is still regarded as very much a second-order priority in much of the public sector. Professor Gummett accepts that progress is necessary, and the Council intends to promote the improvement of management information through the process of fitness checks and expert advice that it now plans to establish. It also encourages institutions to reconfigure their functional activities, such as procurement, and collaborate to achieve better results than could be achieved on their own with the same resources.³⁸ We hope that this will lead to an improvement in the level of management information available. Meanwhile, concerns over measurement should not prevent the adoption of savings targets across the sector: institutions will have to do their best with the information available to them initially, and the need to measure and report on savings, as well as other performance indicators, should determine further improvement.

26. There is also scope to improve reporting on procurement matters, as several institutions do not send regular reports to their governing bodies, although there has been genuine progress in raising the profile of procurement within institutions.³⁹ The Council intends to discuss this issue with the chairs of governing bodies, and assured us that it would encourage and monitor progress through this forum. It would not, however, dictate improvements.⁴⁰ **We recommend that the institutions develop their management information to enable them to demonstrate their performance against savings targets.**

There is scope for the sector to achieve further savings

27. Once the foundations for good procurement are established, it becomes more likely that practical measures for improving procurement will result in better value for money across the sector. These include collaboration between institutions and with other sectors, better supplier and contract management, market testing, sustainable procurement and improved procurement processes.

Purchasing consortia and other collaborative arrangements

28. Collaboration between organisations is one of the most powerful ways of improving procurement, especially as many of the institutions in the Welsh higher education sector are relatively small. Purchasing consortia combine the buying power of individual institutions, enabling them to secure better prices and service and to share the administrative burden of researching, negotiating and managing new contracts.⁴¹ Ten institutions are members of the Higher Education Purchasing Consortium, Wales, whilst two in North Wales are members of the North West Universities Purchasing Consortium. The Auditor General found that the Higher Education Purchasing Consortium, Wales had been successful in securing savings,

³⁷ Qs 27-29

³⁸ Q30

³⁹ AGW report, paragraph 2.6

⁴⁰ Q25

recording £1.35 million or 9.7 per cent of expenditure on its contracts in 2002-03. Coverage of commonly purchased products was good, but overall the consortium and associated national contracts covered only 9.2 per cent of total non-pay expenditure in the sector. The consortium wished to extend its coverage into new areas, but was constrained by a lack of resources.⁴² There were also opportunities to develop cross-sectoral initiatives, and for individual institutions to work more closely together at a local level.

29. Professor Gummatt supported the consortium approach and wished to extend it. The Higher Education Purchasing Consortium, Wales had already increased its savings to £2.2 million in 2003-04, representing 14 per cent of contract expenditure, so there were good prospects of maintaining this upward trend if the consortium's remit could be extended into new areas, especially those that had previously been regarded as specialist areas outside the purview of professional buyers. He recognised that the Higher Education Purchasing Consortium, Wales needed more professional staff to do this. However, he would not commit the Council to providing direct financial assistance to the consortium: it should rely on its own resources as far as possible, and use some of the savings it generated to undertake additional activities. Professor Gummatt thought that a subsidy might be a sensible option, but only for a limited period of time.⁴³ He was also wary about a trading model, whereby a consortium awards its contracts directly and funds itself primarily through rebates from suppliers. Although the North West Universities Purchasing Consortium had successfully increased its income using this model, there was an inherent conflict of interest between the financial interest of the consortium (the highest rebate) and that of its members (the lowest price). Mr Skellon concurred that this was a riskier approach, and he preferred the more transparent approach adopted by the Higher Education Purchasing Consortium, Wales which funds itself almost entirely from its members' subscriptions.⁴⁴

30. There are also opportunities for the Higher Education Purchasing Consortium, Wales to work more closely with other sectors, and especially with the further education consortium, in order to enhance its impact and achieve economies of scale. Mr Skellon was keen to see a single consortium for all higher education and further education institutions in Wales, and welcomed the first joint contract between the two consortia that had recently been issued. He also pointed to the benefits of wider cross-sectoral initiatives, such as the national vehicle hire agreement led by the University of Wales Institute, Cardiff on behalf of the whole public sector in Wales, and electronic auctions being piloted by other organisations outside the sector. These initiatives have potentially huge benefits across the public sector in Wales.⁴⁵ The Auditor General's report also gives examples of collaboration at a local level, such as the joint contracting by the University of Wales, Swansea and the Swansea Institute of Higher Education.⁴⁶ We are heartened

⁴¹ AGW report, paragraph 3.4

⁴² AGW report, paragraphs 3.8-3.10

⁴³ Q86-89

⁴⁴ Qs 90-94

⁴⁵ Q96

⁴⁶ AGW report, Case Study E (page 26)

by these examples, which illustrate exactly the kind of collaborative and imaginative approach that will deliver benefits, once the more obvious savings have been made.

31. We look to the Council actively to promote collaborative working by the sector, drawing on wider initiatives wherever possible and encouraging closer working with the further education consortium. We are not in a position to specify the size or membership of consortia or the way in which they should be funded, but we are anxious to ensure that the Higher Education Purchasing Consortium, Wales is not constrained by a lack of resources from undertaking new activities that have a good prospect of improving value for money. We therefore welcome the Council's commitment to discuss with the consortium how best to plan and fund its future work, and to consider various options for providing resources that do not necessarily involve additional public funding from the Council.

Supplier and contract management

32. The Auditor General found that supplier management was weak at several institutions, which did not follow basic good practice in terms of maintaining a supplier database, vetting new suppliers and formally recording supplier performance. And there was scope to consolidate contracts and manage them more effectively at most institutions.⁴⁷ The witnesses had no specific remedies for these defects. Mr Skellon told us that such problems were more likely at institutions that lacked procurement professionals, management information and senior management support. Professor Gummatt hoped that specific issues would be identified by the procurement fitness checks at each institution, and addressed by the resulting action plans with the assistance of the Council's own procurement specialist.⁴⁸ These problems are likely to be complex and different at each institution, so it makes sense to tailor solutions accordingly, and we endorse the Council's proposed approach.

Market testing

33. We briefly considered the possibility of further market testing in the sector. Most institutions had market tested and out-sourced some of their in-house operations, but the record was mixed, with benefits that were often non-financial, and in some cases the in-house option had provided better value for money. There was also some reluctance to market-test comprehensively, with some institutions deciding to retain certain functions in-house as a matter of policy.⁴⁹ Mr Skellon nevertheless reiterated the benefit of market testing as a broad concept: it is a systematic comparison of an operation against the same or similar operations in other sectors, to assess its relative efficiency. Only if the in-house operation is particularly inefficient, and there is no realistic prospect of resolving this internally, should out-sourcing be considered. Mr Skellon was keen to retain this form of market testing as a necessary efficiency pressure, but was opposed to compulsory competitive tendering, which carried the risk of an excessive emphasis on

⁴⁷ AGW report, paragraphs 3.15-3.21

⁴⁸ Qs 100-101

⁴⁹ AGW report, paragraphs 3.25-3.27

the cost as well as having other disadvantages.⁵⁰ The Council evidently had no particular policy on market testing, but Professor Gummatt expressed the opinion that each decision on out-sourcing was a separate judgement, and hoped that such judgements would become better informed as the amount of professional expertise available to the sector increased.⁵¹

34. We support the ongoing development of market testing on the basis that Mr Skellon has described, since it appears to us to strike the right balance between a complacent acceptance of the status quo and an overly aggressive competitive approach. Market testing can be costly and disruptive, especially if it leads to full out-sourcing, and the process should be stopped once it is clear that value for money has been achieved. A process of rigorous comparison, however, is a good discipline for all organisations and we hope that market testing will be considered by each institution as part of its procurement strategy. The costs and benefits of the process should be monitored and shared with other institutions, as appropriate.

Sustainable procurement

35. Sustainable procurement is the contribution of procurement activity towards the sustainable development agenda. It aims to balance the economic, social and environmental impact of purchasing decisions and may involve reducing negative environmental impacts, helping small and medium sized enterprises and promoting social inclusion. The sector has begun to consider sustainable development in its procurement, with several developing sustainability policies and considering environmental criteria in their purchasing. The Auditor General found several encouraging examples, including the use of recycled paper, renewable electricity and “fair trade” products. However, sustainable procurement is a fairly recent development, and there remains a lot of scope to integrate the concept of sustainability more widely and deeply into the sector’s procurement activity.⁵²
36. The Council encourages sustainability in a general sense through its support for UK-wide procurement initiatives and its participation in a business procurement taskforce, but it clearly relies on the Welsh Procurement Initiative and other specialists to provide more active support. Mr Skellon told us that the Sustainable Procurement Programme, being launched on the same day as our evidence session, would help to drive forward sustainable procurement across the Welsh public sector. Training and guidance would be available to help practitioners make a practical difference in their organisations, including a series of possible “quick wins” that would bring swift environmental benefits.⁵³ To help small and medium sized enterprises obtain government business, the Assembly has established the national procurement website (buy4wales.com) to record and categorise all contract opportunities for public bodies in Wales, so that they are readily accessible to smaller firms. There has been good progress already

⁵⁰ Q115

⁵¹ Q116

⁵² AGW report, paragraphs 3.28-3.29

⁵³ Q122

in registering small and medium-sized enterprises.⁵⁴ Mr Skellon also told us that the public sector was increasingly dividing government business into smaller lots, to make them more accessible to smaller businesses. A recent example was the national car hire contract, which had been split between five firms, two of which were Wales-based small and medium-sized enterprises.⁵⁵

37. Mr Skellon also refuted the view that there was a conflict between value for money and sustainability: in almost all cases, it was possible to have both, but this did require thinking more broadly about value for money. For example, it could be achieved by reducing consumption rather than unit cost,⁵⁶ and smaller firms may offer better quality and lower cost (due to their lower overheads), as well as environmental benefits.⁵⁷
38. These examples are encouraging and demonstrate the need for institutions to participate fully in wider collaborative initiatives to enhance their own procurement. As for the possible tension between value for money and sustainability, we agree with Professor Gummett that the degree of acceptable extra cost, for example in a building project, is a matter of professional judgement in each case. However, we hope that with imagination and determination such difficulties will be kept to a minimum, and we expect institutions to assess cost over the whole life of an asset – and the Council to ensure that they are able to do so.

Improving procurement processes

39. The improvement of procurement processes may lead to financial savings. Electronic commerce in particular has the potential to save money by reducing paperwork and the time needed to complete transactions. The sector has made little progress with e-commerce and procurement cards, although some institutions had automated part of the purchasing process.⁵⁸ Professor Gummett agreed that significant savings could be obtained from e-procurement, but that it was necessary first to put in place proper staffing and strategies; institutions could then build up to full e-procurement.⁵⁹ We agree that this is a sensible approach, but the benefits of e-procurement systems are substantial: they lead to improvements in management information and control, as well as direct savings in process costs. This can assist an institution in pursuing other objectives. There is a risk that such indirect benefits are overlooked as an institution focuses on more urgent and obvious improvements, and misses opportunities to make incremental changes that will add value. We look to the Council to ensure that the potential for process automation and cost reduction is fully considered as part of the fitness checks that it now plans to carry out.

⁵⁴ Q141

⁵⁵ Q142

⁵⁶ Qs 122-123

⁵⁷ Q142

⁵⁸ AGW report, paragraphs 3.32-3.35

⁵⁹ Qs 143-144

40. The Auditor General identified scope for further development in each of the areas considered above, and the evidence we heard from the witnesses suggests that there is more that can be, and should be, done. **We recommend that the Council work closely with individual institutions to achieve practical improvements in value for money from their procurement, taking full account of the Auditor General’s recommendations on the relevant issues, as well as our own recommendations.**

Concluding comments

41. The higher education sector receives hundreds of millions of pounds of public money, and the way in which this is spent is a matter of interest for us all. The evidence suggests strongly that the strength of the sector’s procurement practices is not a sufficiently high priority. There is some good practice in all areas, with individual institutions and the purchasing consortia doing some very good work. Equally, there are major gaps and deficiencies, and in many cases even the basic foundations for good practice are lacking. The Council has not done enough to resolve this and its promotional and audit work has had limited impact. We welcome the measures announced by the Council to improve procurement in the sector. Without these, the Council’s witnesses would have had little of substance to tell us and their position would not have been defensible. Our concern is that the Council coordinates these activities into a coherent strategy for improving procurement in the sector and maintains the momentum once the initial steps have been completed. To succeed, the Council needs to be rigorous in setting savings targets for each institution and to be prepared to penalise those institutions that fail to engage seriously in the process of improvement. We hope that will not be necessary, and that a co-operative approach will be successful. We are particularly keen for the sector to cooperate with other sectors and to participate fully in the initiatives now underway to deliver savings and develop sustainable procurement. In taking forward its plans, the Council and the institutions should take full account of the recommendations in the Auditor General’s report, particularly those considered in paragraphs 28 to 39 above, as well as our own recommendations.

Recommendations

42. In the light of these findings and conclusions, we recommend that:
- i. the Council implement as soon as practicable the measures that it has announced to improve the level of expertise, undertake procurement fitness checks at each institution and develop the consortium approach;
 - ii. the Council update this Committee on progress within twelve months of the date that this report is published;

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- iii. the Council coordinate activities in line with best project management practice, monitor the implementation of the action plans rigorously, and report on progress periodically to the Assembly Government;
 - iv. the Council formally review its plans every year, consulting the institutions and identifying any changes necessary, in order to maintain the momentum once the initial phases have past;
 - v. the Council assess the level of expertise available to the sector, and to individual institutions, and develop an appropriate strategy for ensuring that all parts of the sector have access to sufficient professional expertise. This should be organised to ensure optimum benefit for the sector as a whole;
 - vi. the Council require each institution to develop a robust procurement strategy, monitor its implementation and review it regularly. The Council should use professional support, its own or others', to assess the quality of each strategy and recommend improvements if appropriate;
 - vii. all institutions set a savings target of at least three per cent of their current procurement expenditure, in line with the national target in *Making the Connections*, and that the Council assist and monitor the achievement of this target; and
 - viii. the Council work closely with individual institutions to achieve practical improvements in value for money from their procurement, taking full account of the Auditor General's recommendations on the relevant issues, as well as our own recommendations.



**Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio**

**The National Assembly for Wales
Audit Committee**

**Caffael yn y Sector Addysg Uwch yng Nghymru
Procurement in the Higher Education Sector in Wales**

**Cwestiynau 1-147
Questions 1-147**

**Dydd Iau, 2 Rhagfyr 2004
Thursday, 2 December 2004**

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Leighton Andrews, Mick Bates, Alun Cairns, Jocelyn Davies, Christine Gwyther, Denise Idris Jones, Val Lloyd, Mark Isherwood, Carl

Sargeant.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru, Gillian Body, Swyddfa Archwilio Genedlaethol Cymru, Janice Lawler, Swyddfa Archwilio Genedlaethol Cymru, David Powell, Swyddog Cydymffurfio, Cynulliad Cenedlaethol Cymru.

Tystion: Yr Athro Philip Gummett, Prif Weithredwr, Cyngor Cyllido Addysg Uwch Cymru, Richard Hirst, Cyfarwyddwr Cyllid, Cyngor Cyllido Addysg Uwch Cymru, Paul Skellon, Arweinydd Tîm Menter Gaffael Cymru, Cynulliad Cenedlaethol Cymru.

Assembly Members present: Janet Davies (Chair), Leighton Andrews, Mick Bates, Alun Cairns, Jocelyn Davies, Christine Gwyther, Denise Idris Jones, Val Lloyd, Mark Isherwood, Carl Sargeant.

Officials present: Sir John Bourn, Auditor General for Wales, Gillian Body, National Audit Office for Wales, Janice Lawler, National Audit Office Wales, David Powell, Compliance Officer, National Assembly for Wales.

Witnesses: Professor Philip Gummett, Chief Executive, Higher Education Funding Council for Wales, Richard Hirst, Director of Finance, Higher Education Funding Council for Wales, Paul Skellon, Welsh Procurement Initiative Team Leader, National Assembly for Wales

*Dechreuodd y cyfarfod am 9.32 a.m.
The meeting began at 9.32 a.m.*

[1] **Janet Davies:** Good morning, bore da. Croeso, welcome. First of all, I welcome the committee and members of the public to the meeting, and in particular members of the Guernsey Public Accounts Committee, who are visiting the Assembly today. I will be seeing you later; you are very welcome, and I hope that you enjoy the meeting. The committee operates bilingually, so you have headsets to use when people are speaking Welsh to hear the translation or, in fact, you will hear the proceedings more clearly through them if you have any difficulties with the acoustics in this room. I ask people to turn off their mobile phones, pagers and all electronic devices because they interfere with the broadcast and translation systems. If there is a fire, the ushers will show you the way to the nearest exit. Please follow their instructions. Before I ask the witnesses to introduce themselves, I ask Members whether they have any declarations of interest. I see that they do not. I ask the witnesses to introduce themselves.

Professor Gummett: Good morning. My name is Phil Gummett, and I am chief executive of the Higher Education Funding Council for Wales.

Mr Hirst: Good morning. My name is Richard Hirst, and I am the director of

[1] **Janet Davies:** Bore da, good morning. Welcome, croeso. Yn gyntaf oll, estynnaf groeso i'r pwyllgor ac aelodau'r cyhoedd i'r cyfarfod, ac yn arbennig aelodau o Bwyllgor Cyfrifon Cyhoeddus Guernsey, sy'n ymweld â'r Cynulliad heddiw. Byddaf yn eich gweld yn ddiweddaraf; mae croeso mawr i chi, a gobeithio y mwynhewch y cyfarfod. Mae'r pwyllgor yn gweithredu'n ddwyieithog, felly, mae gennych glustffonau i'w defnyddio pan fydd pobl yn siarad Cymraeg i glywed y cyfieithiad, neu, a dweud y gwir, byddwch yn clywed y trafodaethau'n gliriach drwyddynt os cewch unrhyw anawsterau gydag acwsteg yr ystafell hon. Gofynnaf i bobl ddiffodd eu ffonau symudol, eu blipwyr a phob dyfais electronig oherwydd maent yn amharu ar y systemau darlledu a chyfieithu. Os bydd tân, bydd y tywysyddion yn dangos i chi'r ffordd i'r allanfa agosaf. Dilynwch eu cyfarwyddiadau. Cyn i mi ofyn i'r tystion gyflwyno'u hunain, gofynnaf i'r Aelodau a ydynt am ddatgan buddiant. Gwelaf nad ydynt. Gofynnaf i'r tystion gyflwyno eu hunain.

Yr Athro Gummett: Bore da. Phil Gummett wyf fi, a fi yw prif weithredwr Cyngor Cyllido Addysg Uwch Cymru.

Mr Hirst: Bore da. Richard Hirst wyf fi, a fi yw cyfarwyddwr cyllid a risg Cyngor Cyllido

finance and risk at the Higher Education Funding Council for Wales. Addysg Uwch Cymru.

Mr Skellon: Good morning. My name is Paul Skellon of the Welsh procurement initiative, shortly to be renamed Value Wales.

Mr Skellon: Bore da. Paul Skellon wyf fi, o fenter gaffael Cymru, sydd ar fin cael ei hailenwi'n Gwerth Cymru.

[2] **Janet Davies:** Thank you very much. As you probably know, this is our first chance to discuss procurement in the higher education sector in Wales. We did consider this issue in terms of the further education sector in November 2001. At the heart of our considerations is how well higher education institutions have managed their procurement and the extent to which potential for improvement exists. That includes, but is not confined to, achievement of financial savings. The higher education sector is largely funded from the public purse, with £325 million in 2002-03. The way in which it is spent has a direct effect on the resources available to the institutions for other needs. So, it is right that the Audit Committee looks at the value for money achieved from these public funds. There has been some progress in recent years, but the Auditor General's report leaves us in little doubt that further improvements are necessary and possible and that the responsibility for driving forward these improvements needs to be clarified. This is especially important now in the context of the Assembly Government's policy on procurement, which was published in 'Better Value Wales' and in 'Making the Connections: Delivering Better Services for Wales'. We will, quite possibly, take a break at an appropriate point in the proceedings, and coffee will be available for witnesses, committee members and guests.

[2] **Janet Davies:** Diolch yn fawr iawn. Fel y gwyddoch, mae'n siŵr, hwn yw ein cyfle cyntaf i drafod caffael yn y sector addysg uwch yng Nghymru. Buom yn ystyried y mater hwn mewn perthynas â'r sector addysg bellach ym mis Tachwedd 2001. Ein prif ystyriaethau yw pa mor dda y mae sefydliadau addysg uwch wedi rheoli eu gweithgareddau caffael, ac i ba raddau y mae lle i wella. Mae hynny'n cynnwys sicrhau arbed arian, ond heb ei gyfyngu i hynny. Ariennir y sector addysg uwch gan arian cyhoeddus yn bennaf, gyda £325 miliwn yn 2002-03. Mae'r modd y caiff ei wario yn cael effaith uniongyrchol ar yr adnoddau sydd ar gael i'r sefydliadau ar gyfer anghenion eraill. Felly, mae'n iawn i'r Pwyllgor Archwilio edrych ar y gwerth am arian a geir o'r arian cyhoeddus hwn. Bu rhywfaint o gynnydd dros y blynyddoedd diwethaf, ond dengys adroddiad yr Archwilydd Cyffredinol yn ddiau fod gwelliannau pellach yn angenrheidiol ac yn bosibl, a bod angen egluro'r cyfrifoldeb dros weithredu'r gwelliannau hyn. Mae hyn yn arbennig o bwysig bellach yng nghyd-destun polisi caffael Llywodraeth y Cynulliad, a gyhoeddwyd yn 'Gwell Gwerth Cymru' ac yn 'Creu'r Cysylltiadau: Gwell Gwasanaethau i Gymru'. Mae'n dra phosibl y byddwn yn cymryd egwyl ar adeg briodol yn y trafodaethau, a bydd coffi ar gael i'r tystion, aelodau'r pwyllgor a gwesteion.

I will start with a fairly general question. Paragraph 1.1 emphasises that the council is accountable to the Assembly for the funds that it provides to the higher education sector, and I will start by asking you to explain, briefly, how the council achieves this, particularly in relation to the expenditure on procurement. Perhaps Professor Gummert would start.

Dechreuaf gyda chwestiwn digon cyffredinol. Mae paragraff 1.1 yn pwysleisio bod y cyngor yn atebol i'r Cynulliad am yr arian a ddarpara i'r sector addysg uwch. Fe ddechreuaf drwy ofyn i chi egluro, yn fyr, sut mae'r cyngor yn cyflawni hyn, yn enwedig mewn perthynas â'r gwariant ar gaffael. Efallai yr hoffai'r Athro Gummert ddechrau.

Professor Gummert: We are accountable to the Assembly for the funds made available to us from the Assembly. We pass money on to

Yr Athro Gummert: Yr ydym yn atebol i'r Cynulliad am yr arian a ddarperir i ni gan y Cynulliad. Byddwn yn trosglwyddo arian i'r

the institutions under the terms of a financial memorandum, which in turn is derived from the financial memorandum that exists between us and the Assembly. So, essentially, the framework of rules under which the funding flows is governed by a binding financial memorandum. It is that that gives us our authority, and it is through that that we seek to enforce accountability on the sector. I can go into more detail about some of the specific measures that we take, if you would like me to do so at this point.

[3] **Janet Davies:** At this point, I wonder if you could perhaps refer to the extent of your hands-on or hands-off role, whichever it is, and how often you review the basic procurement arrangements for individuals.

Professor Gummert: We review procurement arrangements. There are two main ways, I would say, through which we promote good practice in relation to procurement, and we monitor what is going on through one of those. The two ways are, principally, that we support sector-wide activity. By sector-wide I mean that we participate not just in Wales-wide, but in UK-wide, activity, and you will see references in the report to an organisation called Proc-HE and its precursor bodies. The approach that we have taken broadly, thus far, has been to work with UK partners—that is, with our sister funding councils in

sefydliadau yn unol ag amodau memorandwm ariannol, sydd yn ei dro yn deillio o'r memorandwm ariannol sy'n bodoli rhyngom a'r Cynulliad. Felly, yn y bôn, caiff y fframwaith rheolau y mae'r cyllid yn llifo drwyddo ei reoli gan femorandwm ariannol rhwymedigol. Hwnnw sy'n rhoi i ni ein hawdurdod, a thrwy hwnnw yr ydym yn ceisio gorfodi atebolrwydd ar y sector. Gallaf sôn yn fanylach am y mesurau penodol a gymerwn, os hoffech i mi wneud hynny'n awr.

[3] **Janet Davies:** Ar hyn o bryd, ys gwn i a allech efallai gyfeirio at y graddau y byddwch yn ymyrryd neu ddim yn ymyrryd, p'un bynnag ydyw, a pha mor aml y byddwch yn adolygu'r trefniadau caffael sylfaenol ar gyfer unigolion.

Yr Athro Gummert: Byddwn yn adolygu trefniadau caffael. Fe ddywedwn fod dwy brif ffordd y byddwn yn hybu arfer da mewn perthynas â chaffael, a defnyddiwn un ohonynt i fonitro'r hyn sy'n digwydd. Y ddwy ffordd yw, yn bennaf, ein bod yn cefnogi gweithgarwch y sector cyfan. Wrth sector cyfan, golygaf ein bod yn cymryd rhan nid yn unig mewn gweithgarwch Cymru gyfan, ond gweithgarwch y DU gyfan, a gwelwch gyfeiriadau yn yr adroddiad at sefydliad o'r enw Proc-HE a'i gyrff rhagflaenol. Y dull yr ydym wedi ei ddefnyddio'n fras, hyd yn hyn, yw gweithio gyda'n partneriaid yn y DU—hynny yw, y

England and Scotland—to try to promote good practice in the sector by setting up that organisation, which develops toolkits and methods, promulgates good practice and so forth, and diffuses that throughout the sector. That is the sort of promotional side of it.

cynghorau cyllido cyfatebol yn Lloegr a'r Alban—i geisio hyrwyddo arfer da yn y sector drwy sefydlu'r drefn honno, sy'n datblygu pecynnau cymorth a dulliau, yn lledaenu arferion da ac ati, ac yn lledaenu hynny drwy'r sector yn gyfan. Dyna'r ochr hyrwyddo arno, fel petai.

The regulatory side of it has been through our own audit service. One of the things that we have done since the report on procurement in further education, three years ago, was to introduce into our audit service processes a series of questions about the extent to which there are good procurement practices within institutions.

Mae'r agwedd reoleiddio wedi digwydd drwy ein gwasanaeth archwilio ein hunain. Un o'r pethau yr ydym wedi eu gwneud ers yr adroddiad ar gaffael mewn addysg bellach, dair blynedd yn ôl oedd ychwanegu cyfres o gwestiynau at brosesau ein gwasanaeth archwilio ynglŷn â graddau arferion caffael da mewn sefydliadau.

[4] **Janet Davies:** Thank you. Do you review the contents of an institution's strategic plan in relation to procurement? Do you do that in detail?

[4] **Janet Davies:** Diolch. A fyddwch yn adolygu cynnwys cynllun strategol sefydliad mewn perthynas â chaffael? A ydych yn gwneud hynny'n fanwl?

Professor Gummert: We review the content of strategic plans in general, and we focus on accountability in a different sense, I think, than the one we may be speaking of here, in respect of funds that have been allocated for specific purposes. In other words, we check that the funds were spent for the purposes for which they were allocated and so forth. In relation to procurement, thus far I think that it would be fair to say that our focus has been more on whether or not the institutions have appropriate processes than a focus on

Yr Athro Gummert: Byddwn yn adolygu cynnwys cynlluniau strategol yn gyffredinol, a chanolbwyntiwn ar atebolrwydd mewn ystyr sy'n wahanol, yn fy marn i, i'r un yr ydym efallai'n sôn amdano yma, mewn perthynas ag arian sydd wedi ei glustnodi at ddibenion penodol. Mewn geiriau eraill, byddwn yn sicrhau bod yr arian wedi ei wario ar y dibenion y cafodd ei glustnodi ar eu cyfer, ac ati. O ran caffael, hyd yn hyn credaf y byddai'n deg dweud i ni ganolbwyntio mwy ar y cwestiwn a oes gan y

the outcomes that they are delivering through those processes. In terms of our future action, that is something that we now want to address.

[5] **Janet Davies:** Okay. Weaknesses have been identified by the Auditor General for Wales, and they are very similar to the ones that we saw when we looked at further education procurement three years ago. What action was taken at that time to identify and remedy similar weaknesses in the higher education sector?

Professor Gummert: The action was largely, as I have described so far—mainly to step up our contribution towards the UK-wide activity. The strategy thus far has been to try to promote good practice in relation to procurement through developing methods collectively with the English and Scottish funding councils, and to seek to promote this through the sector in Wales. The reason for doing it that way—and this is an approach that we use in a number of areas—and the advantage that we believe it has for activity in Wales is that, given that we are a very small part, or about 5 per cent, of the UK higher education sector as a whole, we get very good value in many areas through participating in UK-wide developments. We contribute our 5 per cent, but, essentially, we get access to the whole 100 per cent of the

sefydliadau brosesau priodol neu beidio, yn hytrach na chanolbwyntio ar y canlyniadau y maent yn eu sicrhau drwy'r prosesau hynny. O ran yr hyn a wnawn yn y dyfodol, mae hynny'n rhywbeth yr ydym am fynd i'r afael ag ef yn awr.

[5] **Janet Davies:** O'r gorau. Mae gwendidau wedi eu nodi gan Archwilydd Cyffredinol Cymru, ac maent yn debyg iawn i'r rhai a welsom pan fuom yn edrych ar gaffael mewn addysg bellach dair blynedd yn ôl. Pa gamau a gymerwyd bryd hynny i nodi ac unioni gwendidau tebyg yn y sector addysg uwch?

Yr Athro Gummert: Yr hyn a wnaed, i raddau helaeth, fel yr wyf wedi ei ddisgrifio hyd yn hyn, oedd yn bennaf cynyddu ein cyfraniad i weithgarwch yn y DU gyfan. Y strategaeth hyd yma oedd ceisio hyrwyddo arfer da mewn perthynas â chaffael drwy ddatblygu dulliau ar y cyd â'r cynghorau cyllido yn Lloegr a'r Alban, a cheisio hyrwyddo hyn drwy'r sector yng Nghymru. Y rheswm dros ei wneud fel hynny—ac mae hwn yn ddull a ddefnyddiwn mewn llawer maes—a'r fantais sydd iddo i weithgarwch yng Nghymru yn ein tyb ni, o ystyried mai rhan fach iawn, neu tua 5 y cant, ydym ni o sector addysg uwch cyfan y DU, yw ein bod yn cael gwerth da am yr arian mewn llawer maes drwy gymryd rhan mewn datblygiadau yn y DU gyfan. Cyfrannwn ein 5 y cant, ond yn y bôn gallwn ddefnyddio'r 100 y cant

activity being developed. So, our contribution into this process levers very much larger contributions, mainly from the English funding council, which is significantly bigger than us. That is the approach that we have taken. I think that we would accept, particularly in the light of the material contained in the report, that, although this has delivered some progress in the HE sector in Wales, it has not delivered enough progress. So, we need to start considering some further steps.

As I have said before, the other thing is that we have been monitoring the extent to which they have been establishing processes. Indeed, they have been establishing processes, though not universally, as the report documents, but we have been monitoring the extent to which they have been developing processes through our audit checks.

[6] **Janet Davies:** Right. Thank you very much. Jocelyn?

[7] **Jocelyn Davies:** The report does not make for happy reading, does it? I wonder if you would rate the performance of the sector in this value-for-money report?

Professor Gummert: This is a very helpful report from our point of view in the funding

cyfan o'r gweithgarwch sy'n cael ei ddatblygu. Felly, mae ein cyfraniad i'r broses hon yn arwain at gyfraniadau llawer iawn mwy, yn bennaf gan y cyngor cyllido yn Lloegr, sy'n llawer mwy na ni. Dyna'r dull yr ydym wedi ei ddefnyddio. Credaf y byddem yn derbyn, yn enwedig yng ngoleuni'r deunydd a geir yn yr adroddiad, er bod hyn wedi arwain at rywfaint o gynnydd yn y sector AU yng Nghymru, nad yw wedi sicrhau digon o gynnydd. Felly, mae angen i ni ddechrau ystyried rhai camau pellach.

Fel y dywedais eisoes, y peth arall yr ydym wedi bod yn ei fonitro yw'r graddau y maent wedi bod yn sefydlu prosesau. Yn wir, maent wedi bod yn sefydlu prosesau, er nad ar draws y sector cyfan, fel y dywed yr adroddiad, ond yr ydym wedi bod yn monitro'r graddau y maent wedi bod yn datblygu prosesau drwy ein gwiriadau archwilio.

[6] **Janet Davies:** O'r gorau. Diolch yn fawr iawn. Jocelyn?

[7] **Jocelyn Davies:** Nid yw darllen yr adroddiad hwn yn brofiad pleserus, nac ydyw? Ys gwn i a fyddech yn gweld gwerth ym mherfformiad y sector yn yr adroddiad hwn ar werth am arian?

Yr Athro Gummert: Mae hwn yn adroddiad defnyddiol iawn o'n safbwynt ni yn y cyngor

council. Perhaps it is worth my saying that. We have been concerned for a while about the extent to which progress has been made. We have been discussing this increasingly with leading people in the sector. We have been doing this even more particularly since we became aware of the way in which the Gershon reforms were beginning to work through in England. The consequences of those are now manifest in the 'Making the Connections' document and policy position in Wales. So, it has been obvious to us for a little while that there was going to be increasing pressure upon demonstrating, not merely achieving, value for money and improved performance. We have been discussing this with the sector for a while.

On the evidence of this report, I would say that the sector sits mid range in terms of its performance. There is evidence in here that suggests that. But, mid range in itself is quite a considerable range in terms of good practice. So, we have some institutions well above the average, and some clearly well below the average. But, as a whole, the sector sits roughly in the middle. For example, appendix 2, which looks at the basket of purchases, more or less says that it is sitting in the middle, but we know that there is a big spread around that. The extent of the spread, how to narrow it and move it all up towards the top end is an issue.

[8] **Jocelyn Davies:** Do you think that the

cyllido. Efallai ei bod yn werth i mi ddweud hynny. Yr ydym wedi bod yn gofidio ers cryn amser am y graddau y mae cynnydd wedi ei wneud. Yr ydym wedi trafod hyn yn gynyddol gyda phobl blaenllaw yn y sector. Yr ydym wedi gwneud hyn hyd yn oed yn fwy yn enwedig ers i ni ddod yn ymwybodol o'r modd yr oedd y diwygiadau Gershon yn dechrau cael eu gweithredu yn Lloegr. Mae canlyniadau'r rheiny bellach yn amlwg yn y ddogfen a'r sefyllfa bolisi 'Creu'r Cysylltiadau' yng Nghymru. Felly, mae'n amlwg i ni ers cryn amser fod mwy o bwyslais i gael ei roi ar arddangos gwerth am arian a pherfformiad gwell, nid yn unig ar gyflawni hynny. Yr ydym wedi bod yn trafod hyn gyda'r sector ers amser.

Ar sail tystiolaeth yr adroddiad hwn, byddwn yn dweud bod y sector tua'r canol o ran ei berfformiad. Mae tystiolaeth yn yr adroddiad hwn sy'n awgrymu hynny. Ond, mae canol ffordd ynddo'i hun yn cwmpasu ystod ddigon sylweddol o arfer da. Felly, mae gennym rai sefydliadau sydd ymhell uwchlaw'r arferol, a rhai yn amlwg ymhell islaw'r arferol. Ond ar y cyfan, mae'r sector yn fras tua'r canol. Er enghraifft, mae atodiad 2, sy'n edrych ar y fasedged o bwrcasau, fwy neu lai'n dweud ei fod yn y canol, ond gwyddom fod y cwmpas hwnnw'n eang. Mae hyd a lled y cwmpas, sut i'w leihau a symud y cyfan i fyny at y brig yn fater.

[8] **Jocelyn Davies:** Yn eich barn chi, a

2001 report on further education was widely read in the HE sector?

gafodd adroddiad 2001 ar addysg bellach ei ddarllen yn helaeth yn y sector AU?

Professor Gummert: Yes.

Yr Athro Gummert: Do.

[9] **Jocelyn Davies:** Three years seems rather a long time for slow progress to have been made, and similar weaknesses have now been identified.

[9] **Jocelyn Davies:** Mae tair blynedd yn ymddangos yn amser hytrach yn hir i wneud cynnydd araf, ac mae gwenididau tebyg wedi eu nodi nawr.

I move on to professional procurement expertise. Do you think that all institutions need a professional procurement manager?

Symudaf ymlaen at arbenigedd caffael proffesiynol. A ydych o'r farn fod angen rheolwr caffael proffesiynol ym mhob sefydliad?

Professor Gummert: I think that they need access to professional expertise. The question of whether they need their own manager, in the sense of their being wholly owned by the institutions, is another issue. We are looking at a set of institutions of quite variable size. I recognise the point made in the report that any organisation with a turnover above £3 million would benefit from having its own professional. We are looking at some very small organisations. Three of our institutions are smaller than large comprehensive schools in terms of student numbers. There is a question in some cases around whether it is best for them to have their own 100 per cent, wholly owned, procurement specialist, or whether they may do better to work with others and have, perhaps, a slightly higher-grade person

Yr Athro Gummert: Credaf fod angen iddynt allu cael arbenigedd proffesiynol. Mater arall yw a oes arnynt angen eu rheolwr eu hunain, yn yr ystyr fod hwnnw eiddo i'r sefydliadau'n llwyr. Yr ydym yn edrych ar set o sefydliadau sy'n amrywio gryn dipyn o ran maint. Yr wyf yn cydnabod y pwynt a wnaed yn yr adroddiad y byddai unrhyw sefydliad gyda throsiant o fwy na £3 miliwn yn elwa o gael ei weithiwr proffesiynol ei hun. Yr ydym yn edrych ar rai sefydliadau bach iawn. Mae tri o'n sefydliadau yn llai nag ysgolion cyfun mawr o ran nifer y myfyrwyr. Mae amheuaeth mewn rhai achosion a yw'n well iddynt gael eu harbenigwr caffael eu hunain sy'n eiddo iddynt yn llwyr, 100 y cant, neu a fyddai'n well iddynt weithio gydag eraill, ac efallai gael unigolyn ar radd fymryn yn uwch i

supporting two or even three institutions. However, that they should all have access to professional expertise is not in doubt at all, and they should and must have that.

[10] **Jocelyn Davies:** So, would you agree with this £3 million threshold that was suggested in 2001?

Professor Gummert: I am not an expert in this area. I understand that the basis of it is to say that if one was running at a £3 million turnover and made savings of 3 per cent a year, that saving would more than pay the costs of having a procurement specialist, and my understanding is—and, again, I am not an expert—that it is on that basis that the £3 million figure was arrived at. If that is the basis, then that certainly seems to be quite a reasonable proposition.

[11] **Jocelyn Davies:** You think that that is probably appropriate in your sector?

Professor Gummert: Yes. What you can do is, if you get somebody in a small institution—it is not just a problem about procurement in a small institution; it is wider than that. It is a question of the capacity to be able to employ really good, professional managers. There is a point of view that says that very small institutions could work

gefnogi dau sefydliad, neu dri, hyd yn oed. Fodd bynnag, nid oes unrhyw amheuaeth na ddylent i gyd allu troi at arbenigedd proffesiynol, a dylent allau cael hynny a rhaid iddynt ei gael.

[10] **Jocelyn Davies:** Felly, a fydddech yn cytuno â'r trothwy hwn o £3 miliwn a awgrymwyd yn 2001?

Yr Athro Gummert: Nid wyf yn arbenigwr yn y maes hwn. Deallaf mai ei sail yw dweud, pe bai gan rywun drosiant o £3 miliwn ac yn arbed 3 y cant y flwyddyn, y byddai'r arbediad hwnnw'n fwy na digon i dalu'r gost o gael arbenigwr caffael, ac yr wyf ar ddeall—ac, eto, nid wyf yn arbenigwr—mai ar y sail honno y lluniwyd y ffigur o £3 miliwn. Os dyna'r sail, yna mae hynny'n sicr yn ymddangos yn gynnig digon rhesymol.

[11] **Jocelyn Davies:** Yr ydych o'r farn fod hwnnw, yn ôl pob tebyg, yn briodol yn eich sector chi?

Yr Athro Gummert: Ydwyf. Yr hyn y gallwch ei wneud, os bydd gennych rywun mewn sefydliad bach—nid problem am gaffael mewn sefydliad bach yn unig yw hyn; mae mwy iddo na hynny. Mae'n fater o'r gallu i fedru cyflogi rheolwyr proffesiynol da iawn. Mae rhai o'r farn y gallai sefydliadau bach iawn gydweithio ym meysydd caffael,

together in procurement, in human-resource management, in health and safety areas, in overseeing careers for example—a range of areas—so that they share a really good professional between them. That is at least a debatable point, but that they should have somebody who is thoroughly competent available to them is in no doubt.

[12] **Jocelyn Davies:** So what is the role of the council in that?

Professor Gummert: Our role is to pass public funds to the institutions in the sector within the framework of the financial memorandum and within the framework of the guidance that we receive annually from the Minister, and also now within the slightly broader framework of the Assembly's strategy for higher education, 'Reaching Higher', published in 2002. So, we operate within that general framework. Against that background, we have to acknowledge that the higher education institutions are legally independent, autonomous bodies, and so the relationship is not entirely straightforward. We can require them to account fully and precisely for the funding that we give them on behalf of the Assembly—there is other funding that they generate by means other than by us: roughly speaking, the sector as a whole doubles the funding that goes in from us, but that varies quite a lot, so some of them will more than double it; others will perhaps only add about 10 or 15 per cent to

rheoli adnoddau dynol, iechyd a diogelwch, goruchwyllo gyrfaoedd, er enghraifft—amrywiaeth o feysydd—er mwyn rhannu gweithiwr proffesiynol da iawn rhyngddynt. Mae hwnnw'n bwynt dadleuol, a dweud y lleiaf, ond nid oes amheuaeth na ddylai rhywun cwbl gymwys fod ar gael iddynt.

[12] **Jocelyn Davies:** Felly, beth yw rôl y cyngor yn hynny?

Yr Athro Gummert: Ein rôl yw trosglwyddo arian cyhoeddus i'r sefydliadau yn y sector o fewn fframwaith y memorandum ariannol, ac o fewn fframwaith y canllawiau a gawn bob blwyddyn gan y Gweinidog, a hefyd bellach o fewn fframwaith strategaeth y Cynulliad ar gyfer addysg uwch, 'Ymgeisio yn Uwch', a gyhoeddwyd yn 2002, sydd ychydig yn ehangach. Felly, gweithredwn o fewn y fframwaith cyffredinol hwnnw. A hynny'n gefndir felly, rhaid i ni gydnabod bod y sefydliadau addysg uwch yn gyrrff ymreolaethol, annibynnol yn gyfreithiol, ac felly nid yw'r berthynas yn hollol syml. Gallwn ei gwneud yn ofynnol iddynt roi cyfrif llawn a manwl am y cyllid a roddwn iddynt ar ran y Cynulliad—mae yna gyllid arall y byddant yn ei gynhyrchu drwy gyfrwng ffynonellau eraill, nid gennym ni. Yn fras, mae'r sector yn ei gyfanrwydd yn dyblu'r cyllid a ddaw gennym ni. Ond mae hynny'n amrywio'n helaeth, felly, bydd rhai

what we give them—and then, beyond that, we encourage, by various means, good practice. So we are back again to the work that we have been doing with Proc-HE, for example, in this field, or work that we have been doing on human-resource strategies in a different field, to try to promote good practice and to encourage them, and, in some cases, to take specific initiatives. So, for example, in relation to human-resource strategies, we took a specific initiative: we employed consultants who went into every institution and examined the degree to which they had good, modern practices in relation to human-resource management, and they showed them how, where those practices were not ideal, they could raise their game. For those who were already at a well-advanced stage, the consultants showed them how they could do even better. They have subsequently gone back and evaluated the progress that they have made and have reported to us on that, and we are feeding that back into the sector. That is the kind of device that we can use to encourage, but not legally enforce, in some cases, because we do not have the power, legally, to enforce.

[13] **Jocelyn Davies:** It does not seem that anybody is really taking control of this issue and getting a grip on it.

yn mwy na'i ddyblu; bydd eraill, efallai, yn ychwanegu dim ond tua 10 neu 15 y cant at yr hyn a roddwn iddynt—ac yna, y tu hwnt i hynny, byddwn yn annog arfer da, drwy amrywiol ddulliau. Felly, down yn ôl unwaith eto i'r gwaith yr ydym wedi bod yn ei wneud gyda Proc-HE, er enghraifft, yn y maes hwn, neu waith yr ydym wedi bod yn ei wneud ar strategaethau adnoddau dynol mewn maes gwahanol, i geisio hyrwyddo arfer da a'i annog, ac mewn rhai achosion, i weithredu mentrau penodol. Felly, er enghraifft, mewn perthynas â strategaethau adnoddau dynol, cymerwyd menter benodol. Cyflogwyd ymgynghorwyr gennym i fynd at bob sefydliad i archwilio'r graddau yr oedd ganddynt arferion modern, da mewn perthynas â rheoli adnoddau dynol, gan ddangos iddynt sut y gallent wella'u perfformiad lle nad oedd yr arferion hynny'n ddelfrydol. I'r rheiny a oedd eisoes wedi gwneud cynnydd sylweddol, dangosodd yr ymgynghorwyr iddynt sut y gallent wneud hyd yn oed mwy o gynnydd. O ganlyniad, maent wedi mynd yn ôl a gwerthuso'r cynnydd sydd wedi ei wneud ac wedi rhoi adroddiad i ni am hynny, ac yr ydym ninnau'n bwydo hynny yn ôl i'r sector. Dyna'r math o ddyfais y gallwn ei defnyddio i annog mewn rhai achosion, ond nid ei gorfodi'n gyfreithiol oherwydd nad oes gennym y grym, yn gyfreithiol, i orfodi.

[13] **Jocelyn Davies:** Nid yw'n ymddangos bod neb mewn gwirionedd yn cymryd cyfrifoldeb dros y mater hwn ac yn mynd i'r

afael ag ef.

May I ask Mr Skellon a question, Janet?

A gaf fi ofyn cwestiwn i Mr Skellon, Janet?

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

[14] **Janet Davies:** Cewch.

[15] **Jocelyn Davies:** The report tells us that not all of the procurement officers employed by institutions were able to influence all areas of procurement, and it seemed a bit haphazard. Surely it is important that these dedicated procurement officers, where they exist, deploy their expertise right across the range of capital and current expenditure. Why is that not happening?

[15] **Jocelyn Davies:** Dywed yr adroddiad wrthym nad oedd pob un o'r swyddogion caffael a gyflogid gan sefydliadau yn gallu dylanwadu ar yr holl feysydd caffael, a bod hynny braidd yn rywsut-rywsut. Siawns ei bod yn bwysig i'r swyddogion caffael ymroddedig hyn, lle maent yn bodoli, yn defnyddio'u harbenigedd ym mhob agwedd ar wariant cyfalaf a gwariant cyfredol. Pam nad yw hynny'n digwydd?

Mr Skellon: It is not happening, and that is not just in the higher education sector; it is across, by and large, the Welsh public sector and indeed the British public sector. It is a public sector phenomenon. In essence, it is because until relatively recently, and to generalise terribly, procurement has not been taken overly seriously by the public sector. In one sense that is not surprising insofar as if you are in a university, your primary concern is teaching your students and so on, and in hospital, it is your patients and so on. Procurement is regarded, to some extent understandably, as a back office and second-order priority function. The point, however, about procurement is that, in terms of the money that we have in the public sector,

Mr Skellon: Nid yw'n digwydd, ac nid yw hynny'n unigryw i'r sector addysg uwch; mae'n digwydd fwy neu lai ledled y sector cyhoeddus yng Nghymru, ac yn wir yn y sector cyhoeddus ym Mhrydain. Ffenomen y sector cyhoeddus ydyw. Yn y bôn, y rheswm, tan yn gymharol ddiweddar, ac i gyffredinoli'n ddychrynlyd, yw nad yw'r sector cyhoeddus wedi cymryd caffael ormod o ddifrif. Ar un ystyr, nid yw hynny'n syndod oherwydd, os ydych mewn prifysgol, eich prif gonsyrn yw addysgu'ch myfyrwyr, ac ati, ac mewn ysbyty, eich cleifion yw'ch prif prif gonsyrn, ac yn y blaen. Mae caffael yn cael ei ystyried, a hynny'n ddealladwy i ryw raddau, fel swyddogaeth swyddfa gefn sy'n ail ar y rhestr flaenoriaethau. Y pwynt gyda

which will never be enough of course, and we want to see higher-quality public services, it is essential that there must be value for money in terms of spend—typically, an average public sector organisation will spend one third of its budget on procurement—and that the very best is made of that. That is then redeployed, to the extent to which it is cash-releasing, into front-line services. The other part is an improvement in quality, which will improve front-line service delivery.

It has only been in relatively recent times that this understanding has been inculcated across the British, not just the Welsh, public sector. Sir Peter Gershon has played an important part in that, in terms of his first review of procurement in the civil service in England back in 1999, and now his latest, wider efficiency review earlier this year. We do not have the same focus as the private sector. In the private sector, typically, it will vary in that 60, 70 or even 80 per cent of its turnover will be spent on procurement. If you can then persuade that board that savings of perhaps 3 per cent a year are to be had, and those savings go straight onto the bottom line, and therefore give a return in terms of profit and shareholder value, then it is not surprising that the private sector grips that and drives it forward. That is now the position that we are getting to, as a result of the two Gershon reviews, ‘Better Value

chaffael, fodd bynnag, o ran yr arian sydd gennym yn y sector cyhoeddus, na fydd byth yn ddigon wrth gwrs, ac yr ydym am weld gwasanaethau cyhoeddus o ansawdd uwch, yw ei bod yn hanfodol cael gwerth am arian o ran gwario. Yn nodweddiadol, bydd sefydliad cyffredin yn y sector yn gwario traean o’i gyllideb ar gaffael, ac mae’n hanfodol defnyddio hwnnw yn y ffordd orau. Yna caiff hwnnw ei aildefnyddio, i’r graddau y mae’n rhyddhau arian, mewn gwasanaethau rheng flaen. Y rhan arall yw gwella ansawdd, a fydd yn gwella darparu gwasanaethau rheng flaen.

Dim ond yn gymharol ddiweddar y mae’r ddealltwriaeth hon wedi ei phwysleisio ledled y sector cyhoeddus, nid yn unig yng Nghymru ond ym Mhrydain hefyd. Mae Syr Peter Gershon wedi chwarae rhan bwysig yn y gwaith hwnnw, o ran ei adolygiad cyntaf o gaffael yn y gwasanaeth sifil yn Lloegr yn ôl yn 1999, ac yn awr yn ei adolygiad diweddaraf, ehangach o effeithlonrwydd yn gynharach eleni. Nid oes gennym yr un ffocws â’r sector preifat. Yn y sector preifat, yn nodweddiadol, bydd gwariant ar gaffael yn amrywio o 60, 70 neu hyd yn oed 80 y cant o’i drosiant. Os gallwch wedyn ddarbwylllo’r bwrdd hwnnw fod arbedion o 3 y cant y flwyddyn efallai yn bosibl, a bod yr arbedion hynny’n mynd yn syth i’r llinell waelod, ac felly’n rhoi enillion o ran elw a gwerth i gyfranddeiliaid, yna nid yw’n syndod bod y sector preifat yn dal gafael ar hynny ac yn ei yrru ymlaen. Dyna’r sefyllfa

Wales' and, more recently, 'Making the Connections'. I think it is largely a cultural issue, but there is no question now, particularly with 'Making the Connections', that this is very much on everybody's agenda, including those of all the senior players in the Welsh public sector. For example, the first Welsh procurement initiative conference is being held today, and the First Minister is giving the key-note address, and a number of finance directors and chief executive officers across the Welsh public sector are partaking in it. So, I think that it is fair to say that, overall, the cultural lag between us and the private sector, to generalise, has been a problem. However, we are now seeing, particularly with 'Making the Connections', a step change, so we will drive forward from here.

[16] **Janet Davies:** In previous sessions, particularly remembering the one on further education, there seemed to be a great deal of scepticism coming from the witnesses regarding their being allowed to keep any money that they save. Do you feel that there is a cultural change there? I think that it is worth repeating that money that is saved in this way stays with the institution. Will you confirm that Mr Skellon?

Mr Skellon: That is very much the case.

yr ydym yn nesáu ati bellach, o ganlyniad i'r ddau adolygiad Gershon, 'Gwell Gwerth Cymru' ac, yn fwy diweddar, 'Creu'r Cysylltiadau'. Credaf mai mater diwylliannol ydyw i raddau helaeth, ond nid oes amheuaeth bellach, yn enwedig gyda 'Creu'r Cysylltiadau', nad yw hwn yn bendant ar agenda pawb, gan gynnwys holl brif gyfranogwyr y sector cyhoeddus yng Nghymru. Er enghraifft, mae cynhadledd gyntaf menter gaffael Cymru yn cael ei chynnal heddiw. Mae Prif Weinidog Cymru yn rhoi'r brif araith, ac mae nifer o gyfarwyddwyr cyllid a phrif weithredwyr ledled y sector cyhoeddus yng Nghymru yn cymryd rhan ynddi. Felly, credaf ei bod yn deg dweud, ar y cyfan, fod y bwlch diwylliannol rhyngom ni a'r sector preifat, i gyffredinoli, wedi bod yn broblem. Fodd bynnag, gwelwn newid sylweddol yn awr, yn enwedig gyda 'Creu'r Cysylltiadau', felly, byddwn yn bwrw ymlaen o'r fan hon.

[16] **Janet Davies:** Mewn sesiynau blaenorol, gan gofio'n arbennig yr un ar addysg bellach, yr oedd yn ymddangos bod y tystion yn amheus iawn ynglŷn â'r ffaith eu bod yn cael cadw unrhyw arian y maent yn ei arbed. A ydych o'r farn bod newid diwylliannol yn y fan honno? Credaf ei bod yn werth ailadrodd bod arian sy'n cael ei arbed fel hyn yn aros gyda'r sefydliad. A wnewch chi gadarnhau hynny, Mr Skellon?

Mr Skellon: Dyna'n sicr sy'n digwydd. Un o

One of the central recommendations of ‘Better Value Wales’ was that it is essential that those who work to improve their procurement performance keep the savings and redeploy them into front-line services. That was repeated again in ‘Making the Connections’. We make it clear that the savings of those who work with a Team Wales approach, individually and sector wise, to improve their procurement performance are retained by the organisations that make them for meeting their front-line service delivery requirements. That is absolutely key, and, as I say, it has been restated in ‘Making the Connections’.

[17] **Jocelyn Davies:** I have just one last question. It is very difficult to sustain the argument that institutions are not getting enough money if they are not using wisely what they already get. Would you agree?

Mr Skellon: Absolutely. One of the big changes in ‘Making the Connections’ is that we have moved from ‘Better Value Wales’, which was politely and quietly recommending that everybody had a value-for-money target and that they measured their performance against it. We have tried that for the last couple of years, and we have not got very far. So, in ‘Making the Connections’, there is a complete change. Every Welsh public sector organisation will be asked to have a challenging value-for-money target for procurement. They can set

argymhellion canolog ‘Gwell Gwerth Cymru’ oedd ei bod yn hanfodol i’r rheiny sy’n gweithio i wella’u perfformiad caffael gadw’r arbedion a’u hailddefnyddio mewn gwasanaethau rheng flaen. Ailadroddwyd hynny eto yn ‘Creu’r Cysylltiadau’. Yr ydym yn ei gwneud yn glir bod arbedion y rheiny sy’n gweithio gyda dull Tîm Cymru, yn unigol ac o ran sector, i wella’u perfformiad caffael yn cael eu cadw gan y sefydliadau sy’n eu cyflawni ar gyfer bodloni eu gofynion o ran darparu gwasanaethau rheng flaen. Mae hynny’n gwbl allweddol, ac fel y dywedaf, mae wedi ei ailddatgan yn ‘Creu’r Cysylltiadau’.

[17] **Jocelyn Davies:** Mae gennyf un cwestiwn olaf. Anodd iawn yw cynnal y ddadl nad yw sefydliadau’n cael digon o arian os nad ydynt yn defnyddio’n ddoeth yr hyn a gânt eisoes. A fyddech yn cytuno?

Mr Skellon: Yn bendant. Un o’r newidiadau mawr yn ‘Creu’r Cysylltiadau’ yw ein bod wedi symud o ‘Gwell Gwerth Cymru’, a oedd yn argymhell yn gwrtais ac yn dawel y dylai fod gan bawb darged gwerth am arian a’u bod yn mesur eu perfformiad yn ei erbyn. Yr ydym wedi ceisio gwneud hynny dros y flwyddyn neu ddwy ddiwethaf, ac nid ydym wedi mynd ymhell iawn. Felly, yn ‘Creu’r Cysylltiadau’, mae yna newid llwyr. Bydd gofyn i bob sefydliad yn y sector cyhoeddus yng Nghymru gael targed gwerth am arian uchelgeisiol ar gyfer caffael. Gallant ei osod

it at whatever level they wish, but it must be consistent with the national target, which means that it must be a minimum of 3 per cent by 2008, and that has to be measured against, and reported to, ultimately, the performance board that will be chaired by the First Minister. So, we are making it absolutely clear now that this is a value-for-money, target-driven approach. Not having a target, not measuring those savings, and not monitoring and reporting against them will no longer be an option. So that is a step change and something that I very much welcome.

[18] **Jocelyn Davies:** And the other witnesses agree?

Professor Gummatt and Mr Hirst: Yes.

[19] **Janet Davies:** We will move on now to the procurement strategy and management information, and Leighton Andrews would like take up this section.

[20] **Leighton Andrews:** First, I apologise because I think that I should have declared at the beginning that my wife is a member of the council of the University of Wales, Bangor.

Figure 6 on page 12 of the report shows that four institutions do not have a procurement

ar ba bynnag lefel a fyddant, ond rhaid iddo gyd-fynd â'r targed cenedlaethol, sy'n golygu bod yn rhaid i hwnnw fod yn 3 y cant o leiaf erbyn 2008, a rhaid iddo gael ei fesur yn erbyn y bwrdd perfformiad dan gadeiryddiaeth Prif Weinidog Cymru, ac adrodd i hwnnw. Felly, yr ydym yn gwneud yn hollol glir bellach mai dull gwerth am arian sy'n cael ei arwain gan dargedau yw hwn. Ni fydd peidio â chael targed, peidio â mesur yr arbedion hynny a pheidio â monitro ac adrodd yn eu herbyn yn opsiwn mwyach. Felly, mae hynny'n newid sylweddol ac yn rhywbeth yr wyf yn ei groesawu'n fawr.

[18] **Jocelyn Davies:** Ac mae'r tystion eraill yn cytuno?

Yr Athro Gummatt a Mr Hirst: Ydym.

[19] **Janet Davies:** Symudwn ymlaen yn awr at y strategaeth gaffael a gwybodaeth reoli, ac mae Leighton Andrews am gymryd y rhan hon.

[20] **Leighton Andrews:** Yn gyntaf, yr wyf yn ymddiheuro oherwydd credaf y dylwn fod wedi datgan ar y dechrau fod fy ngwraig yn aelod o gyngor Prifysgol Cymru, Bangor.

Mae ffigur 6 ar dudalen 12 yn yr adroddiad yn dangos nad oes strategaeth gaffael gan

strategy and that three have only developed one since the National Audit Office began its work on this report. You have rather let the institutions slip, have you not?

Professor Gummert: I think that we have been working with them to encourage progress in this direction and I am happy to report that, as we speak, there is only one institution now that does not have a procurement strategy. We will be having further discussions with that one about what is happening in that particular case. So, there has been further progress, even since the work was done to produce this report.

On letting things slip and the previous question on someone taking a grip, I will respond slightly more generally, if I may. I think that there is a broad question here about the overall size, shape and, therefore, capacity of the higher education sector in Wales, and it is that which lies behind the Assembly's strategy, 'Reaching Higher', and the drive within that for reconfiguration and collaboration. It is within that drive, which is partly about considering restructuring the sector so that we have stronger management capacity within it generally, that we are trying to place some of this debate. So, to some extent, we are being paced by those other sorts of developments.

bedwar sefydliad, a bod tri wedi datblygu un dim ond ers i'r Swyddfa Archwilio Genedlaethol ddechrau ei gwaith ar yr adroddiad hwn. Yr ydych wedi gadael i'r sefydliadau lithro braidd, onid ydych?

Yr Athro Gummert: Credaf ein bod wedi gweithio gyda hwy i annog cynnydd i'r cyfeiriad hwn, ac yr wyf yn falch adrodd mai un sefydliad yn unig, ar hyn o bryd, sydd heb strategaeth gaffael bellach. Byddwn yn cael trafodaethau pellach gyda'r sefydliad hwnnw ynglŷn â'r hyn sy'n digwydd yn yr achos penodol hwnnw. Felly, bu cynnydd pellach, hyd yn oed ers gwneud y gwaith i gynhyrchu'r adroddiad hwn.

O ran gadael pethau i lithro a'r cwestiwn blaenorol am rywun yn cymryd cyfrifoldeb, atebaf ychydig yn fwy cyffredinol, os caf. Credaf fod cwestiwn eang ynglŷn â maint a ffurf, ac felly ar allu, y sector addysg uwch yng Nghymru yn gyffredinol, a dyna sydd wrth wraidd strategaeth y Cynulliad, 'Ymgeisio yn Uwch', a'r ymdrech yn honno am ail-gyflunio a chydweithredu. O fewn yr ymgais honno, sy'n ymwneud yn rhannol ag ystyried ailstrwythuro'r sector er mwyn i ni gael gallu rheoli cryfach ynddo yn gyffredinol, yr ydym yn ceisio gosod rhywfaint o'r ddadl hon. Felly, i ryw raddau, mae'r mathau eraill hynny o ddatblygiadau yn pennu pa mor gyflym yr ydym yn gwneud cynnydd.

The particular area of procurement also falls—picking up on the points that Paul Skellon made a moment ago about how the public sector in general has not quite had procurement on its radar in precisely the same way as the private sector has—into management capacity and management outlook. We are also driving quite hard the whole issue of leadership management and governance. We, along with our sister councils in England and Scotland, are supporting what we hope will be a very effective leadership foundation for higher education, which we hope will start to transform attitudes generally in the sense of modernising management. If we can start to achieve that, it will create much better conditions within which to have these sorts of debates. So, I would not want to leave the impression that we are not doing anything. We are trying to alter the context within which these discussions take place to make them much more favourable for these issues to be picked up in a more positive way. There are a number of things that we are now proposing to do ourselves as a result of this, which I can come to at an appropriate time, to take matters forward in a more accelerated form.

[21] **Leighton Andrews:** You do seem to be a very long way behind. I remember joining the BBC in the early 1990s and being trained as a manager in procurement issues there. I only had a budget of £1 million, and the directorate that I was in had a budget of £20

Mae maes penodol caffael—gan barhau â'r pwyntiau a wnaeth Paul Skellon funud yn ôl am y ffaith nad yw'r sector cyhoeddus yn gyffredinol wedi rhoi cymaint o sylw i gaffael â'r sector preifat—hefyd yn rhan o allu rheoli a safbwynt rheoli. Yr ydym hefyd yn pwysleisio'n eithaf pendant yr holl fater o reoli a llywodraethu arweiniad. Yr ydym ni, ynghyd â'n cynghorau cyfatebol yn Lloegr a'r Alban, yn cefnogi'r hyn a obeithiwn fydd yn sylfaen arweiniad effeithiol iawn i addysg uwch. Gobeithiwn y bydd hynny'n dechrau newid agweddau'n gyffredinol o ran moderneiddio rheoli. Os gallwn ddechrau cyflawni hynny, bydd yn creu amodau llawer gwell i gynnal y mathau hyn o drafodaethau. Felly, ni fyddwn am roi'r argraff nad ydym yn gwneud dim. Yr ydym yn ceisio newid y cyd-destun i gael y trafodaethau hyn er mwyn ei gwneud lawer yn fwy ffafriol trafod y materion hyn mewn ffordd lawer mwy cadarnhaol. Mae yna nifer o bethau yr ydym nawr yn cynnig eu gwneud ein hunain o ganlyniad i hyn, a gallaf sôn amdanynt ar adeg briodol, i yrru pethau yn eu blaen lawer yn gyflymach.

[21] **Leighton Andrews:** Mae'n ymddangos eich bod ymhell ar ei hôl hi. Cofiaf ymuno â'r BBC ar ddechrau'r 1990au a chael fy hyfforddi'n rheolwr materion caffael yno. Dim ond cyllideb o £1 filiwn oedd gennyf, ac yr oedd cyllideb o £20 miliwn gan y

million, which is significantly less than that of several of the institutions here. That is 10 years behind one of the public sector institutions in Britain. To follow this through, we are in a situation where some of the institutions in Wales only started down this road as a result of the National Audit Office having taken its inquiries forward. How often have you raised procurement matters in the circulars or letters that you have sent around higher education institutions in the last three years?

Professor Gummert: We pick up, through the audit process, the question of whether or not they have appropriate processes. If they do not, we go back to them and we press them on it. So that is the mechanism through which we have been doing this. The question of being 10 years behind or not is difficult. The evidence from the report is that, when you look at a basket of purchases and compare it with the wide-ranging database that is constructed across the public and private sectors, you find the HE sector coming out broadly in the middle. So, I think that all we can say is that there has been development and progress, but it is not as good as it needs to be for all of the reasons that have been mentioned. Much more needs to be done to take it forward. However, I would hope that the impression is not widespread that nothing has been going on and that everyone is at the bottom of the

gyfarwyddiaeth yr oeddwn yn perthyn iddi, sydd dipyn yn llai na chyllideb nifer o'r sefydliadau dan sylw. Mae hynny 10 mlynedd y tu ôl i un o sefydliadau'r sector cyhoeddus ym Mhrydain. I ddatblygu'r pwynt hwn, yr ydym mewn sefyllfa lle mae rhai sefydliadau yng Nghymru wedi dechrau dilyn y trywydd hwn dim nd oherwydd bod y Swyddfa Archwilio Genedlaethol wedi parhau ei hymchwiliadau. Pa mor aml yr ydych wedi codi materion caffael yn y cylchlythyron neu'r llythyron yr ydych wedi eu hanfon o amgylch sefydliadau addysg uwch yn y tair blynedd diwethaf?

Yr Athro Gummert: Byddwn yn nodi, drwy'r broses archwilio, y cwestiwn a oes ganddynt brosesau priodol neu beidio. Os nad oes, awn yn ôl atynt a phwyso arnynt ynglŷn â hynny. Felly, dyna ein mecanwaith ar gyfer gwneud hyn. Mae'r cwestiwn o fod 10 mlynedd ar ei hôl hi neu beidio yn anodd. Y dystiolaeth o'r adroddiad, pan edrychych ar fasedged o bwrcasau a'i chymharu â'r gronfa ddata eang a gaiff ei hadeiladu ledled y sector cyhoeddus a'r sector preifat, yw eich bod yn gweld bod y sector AU rywle tua'r canol yn fras. Felly, credaf mai'r unig beth y gallwn ei ddweud yw fod datblygiad a chynnydd wedi bod, ond nid yw cystal ag y mae angen iddo fod am yr holl resymau sydd wedi eu crybwyll. Mae angen gwneud llawer mwy i'w ddatblygu. Fodd bynnag, byddwn yn gobeithio nad yr argraff gyffredinol yw nad oes unrhyw beth wedi ei wneud a bod pawb ar waelod y pentwr o ran camau gweithredu

heap in terms of action that has taken place.

sydd wedi eu cymryd.

There are very interesting examples in the report. Cardiff university's telecommunications activity that has been spread out across local authorities throughout Wales suggests a focus and an area where, arguably, higher education in Wales is leading in terms of the insights into the requirements for good procurement. I think that we are looking at a patchy picture with some very good performance and some much poorer performance.

Mae rhai enghreifftiau diddorol iawn yn yr adroddiad. Mae gweithgarwch telathrebu Prifysgol Caerdydd sydd wedi ei ledaenu i awdurdodau lleol ledled Cymru yn awgrymu ffocws a maes lle, y gellid dadlau, fod addysg uwch yng Nghymru ar y blaen o ran dirnadaeth o ofynion caffael da. Credaf fod y sefyllfa'n anghyson iawn gydag ychydig berfformiad da iawn ac ychydig berfformiad llawer gwannach.

I think that we are also looking at a picture where there is a great deal of informal activity. The identification in the report of institutions without formal procurement strategies suggests to me, not necessarily that they are not performing relatively reasonably, but rather that they cannot demonstrate what they are doing—they do not have it formally structured. Yet, the basket-of-purchases test suggests that they are not doing all that badly, compared with the public and private sector averages. By informal means, they seem to be nudging along some way or another. We must now work much more formally, partly so that they can demonstrate the position in terms of the savings that they are making, which they cannot demonstrate at the moment.

Credaf ein bod hefyd yn edrych ar sefyllfa lle mae llawer iawn o weithgarwch anffurfiol. Mae'r ffaith fod yr adroddiad yn enwi sefydliadau sydd heb strategaethau caffael ffurfiol yn awgrymu i mi, nid o reidrwydd nad ydynt yn perfformio'n gymharol resymol, ond yn hytrach na allant ddangos beth maent yn ei wneud—nid ydyw wedi ei strwythuro'n ffurfiol ganddynt. Eto, mae'r prawf basged o bwrcasau yn awgrymu nad ydynt yn gwneud cynddrwg â hynny, o'u cymharu â chyfartaleddau'r sector cyhoeddus a'r sector preifat. Drwy ddulliau anffurfiol, mae'n ymddangos eu bod yn symud yn araf mewn rhyw ffordd neu'i gilydd. Rhaid i ni nawr weithio lawer yn fwy ffurfiol, yn rhannol fel y gallant ddangos y sefyllfa o ran yr arbedion a wnânt, sefyllfa na allant ei dangos ar hyn o bryd.

One of the problems that arises when they do not have a formal approach or proper management information is that they do not actually know what their record on savings is.

Un o'r problemau sy'n codi pan nad oes ganddynt ddull ffurfiol neu wybodaeth reoli briodol yw nad ydynt yn gwybod mewn gwirionedd beth yw eu sefyllfa o ran arbedion.

[22] **Alun Cairns and Leighton Andrews:** That is the issue.

[22] **Alun Cairns a Leighton Andrews:** Dyna'r broblem.

Professor Gummett: I absolutely agree, but it may well be better than is shown, and indeed there is evidence here to suggest that, but they cannot demonstrate it.

Yr Athro Gummett: Cytunaf yn llwyr, ond mae'n dra phosibl ei bod yn well na'r hyn a ddangosir, ac yn wir mae tystiolaeth yma i awgrymu hynny, ond ni allant ei ddangos.

[23] **Leighton Andrews:** That takes us straight back to the point that Jocelyn raised a few minutes ago, which is that we are on the receiving end, particularly those of us on the Education and Lifelong Learning Committee, of letters from higher education bodies and unions asking for further funding. As you have just said, the sector does not know whether it is achieving any efficiencies in this area. Is that right?

[23] **Leighton Andrews:** Mae hynny'n mynd â ni yn syth yn ôl at y pwynt a wnaeth Jocelyn rai munudau'n ôl, sef ein bod ni, yn enwedig y rheiny ohonom sydd ar y Pwyllgor Addysg a Dysgu Gydol Oes, yn cael llythyron gan gyrff ac undebau addysg uwch yn gofyn am ragor o arian. Fel yr ydych newydd ddweud, nid yw'r sector yn gwybod a yw'n llwyddo i fod yn effeithlon yn y maes hwn neu beidio. A yw hynny'n gywir?

Professor Gummett: I think that that is too strong a statement, but I would accept the general thrust. It does not know as well as it needs to know how it is doing. I absolutely agree with the notion that arguments for increased funding are undoubtedly weakened if one cannot demonstrate good use of

Yr Athro Gummett: Credaf mai gor-ddweud yw hynny, ond byddwn yn derbyn y pwynt cyffredinol. Nid yw'n gwybod cystal ag y mae angen iddo wybod sut mae'n perfformio. Cytunaf yn llwyr â'r syniad bod dadleuon dros gael mwy o gyllid yn cael eu tanseilio yn ddiau os na all rhywun ddangos

existing resources.

bod yr adnoddau presennol yn cael eu defnyddio'n dda.

[24] **Leighton Andrews:** Do you think that the institutions need any external assistance from you or from others to develop appropriate procurement strategies?

[24] **Leighton Andrews:** A ydych o'r farn fod aer sefydliadau angen unrhyw gymorth allanol gennych chi neu gan eraill i ddatblygu strategaethau caffael priodol?

Professor Gummett: In a word, yes. The way we see this going forward is the following: having worked as we have on this UK-wide basis to try to produce methods—good practice and so forth—and to diffuse that, and recognising that that has made some progress but not enough, we are proposing, first of all, to engage a member of staff ourselves as a specialist in this area. At the moment, in our rather complex relationship—which I am sure many members of the committee know about—with the National Council—ELWa, we have a share of a procurement officer. However, we will go ahead very shortly, now that we have had the announcement about our own future, which was made two days ago—we have been waiting for that—and appoint a procurement officer who will be partly concerned with our own in-house procurement, but also very much concerned with driving change within the HE sector. Therefore, we will have a professional working within our organisation who will be leading on this agenda. We want that person to work with the whole sector—each individual institution—and have it go

Yr Athro Gummett: Mewn gair, ydw. Dyma sut yr ydym yn gweld hyn yn datblygu: ar ôl gweithio fel y gwnaethom ar y sail hon drwy'r DU yn gyfan i geisio cynhyrchu dulliau—arfer da, ac yn y blaen—ac i ledaenu hynny, a chan gydnabod bod hynny wedi gwneud rhywfaint o gynnydd ond nid digon, yr ydym yn cynnig, yn gyntaf oll, i ni ein hunain gael aelod o'r staff i fod yn arbenigwr yn y maes hwn. Ar hyn o bryd, yn ein perthynas eithaf cymhleth—yr wyf yn siŵr fod nifer o aelodau'r pwyllgor yn ymwybodol ohoni—gyda'r Cyngor Cenedlaethol—ELWa, yr ydym yn rhannu swyddog caffael. Fodd bynnag, byddwn yn mynd ati yn y dyfodol agos, gan ein bod yn awr wedi cael y cyhoeddiad am ein dyfodol ein hunain, a wnaed echddoe—yr ydym wedi bod yn aros am hwnnw—i benodi swyddog caffael a fydd yn ymwneud yn rhannol â'n caffael mewnol ni, ond hefyd yn ymwneud i raddau helaeth iawn â gweithredu newid yn y sector AU. Felly, bydd gennym weithiwr proffesiynol yn gweithio yn ein sefydliad a fydd yn arwain ar yr agenda hwn. Yr ydym am i'r unigolyn hwnnw weithio gyda'r sector cyfan—pob sefydliad unigol—a gwneud

through the Wales procurement initiative fitness check. We think that that is a diagnostic tool that could be applied, with great value, to each institution. We think that that should be done in each institution, and then probably applied to the sector as a whole, and also the procurement consortia at the end.

We also want to work with each institution to make sure that they have access to appropriate procurement expertise, whether that is done by having their own person or by doing it collectively, to repeat an earlier point. That is something to be worked through. The question that has to be asked is: what is the most sensible thing to do in each case? I will just recall, if I may, the fact that, under the ‘Reaching Higher’ strategy, we now have available a reconfiguration and collaboration fund. That is potentially available to institutions, and we have already been encouraging them to look at that as a way of potentially engaging someone in this context between institutions—someone working between institutions or for more than one—as a professional. We think that we now need to work more actively with each institution, make sure that they have access to procurement expertise, possibly by pump-priming. Again, we will have to look closely at each case and see what the best way forward is.

I think that the other thing that we need to do

prawf addaswydd o fenter gaffael Cymru arno. Credwn fod hwn yn ddull diagnostig a allai gael ei ddefnyddio, er budd mawr, ym mhob sefydliad. Credwn y dylid gwneud hynny ym mhob sefydliad, ac yna’i gymhwyso i’r sector yn ei gyfanrwydd yn ôl pob tebyg, a hefyd y consortia caffael ar y diwedd.

Yr ydym hefyd am weithio gyda phob sefydliad i sicrhau bod ganddynt fynediad i arbenigedd caffael priodol, boed drwy gael rhywun eu hunain neu drwy ei wneud ar y cyd, i ailadrodd pwynt cynharach. Mae hwnnw’n rhywbeth i weithio drwyddo. Y cwestiwn y mae’n rhaid ei ofyn yw hyn: beth yw’r peth mwyaf synhwyrol i’w wneud ym mhob achos? Yr wyf am alw i gof, os caf, y ffaith fod gennym bellach gronfa ail-gyflunio a chydweithredu, dan y strategaeth ‘Ymgeisio yn Uwch’. Gall honno fod ar gael i sefydliadau, ac yr ydym eisoes wedi bod yn eu hannog i edrych arni fel modd i gynnwys rhywun yn y cyd-destun hwn rhwng sefydliadau o bosibl—rhywun yn gweithio rhwng sefydliadau neu i fwy nag un—fel gweithiwr proffesiynol. Credwn fod angen yn awr i ni weithio’n fwy diwyd gyda phob sefydliad, gan sicrhau eu bod yn gallu cael arbenigedd caffael, drwy arian sefydlu o bosibl. Eto, bydd yn rhaid i ni edrych yn fanwl ar bob achos a phenderfynu ar y ffordd orau ymlaen.

Credaf mai’r peth arall y mae angen i ni ei

is to look at the consortia, particularly the Welsh consortium, while recognising that institutions, as the report shows, are also engaged with other consortia, where it is more convenient and seems to work better for them, and we would not want to upset those arrangements. We need to work with the Higher Education Procurement Consortium for Wales, to see to what extent it could do a better job if it had more staffing, and to consider what the best way of getting that staffing is. It is not self-evident to me that we at the Higher Education Funding Council should pay for that additional sum. That may or may not be the way to do it, but we need to have that serious discussion quite quickly to determine what that consortium's strategy should be, what staffing it needs in order to do it and how to get that staffing in place. So that is how we are proposing to take this forward now, recognising the force of the concerns that have been identified in the report.

[25] **Leighton Andrews:** Okay. Paragraph 2.6 relates to reporting to governing bodies, which is why I thought that I had better declare an interest. One way of monitoring progress, clearly, is for governing bodies to receive regular reports on procurement matters. However, this suggests that that is not happening sufficiently regularly, and that it is not happening in full, so what can you do to address that?

Professor Gummatt: I think that we can, through the sorts of measures to which I have just referred, raise the level of consciousness about the importance of procurement within institutions. We can take this up as an issue in one of our regular meetings with the chairs of higher education institutions in Wales, to ensure that they are aware. We will certainly be doing this. We have already ensured that they are aware

wneud yw edrych ar y consortia, yn enwedig consortiwm Cymru, gan gydnabod bod sefydliadau, fel y dengys yr adroddiad, hefyd yn ymwneud â chonsortia eraill, lle mae'n fwy cyfleus ac i'w weld yn gweithio'n well iddynt, ac ni fyddem am amharu ar y trefniadau hynny. Mae angen i ni weithio gyda Chonsortiwm Caffael Addysg Uwch Cymru, i weld i ba raddau y gallai weithio'n well pe bai ganddo fwy o staff, ac i ystyried beth yw'r ffordd orau i gael y staff hynny. Nid yw'n hunanamlwg i mi y dylem ni yn y Cyngor Cyllido Addysg Uwch dalu'r swm ychwanegol hwnnw. Efallai mai dyna'r ffordd o'i wneud neu nage, ond mae angen i ni gael y drafodaeth ddwys honno yn eithaf buan i benderfynu beth ddylai strategaeth y consortiwm fod, pa staff sydd angen arno i'w chyflawni a sut i gael y staff hynny. Felly, dyna sut yr ydym yn bwriadu bwrw ymlaen â hyn yn awr, gan gydnabod cryfder y pryderon sydd wedi eu nodi yn yr adroddiad.

[25] **Leighton Andrews:** O'r gorau. Mae paragraff 2.6 yn ymwneud â chynhyrchu adroddiadau i gyrff llywodraethu, sef pam yr oeddwn o'r farn y byddai'n well i mi ddatgan buddiant. Un ffordd o fonitro cynnydd, yn amlwg, yw i gyrff llywodraethu gael adroddiadau rheolaidd am faterion caffael. Fodd bynnag, awgryma hyn nad yw hynny'n digwydd yn ddigon rheolaidd, ac nad yw'n digwydd yn llawn. Felly, beth allwch chhi ei wneud i fynd i'r afael â hynny?

Yr Athro Gummatt: Credaf y gallwn, drwy fesurau o'r mathau yr wyf newydd gyfeirio atynt, wneud pobl yn fwy ymwybodol o bwysigrwydd caffael o fewn sefydliadau. Gallwn drafod hyn fel pwnc yn un o'n cyfarfodydd rheolaidd gyda chadeiryddion sefydliadau addysg uwch yng Nghymru, i sicrhau eu bod yn ymwybodol. Byddwn yn sicr yn gwneud hyn. Yr ydym eisoes wedi sicrhau eu bod yn ymwybodol o fodolaeth yr

of the existence of this report and the fact that action will follow from it. So we can take this up in one of our regular meetings with the chairs of higher education institutions in Wales to ensure that they understand the significance of this. However, in the end, it will be a matter for them as the governing body, not for us. We cannot instruct them to do this, but we can ensure that they understand that this is extremely important, and that we will be looking closely at how they handle this area.

[26] **Leighton Andrews:** May I ask you, Mr Skellon, whether you are providing any support to higher education institutions in this area, and whether you have any observations on what has been said by Professor Gummatt as to how the council could assist them?

Mr Skellon: I think that everything that Philip has just said is absolutely right. Having internal expertise will be a good start. The procurement fitness checks are what we are doing within the Welsh Assembly Government and our Assembly sponsored public bodies. We have a programme of procurement fitness checks for each and every one of them. In addition, for those that are merging with us, we are also collectively using the procurement fitness check to look ahead to see how that merged body can best address procurement.

If we take the other elements that Philip talked about, I very much welcome seeking to facilitate and providing some funding to address the issue of the lack of professional resource, and to strengthen—and this is needed—the higher education purchasing consortium, taken as a package. It is all very well having procurement fitness checks that produce an action plan. I will briefly explain a procurement fitness check. It is a comprehensive exercise, viewing that organisation and how it is performing, benchmarked against public and private sector companies and best practice. Then, with a view to producing an action plan, you identify the gap between where the organisation is and where that organisation should be procurement wise, and you provide an action plan to bridge that gap. If that is done and followed through, and I am sure that the Higher Education Funding Council will do this, to see that the plan is actually implemented, you will genuinely see, inevitably as a result, a step change in terms of individual performance and the sector as a whole.

I think that the announcement that has just been made is an excellent way forward.

adroddiad hwn a'r ffaith y bydd gweithredu yn ei sgil. Felly, gallwn drafod hyn yn un o'n cyfarfodydd rheolaidd gyda chadeiryddion sefydliadau addysg uwch yng Nghymru i sicrhau eu bod yn deall arwyddocâd hyn. Fodd bynnag, yn y pen draw, mater iddynt hwy fel y corff llywodraethu fydd hyn, nid mater i ni. Ni allwn eu cyfarwyddo i wneud hyn, ond gallwn sicrhau eu bod yn deall bod hyn yn hynod bwysig, ac y byddwn yn edrych yn fanwl ar y ffordd y maent yn delio â'r maes hwn.

[26] **Leighton Andrews:** A gaf fi ofyn i chi, Mr Skellon, a ydych yn darparu unrhyw gymorth i sefydliadau addysg uwch yn y maes hwn, ac a oes gennych unrhyw sylwadau am yr hyn a ddywedwyd gan yr Athro Gummatt ynglŷn â'r ffordd y gallai'r cyngor eu cynorthwyo?

Mr Skellon: Credaf fod popeth y mae Philip newydd ei ddweud yn hollol gywir. Bydd cael arbenigedd mewnlol yn ddechrau da. Y gwiriadau ffitrwydd caffael yw'r hyn a wnawn yn Llywodraeth Cynulliad Cymru ac yn ein cyrff cyhoeddus a noddur gan y Cynulliad. Mae gennym raglen o wiriadau ffitrwydd caffael ar gyfer pob un ohonynt. Yn ogystal, ar gyfer y rheiny sy'n uno gyda ni, yr ydym hefyd yn defnyddio'r prawf addasrwydd caffael ar y cyd i edrych ymlaen i weld sut orau y gall y corff unedig hwnnw fynd i'r afael â chaffael.

Os ystyriwn yr elfennau eraill y mae Philip wedi sôn amdanynt, yr wyf yn croesawu'n fawr y gwaith o geisio hwyluso a darparu rhywfaint o gyllid i fynd i'r afael â mater diffyg adnoddau proffesiynol, ac i gryfhau—ac mae angen hyn—y consortiwm pwrcau addysg uwch, o'i gymryd fel pecyn. Mae'n iawn cael gwiriadau ffitrwydd caffael sy'n cynhyrchu cynllun gweithredu. Rhoddaf esboniad byr o wiriad ffitrwydd caffael. Mae'n ymarfer cynhwysfawr, sy'n edrych ar y sefydliad hwnnw a sut mae'n perfformio, wedi ei feincnodi yn erbyn arferion gorau a chwmnïau yn y sector cyhoeddus a'r sector preifat. Yna, gyda'r nod o gynhyrchu cynllun gweithredu, byddwch yn nodi'r bwch rhwng sefyllfa'r sefydliad a'r sefyllfa lle dylai'r sefydliad fod o ran caffael, a byddwch yn darparu cynllun gweithredu i bontio'r bwch hwnnw. Os caiff hynny ei wneud a'i gwblhau, ac yr wyf yn sicr y bydd y Cyngor Cyllido Addysg Uwch yn gwneud hynny, i sicrhau bod y cynllun yn cael ei weithredu mewn gwirionedd, byddwch yn gweld mewn gwirionedd, yn anochel o ganlyniad, newid sylweddol o ran perfformiad unigol a pherfformiad y sector yn ei gyfarwydd.

Credaf fod y cyhoeddiad sydd newydd ei wneud yn ffordd wych ymlaen. Ar sail ein profiad hyd yn hyn o ddefnyddio gwiriadau ffitrwydd caffael yn y sector Cyrff Cyhoeddus a Noddur gan y

Based on our experience to date of using procurement fitness checks within the ASPB sector, we, and much more importantly, the individual organisations that are recipients of these procurement fitness checks, have found them incredibly helpful. It does not matter how good you are, the whole point about benchmarking is to get better: continuous improvement. Of course, the worse you are in terms of benchmarking, then the quicker you appreciate what needs to be done, and you can get cracking. So, I would very much welcome everything that Philip has said. I think that that is an excellent way forward.

[27] **Leighton Andrews:** Paragraph 2.16 relates to the quality of management information. Professor Gummatt, you have already indicated that institutions do not have sufficient information on what is happening in the area of procurement achievement. Do you review the quality of management information available to institutions when you are reviewing them?

Professor Gummatt: We review some of the management information that they use, but, mainly, in relation to strict accountability, it is in the sense of our checking that funds have been used for the purpose for which they were intended. For example, the largest element within the funding that we put into the institutions relates to student numbers. For that, there is very detailed management information coming through the institutions to us, and we

Cynulliad, yr ydym ni, a'r hyn sydd lawer pwysicach, y sefydliadau unigol sy'n destun y gwiriadau ffitrwydd caffael hyn, wedi eu cael yn hynod ddefnyddiol. Nid yw o bwys pa mor dda yr ydych: holl ddiben meincnodi yw gwella, gwella'n barhaus. Wrth gwrs, po waethaf fyddwch o ran meincnodi, cyflymaf yn y byd y byddwch yn sylweddoli beth y mae angen ei wneud, a gallwch fwrw iddi. Felly, byddwn yn croesawu'n llwyr bopeth y dywedodd Philip. Credaf fod honno yn ffordd wych ymlaen.

[27] **Leighton Andrews:** Mae paragraff 2.16 yn ymwneud ag ansawdd gwybodaeth reoli. Yr Athro Gummatt, yr ydych eisoes wedi nodi nad oes gan sefydliadau wybodaeth ddigonol am yr hyn sy'n digwydd ym maes cyflawni caffael. A ydych yn adolygu ansawdd y wybodaeth reoli sydd ar gael i sefydliadau wrth i chi eu hadolygu?

Yr Athro Gummatt: Byddwn yn adolygu rhywfaint o'r wybodaeth reoli a ddefnyddiant, ond yn bennaf, mewn perthynas ag atebolrwydd llym, gwneir hyn yn yr ystyr ein bod yn sicrhau bod arian wedi ei ddefnyddio at y diben y bwriadwyd ef ar ei gyfer. Er enghraifft, mae elfen fwyaf yr arian a roddwn i sefydliadau yn ymwneud â niferoedd myfyrwyr. Ar gyfer hynny, daw gwybodaeth reoli fanwl iawn i ni o'r sefydliadau, a byddwn yn ei harchwilio—nid

audit that—not each institution every year, but we do periodic audits and dipstick audits and so on. So it is essentially on the principle of keeping everyone honest, because they never know who is going to be audited and so forth. We do audit, and we do make very significant expressions of concern if we find that the quality of the information is not as we require it to be, and the consequence of that can be, and has been, that institutions do not get some of the money that they had been expecting to get, because we are not satisfied with the quality of the information: it is not reliable enough and we have doubts about it. We have not, as far as I am aware—I will just ask Richard, to be sure that I am informing you correctly—ever audited procurement management information, and I am not sure on what legal basis that is.

Mr Hirst: May I come in?

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

Mr Hirst: We ensure, for example, the quality of the financial management information that institutions produce. We make sure that they are producing, for example, monthly management accounts and so forth, so that we can be satisfied, and that Phil, as the accounting officer, can be satisfied that they are capable of managing

ym mhob sefydliad bob blwyddyn, ond byddwn yn gwneud archwiliadau rheolaidd ac archwiliadau achlysurol, ac yn y blaen. Felly, yr egwyddor o gadw pawb yn onest ydyw yn y bôn, oherwydd ni fyddant byth yn gwybod pwy sydd i gael ei archwilio, ac ati. Byddwn yn archwilio, a byddwn yn mynegi cryn bryder os gwelwn nad yw ansawdd y wybodaeth yn bodloni ein gofynion. Canlyniad posibl hynny, a chanlyniad hynny yn y gorffennol, yw nad yw sefydliadau'n cael rhywfaint o'r arian yr oeddynt wedi disgwyl ei gael, oherwydd nad ydym yn fodlon ag ansawdd y wybodaeth: nid yw'n ddigon dibynadwy ac yr ydym yn amheus yn ei chylch. Hyd y gwn i—gofynnaf i Richard, er mwyn bod yn siŵr fy mod yn rhoi gwybodaeth gywir i chi—nid ydym erioed wedi archwilio gwybodaeth rheoli o ran caffael, ac nid wyf yn siŵr ar ba sail gyfreithiol y mae hynny.

Mr Hirst: A gaf fi ddod i mewn?

[28] **Janet Davies:** Cewch.

Mr Hirst: Yr ydym yn sicrhau, er enghraifft, ansawdd y wybodaeth reoli ariannol a gynhyrchir gan sefydliadau. Byddwn yn sicrhau eu bod, er enghraifft, yn cynhyrchu cyfrifon rheoli misol ac ati, er mwyn i ni allu bod yn fodlon, ac er mwyn i Phil, fel y swyddog cyfrifyddu, allu bod yn fodlon eu bod yn alluog i reoli a chyfrifo'r arian

and accounting for the public funding that they are receiving. However, we have not, to date, done similar work on, for example, the procurement information as set out here. So, we do do this on some key areas of management information, but not routinely across the board.

[29] **Leighton Andrews:** But monthly management accounts are a pretty basic form of information, are they not? When I ran a small business, I had monthly management accounts, which told me how things were going. With a higher education institution, which is a much more sophisticated operation, surely you need more sophisticated data than simple monthly management accounts?

Mr Hirst: Sorry, yes, I was giving that as an example of the kind of thing that we ensure that they have, that is, proper, well-functioning financial systems. We do not do a similar check across all the range of their management information. That was the point that I was trying to make.

[30] **Leighton Andrews:** Professor Gummett, you referred earlier to the reconfiguration fund. If you are looking at areas of reconfiguration, those are going to raise issues about management integration and the best use of public moneys and the

cyhoeddus a gânt. Fodd bynnag, hyd yn hyn nid ydym wedi gwneud gwaith cyffelyb, er enghraifft, ar y wybodaeth gaffael fel y mae wedi ei nodi yma. Felly, gwnawn hyn mewn rhai meysydd gwybodaeth reoli allweddol, ond nid ym mhob maes fel mater o drefn.

[29] **Leighton Andrews:** Ond mae cyfrifon rheoli misol yn ffurf eithaf sylfaenol o wybodaeth, onid ydynt? Pan yr oedd gennyf fusnes bach, yr oedd gennyf gyfrifon rheoli misol, a fyddai'n dweud wrthyf sut yr oedd pethau'n mynd. Gyda sefydliad addysg uwch, sy'n waith llawer mwy soffistigedig, siawns nad oes arnoch angen data mwy soffistigedig na chyfrifon rheoli misol syml?

Mr Hirst: Mae'n ddrwg gen i, oes. Yr oeddwn yn rhoi hynny fel enghraifft o'r math o beth y byddwn yn sicrhau ei fod ganddynt, hynny yw, systemau ariannol priodol sy'n gweithio'n dda. Ni fyddwn yn gwneud gwiriad tebyg ar draws eu hystod gyfan o wybodaeth reoli. Dyna'r pwynt yr oeddwn yn ceisio'i wneud.

[30] **Leighton Andrews:** Yr Athro Gummett, yr oeddech yn cyfeirio'n gynharach at y gronfa ail-gyflunio. Os edrychwch ar feysydd ail-gyflunio, mae'r rheiny'n mynd i godi materion am integreiddio rheoli a defnyddio arian cyhoeddus yn y ffordd orau, a'r modd y

way in which they are deployed. Is it not possible, through that whole reconfiguration area, to look at the reconfiguration of procurement across institutions, perhaps, and through that, to drive down and seek greater information?

Professor Gummert: Yes. The former part of the question is certainly possible, and we have been encouraging institutions to look at ways in which they could reconfigure activities of a functional sort. We are not talking about mergers or anything big and dramatic like that, but we are asking—looking, in particular parts of Wales, at the particular mix of institutions: their size and their shape and so on—whether it makes sense for each of them to be trying to do everything on their own in terms of all these different dimensions of management. I will give you an example from a completely different area. A couple of years ago, I became aware that one of our vice-chancellors was sitting up late at night, reading the Race Relations (Amendment) Act 2000 because there was nobody else in the institution professionally able—and neither was he, by the way—to read it. This is about scale, in some cases, and about not having people of the range—it goes with the size of the institution. We tell them to look hard at this and at where they think that they can do a much better job by working in twos, threes, fours, or whatever, across the range. I mentioned some areas earlier. Another would be the whole area of spin-out. What

cânt eu defnyddio. Onid yw'n bosibl, drwy'r maes ail-gyflunio cyfan hwnnw, edrych ar ail-gyflunio caffael ar draws sefydliadau, efallai, a thrwy hynny fod yn fwy llym a gofyn am fwy o wybodaeth?

Yr Athro Gummert: Ydy. Mae rhan gyntaf y cwestiwn yn sicr yn bosibl, ac yr ydym wedi bod yn annog sefydliadau i edrych ar ffyrdd iddynt allu ail-gyflunio gweithgareddau o fath gweithredol. Nid ydym yn sôn am uno neu unrhyw beth mawr a dramatig fel hynny, ond yr ydym yn gofyn—gan edrych, mewn rhannau penodol o Gymru, ar y gymysgedd arbennig o sefydliadau: eu maint a'u ffurf ac ati—a yw'n synhwyrol i bob un ohonynt fod yn ceisio gwneud popeth ar eu pen eu hunain o ran yr holl wahanol agweddau hyn ar reoli. Rhoddaf i chi enghraifft o faes hollol wahanol. Ychydig flynyddoedd yn ôl, deuthum i wybod bod un o'n his-gangellorion yn aros i fyny yn hwyr gyda'r nos yn darllen Deddf Cysylltiadau Hiliol (Diwygiad) 2000 oherwydd nad oedd gan unrhyw un arall yn y sefydliad y gallu proffesiynol—na chanddo ef ychwaith, gyda llaw—i'w darllen. Mae hyn yn ymwneud â graddfa, mewn rhai achosion, ac yn ymwneud â pheidio â chael amrediad o bobl—mae'n mynd gyda maint y sefydliad. Dywedwn wrthynt am edrych yn fanwl ar hyn a ble y credant y gallant wneud gwaith llawer gwell o weithio fesul dau, tri, neu bedwar, neu beth bynnag, ym mhob agwedd.

one needs are people who really understand venture capitalism and how it works. For example, if each institution is trying to hire someone, between them, they could collectively hire someone, which could, perhaps, mean them operating in a different league. This is the sort of thinking that we are trying to encourage. We cannot impose this on them. They have to come to us, and we can encourage or support them and help them to develop these ideas.

To add to Richard's comments on management information earlier, the other issue about which we have to be quite sensitive, in terms of the degree to which we monitor the management information available within institutions, is that we are not managing the institutions but we are the channel through which public funding goes. We are the channel through which the steers coming from the Assembly about what it wants to see from the higher education sector goes, but, in the end, these are legally autonomous bodies that have to manage their affairs and the head of an institution has to be held accountable to the governing body of the institution. We can apply guidance, pressure, directives, steerage, support and exhortation, and influence all that with the flow of money—which is not insignificant—but, in the end, it is the institutions that have to choose, say that they want to do such and such, and come to us to ask for help.

Soniais am rai meysydd yn gynharach. Un arall fyddai'r maes deillio. Yr hyn y mae ei angen ar rywun yw pobl sy'n wirioneddol yn deall cyfalafiaeth menter a sut mae'n gweithio. Er enghraifft, os bydd pob sefydliad yn ceisio hurio rhywun, gallent hurio rhywun ar y cyd, rhyngddynt, a allai, efallai, olygu eu bod yn gweithredu ar lefel wahanol. Dyna'r math o syniadau yr ydym yn ceisio'u hannog. Ni allwn orfodi hyn arnynt. Rhaid iddynt ddod atom, a gallwn eu hannog neu eu cefnogi a'u helpu i ddatblygu'r syniadau hyn.

I ychwanegu at sylwadau Richard ar wybodaeth reoli yn gynharach, y mater arall y mae'n rhaid i ni fod yn eithaf sensitif yn ei gylch, o ran y graddau y byddwn yn monitro'r wybodaeth reoli sydd ar gael o fewn sefydliadau, yw nad ydym yn rheoli'r sefydliadau, ond ni yw'r cyfrwng y mae arian cyhoeddus yn mynd drwyddo. Ni yw'r cyfrwng y daw cyfarwyddiadau drwyddo gan y Cynulliad am yr hyn y mae am ei weld gan y sector addysg uwch. Ond yn y pen draw, mae'r rhain yn gyrrff annibynnol yn gyfreithiol sy'n gorfod rheoli eu materion eu hunain, a rhaid i bennaeth y sefydliad fod yn atebol i gorff llywodraethu'r sefydliad. Gallwn roi arweiniad, pwysau, cyfarwyddebau, cyfeiriad, cefnogaeth ac anogaeth, a dylanwadu ar hynny oll gyda'r llif arian—nad yw'n ansylweddol—ond yn y pen draw y sefydliadau sy'n gorfod dewis, dweud eu bod am wneud hyn a'r llall, a dod atom ni i ofyn am gymorth.

[31] **Leighton Andrews:** That may be true up to a point, I think. At the end of the day, this is our constituents' money, and if the institutions are wasting our constituents' money because they are not spending public money appropriately, or not using procurement procedures appropriately, I think that you very clearly have a role in that on our behalf. You made a point about the legal status, and we understand the issue of the autonomy of institutions, but do you think that your powers as HEFCW need to be strengthened in terms of the planning functions in a way that might require legal changes?

[31] **Leighton Andrews:** Gall hynny fod yn wir i ryw raddau, yn fy marn i. Yn y pen draw, arian ein hetholwyr yw hwn, ac os yw'r sefydliadau'n gwastraffu arian ein hetholwyr oherwydd nad ydynt yn gwario arian cyhoeddus yn briodol, neu os nad ydynt yn defnyddio gweithdrefnau caffael yn briodol, credaf ei bod yn amlwg iawn fod gennych ran yn hynny ar ein rhan ni. Gwnaethoch bwynt am y statws cyfreithiol, a deallwn y mater o annibyniaeth sefydliadau, ond a ydych o'r farn bod angen cryfhau eich pwerau fel Cyngor o ran y swyddogaethau cynllunio mewn modd a allai wneud newidiadau cyfreithiol yn ofynnol?

Professor Gummert: That is a difficult question. I have considered it in the past in relation to somewhat larger-scale issues than the ones that we are discussing now, namely issues to do with reconfiguration, mergers and that kind of thing. It has struck me thus far that, in the end, a lot of this comes down to political will rather than legal powers. If we had, on paper, the legal powers to try to drive something but it was not supported politically, there would be people around this table who would be batting very hard on behalf of institutions within their constituencies who did not like, perhaps, some of the things that we were trying to drive forward. There would be an intense political debate about that. It strikes me thus

Yr Athro Gummert: Mae hwnnw'n gwestiwn anodd. Yr wyf wedi ei ystyried yn y gorffennol mewn perthynas â materion sydd ar raddfa fwy na'r rhai yr ydym yn eu trafod yn awr, sef materion yn ymwneud ag ail-gyflunio, uno a phethau felly. Mae wedi fy nharo hyd yn hyn mai ewyllys wleidyddol yn hytrach na phwerau cyfreithiol sydd wrth wraidd hyn oll yn y bôn. Pe bai gennym, ar bapur, y pwerau cyfreithiol i geisio gweithredu rhywbeth ond nad oedd iddo gefnogaeth wleidyddol, byddai yna bobl o amgylch y bwrdd hwn a fyddai'n brwydro'n galed iawn ar ran sefydliadau yn eu hetholaethau nad oeddynt, efallai, yn hoffi rhai o'r pethau yr oeddem yn ceisio'u gweithredu. Byddai dadl wleidyddol ddwys

far that, broadly, we have the powers to drive through the things that really need to be driven through. If we had more powers, it would still come back in the end to a political debate about the acceptability or not of some of the some steps that we would be proposing to take—in other words, whether we would have political support for what we were trying to do.

A briefer, or more direct, way to answer your question, perhaps, is to say that I think that we have the powers. We need to exercise them more directly and in the sorts of ways that I was indicating earlier, as we now propose to do.

[32] **Leighton Andrews:** So you do think that you have the powers?

Professor Gummatt: I think that we have the powers.

[33] **Leighton Andrews:** It seems to me that you can have legal powers and no political will, or you can not have legal powers but have the political will to do things, which is also a major problem. However, if you have the powers, I suspect that we will be looking to you to drive this more thoroughly. To be honest, I do not accept the point that you make about people here speaking up for institutions in their own patch, against an

am hynny. Mae'n fy nharo hyd yn hyn, yn fras, fod gennym y pwerau i weithredu'r pethau y mae gwir angen eu gweithredu. Pe bai gennym fwy o bwerau, byddai'n dal i ddod yn ôl i ddadl wleidyddol, yn y pen draw, am dderbynioldeb neu beidio rai o'r camau y byddem yn cynnig eu cymryd—hynny yw, a fyddai gennym gefnogaeth wleidyddol i'r hyn yr oeddem yn ceisio'i wneud.

Ffordd fyrrach, neu fwy uniongyrchol, o ateb eich cwestiwn, efallai, yw dweud bod gennym y pwerau yn fy marn i. Mae angen i ni eu gweithredu'n fwy uniongyrchol ac yn y mathau o ffyrdd yr oeddwn yn sôn amdanynt yn gynharach, fel yr ydym bellach yn cynnig ei wneud.

[32] **Leighton Andrews:** Felly, yr ydych o'r farn bod gennych y pwerau?

Yr Athro Gummatt: Credaf fod gennym y pwerau.

[33] **Leighton Andrews:** Hyd y gwelaf fi, gallwch gael pwerau cyfreithiol a dim ewyllys wleidyddol, neu gallwch fod heb bwerau cyfreithiol ond bod gennych yr ewyllys wleidyddol i wneud pethau, sydd hefyd yn broblem fawr. Fodd bynnag, os oes gennych y pwerau, yr wyf yn amau y byddwn yn troi atoch i weithredu hyn yn fwy trylwyr. A bod yn onest, ni dderbyniaf y pwynt a wnewch am bobl yma yn amddiffyn

agreed overall education strategy for the higher education sector. We face these issues in other sectors of education from time to time, and we have to make judgments across Wales, which are sometimes quite difficult ones. If you are telling me that you have the powers, I am slightly confused, because earlier you said that there were legal obstacles in your relationships with higher education institutions.

Professor Gummert: I will unpack the word ‘powers’ slightly, if I may. I think that we can achieve what is being sought here. It is a moot point, and I would need to have more detailed advice on whether we have legal authority absolutely to insist on the kinds of things that we are speaking of here. I am not in doubt that we can achieve those things, through the methods available to us. That is not meant to be an evasive answer, it is just that I genuinely do not have the answer. I would need to get more detailed legal advice on that point, namely whether we could insist legally on some of the things that we have just been discussing. I am not certain, but I am at least 99 per cent certain that we can achieve that without any change in legal powers.

[34] **Leighton Andrews:** Chair, may I ask if we can have a legal note on this? This is the third time in 10 days, in discussion about

sefydliadau yn eu hardaloedd eu hunain, yn erbyn strategaeth addysg gyffredinol y cytunwyd arni ar gyfer y sector addysg uwch. Wynebwn y materion hyn mewn sectorau eraill mewn addysg o bryd i’w gilydd, a rhaid i ni wneud penderfyniadau ledled Cymru sy’n ddigon anodd ar adegau. Os ydych yn dweud wrthyf fod gennych y pwerau, yr wyf wedi drysu braidd, oherwydd soniech yn gynharach fod rhwystrau cyfreithiol yn eich perthynas â sefydliadau addysg uwch.

Yr Athro Gummert: Yr wyf am ymhelaethu fymryn ar y gair ‘pwerau’, os caf. Credaf y gallwn gyflawni’r hyn a geisir yma. Mae’n bwynt dadleuol, a byddai angen i mi gael cyngor manylach am y cwestiwn a oes gennym awdurdod cyfreithiol yn llwyr i fynnu’r mathau o bethau yr ydym yn sôn amdanynt yn y fan hon. Nid oes gennyf amheuaeth na allem gyflawni’r pethau hynny, drwy’r dulliau sydd ar gael i ni. Ni fwriadwyd i hwnnw fod yn ateb gochelgar, dim ond nad yw’r ateb gennyf mewn gwirionedd. Byddai angen i mi gael cyngor cyfreithiol manylach ar y pwynt hwnnw, sef a allem fynnu’n gyfreithiol rai o’r pethau yr ydym newydd fod yn eu trafod. Nid wyf yn siŵr, ond yr wyf o leiaf 99 y cant yn siŵr y gallwn wneud hynny heb unrhyw newid mewn pwerau cyfreithiol.

[34] **Leighton Andrews:** Gadeirydd, a gaf fi ofyn a allwn gael nodyn cyfreithiol ar hyn? Dyma’r drydedd waith mewn 10 diwrnod,

higher education at the HEFCW premises, during discussions in the Education and Lifelong Learning Committee yesterday and now in the Audit Committee, that the question of the legal base for HEFCW's ability to intervene on these kinds of issues in higher education institutions has come up.

[35] **Jocelyn Davies:** I support Leighton on that because when we read back the Record from today, I think that it has been cited at least three times as the excuse, if not the reason, for not intervening. Professor Gummatt, you have cited that several times this morning as the reason why you have concentrated more on the money being spent properly on what it was given for rather than pursuing this procurement angle. So, I am confused now, Janet. I think that we should have that legal note.

[36] **Janet Davies:** Yes, it would be very helpful if you could send that through, Professor Gummatt.

Professor Gummatt: We will be very glad to. I will just try to clarify that, if I may. I fear that I may not have been as clear as I would have hoped. I think that we have the capacity to drive these kinds of changes. I am very confident that we have the capacity to do that. I think that when I expressed hesitation about the degree to which we can,

mewn trafodaeth am addysg uwch yn adeilad y Cyngor, yn ystod trafodaethau yn y Pwyllgor Addysg a Dysgu Gydol Oes ddoe ac yn awr yn y Pwyllgor Archwilio, i fater sail gyfreithiol gallu'r Cyngor i ymyrryd yn y mathau hyn o faterion mewn sefydliadau addysg uwch gael ei grybwyll.

[35] **Jocelyn Davies:** Cefnogaf Leighton ynglŷn â hynny, oherwydd pan ddarllenwn y Cofnod ar gyfer heddiw, credaf ei fod wedi ei grybwyll o leiaf dair gwaith fel yr esgus, os nad y rheswm, dros beidio ag ymyrryd. Yr Athro Gummatt, yr ydych wedi crybwyll hynny lawer gwaith y bore yma fel y rheswm pam yr ydych wedi canolbwyntio mwy ar wario'r arian yn briodol ar yr hyn y mae wedi ei roi ar ei gyfer, yn hytrach na mynd ar drywydd yr elfen gaffael hon. Felly, yr wyf wedi drysu yn awr, Janet. Credaf y dylem gael y nodyn cyfreithiol hwnnw.

[36] **Janet Davies:** Dylem, byddai'n ddefnyddiol iawn pe gallech anfon hwnnw drwodd, yr Athro Gummatt.

Yr Athro Gummatt: Byddwn yn falch iawn o wneud hynny. Ceisiaf egluro hynny, os caf. Mae arnaf ofn efallai nad oeddwn mor eglur ag y byddwn wedi gobeithio. Credaf fod gennym y gallu i weithredu'r mathau hyn o newidiadau. Yr wyf yn hyderus iawn fod gennym y gallu i wneud hynny. Credaf, pan oeddwn yn mynegi ansicrwydd am y graddau

as it were, legally insist, it was really, I suppose, more in the sense that we aim to respect the legal autonomy of institutions, and we aim to work, as far as possible, on a consensual basis with them. It seems to us that it is generally better if that is the case; that it is generally better if they recognise the importance of doing these things and get to a position of actually wanting to do them rather than us having, as it were, to apply some sort of big stick to them. I am confident that we can, by those methods, achieve the objectives that we are seeking here. That is really what I am trying to say. I am not intending to use this legal issue as an excuse for not doing things. I hope that I am saying very clearly that we can take forward, in the way that I indicated, the agenda in the way that we wish. I believe that we can be successful in doing that.

[37] **Leighton Andrews:** I think, Professor Gummett, that the issue that worries me, and, I suspect, some colleagues, is how long a process of co-operation with the institutions is going to take, based on the evidence that we have had up to now. I remember saying to a vice-chancellor earlier this year that the management status of higher education in Wales was like the BBC before John Birt. I have seen nothing in the last six months to convince me otherwise.

y gallwn, fel petai, fynnu'n gyfreithiol, fod hynny mewn gwirionedd, am a wn i, yn fwy yn yr ystyr ein bod yn ceisio parchu annibyniaeth gyfreithiol sefydliadau, a'n bod yn gweithio, gymaint â phosibl, ar sail gytún gyda hwy. Mae'n ymddangos i ni ei bod yn well ar y cyfan os dyna sy'n digwydd; ei bod yn well ar y cyfan os byddant yn cydnabod pwysigrwydd gwneud y pethau hyn, a chyrraedd sefyllfa lle maent yn wirioneddol eisiau eu gwneud yn hytrach na bod yn rhaid i ni, fel petai, ddefnyddio rhyw fath o ffon arnynt. Yr wyf yn hyderus y gallwn, drwy'r dulliau hynny, gyflawni'r amcanion yr anelwn atynt yma. Dyna'r hyn yr wyf yn ceisio'i ddweud mewn gwirionedd. Nid wyf yn bwriadu defnyddio'r mater cyfreithiol hwn fel esgus dros beidio â gwneud pethau. Gobeithio fy mod yn dweud yn blaen iawn y gallwn weithredu, yn y modd a ddynodais, yr agenda yn y modd a ddymunwn. Credaf y gallwn lwyddo i wneud hynny.

[37] **Leighton Andrews:** Credaf, yr Athro Gummett, mai'r hyn sy'n fy mhoeni i, a rhai o'm cydweithwyr, fe dybiaf, yw pa mor hir fydd proses o gydweithredu â'r sefydliadau yn ei gymryd, ar sail y dystiolaeth yr ydym wedi ei chael hyd yn hyn. Cofiaf ddweud wrth yr is-ganghellor yn gynharach eleni fod statws rheoli addysg uwch yng Nghymru yn debyg i'r BBC cyn John Birt. Nid wyf wedi gweld unrhyw beth yn y chwe mis diwethaf i'm hargyhoeddi fel arall.

[38] **Janet Davies:** Looking at the Members, and knowing them fairly well, I think that there is beginning to be a feeling that the carrot is being eaten very slowly at the moment.

[38] **Janet Davies:** O edrych ar yr Aelodau, a'u hadnabod yn lled dda, credaf fod teimlad yn dechrau mai araf iawn y mae'r foronen yn cael ei bwtya ar hyn o bryd.

[39] **Jocelyn Davies:** And the stick is not in sight.

[39] **Jocelyn Davies:** Ac nid yw'r chwip i'w gweld yn unman.

[40] **Janet Davies:** From there, we are going to go on to look at performance management and savings. Christine Gwyther would like to take up this topic.

[40] **Janet Davies:** O'r fan honno, symudwn ymlaen i edrych ar reoli perfformiad ac arbedion. Hoffai Christine Gwyther drafod y pwnc hwn.

[41] **Christine Gwyther:** Thanks, Chair. I would like to pick up some of the threads that have already been started. On performance management, it would be nice if institutions had good performance management systems, but they just do not. Certainly, few institutions have formal performance measurement systems. At the time of writing the report, there was only one institution with a specific savings target. I do not actually know which one that was, but, can you first tell me whether that is still the case?

[41] **Christine Gwyther:** Diolch, Gadeirydd. Hoffwn barhau gyda rhai o'r elfennau sydd eisoes wedi eu cychwyn. O ran rheoli perfformiad, byddai'n braf pe bai systemau rheoli perfformiad da gan sefydliadau, ond y gwir yw nad oes ganddynt. Yn sicr, prin iawn yw'r sefydliadau sydd â systemau ffurfiol i fesur perfformiad. Adeg ysgrifennu'r adroddiad, dim ond un sefydliad oedd â tharged arbedion penodol. Ni wn pa sefydliad oedd hwnnw, a dweud y gwir, ond a allwch ddweud wrthyf yn gyntaf a yw hynny'n wir o hyd?

Professor Gummert: I believe that it is, except in the sense that the strategies are now coming through and will be transforming that situation. What we will then do in the context of what I said a few

Yr Athro Gummert: Credaf ei bod, heblaw yn yr ystyr bod y strategaethau bellach yn cael eu gweithredu ac y byddant yn trawsnewid y sefyllfa honno. Yr hyn y byddwn yn ei wneud wedyn yng nghyd-

minutes ago regarding what we intend to do is check that, through the fitness checks, through making sure that they have procurement expertise, and through making sure via those processes, that their procurement strategies develop. I would expect, through that process, to find that they are putting performance targets in proper management information systems and putting proper performance targets in place. Then, to pick up a point that Paul was making earlier, with ‘Making the Connections’ there will be a requirement on the HE sector as a whole to demonstrate performance improvements and savings. I have had one meeting, so far, with the team that is leading that in the Assembly. I am looking forward to receiving that guidance from them—and it will not be just us receiving it, but the whole public sector. I understood from that meeting that the guidance would come in around mid December, which should give us a clearer idea of what the HE sector as a whole will be expected to deliver, which will clearly go beyond what has been the expectation thus far, as was said a few minutes ago. It will then be our responsibility to work out how that will be delivered across the individual institutions.

That is not a strange process. We are doing that now across the whole range of targets that underpin the delivery of the ‘Reaching Higher’ strategy, so we have targets in there for widening access, for Welsh-medium provision, for overseas student recruitment

destun yr hyn a ddywedais rai munudau’n ôl ynglŷn â’r hyn y bwriadwn ei wneud yw gwirio, drwy’r gwiriadau ffitrwydd, drwy sicrhau bod ganddynt arbenigedd caffael, a thrwy sicrhau drwy gygfrwng y prosesau hynny, fod eu strategaethau caffael yn datblygu. Byddwn yn disgwyl gweld, drwy’r broses honno, eu bod yn cynnwys targedau perfformio mewn systemau priodol gwybodaeth reoli ac yn rhoi targedau perfformiad priodol ar waith. Yna, i barhau ar bwynt yr oedd Paul yn ei wneud yn gynharach, gyda ‘Creu’r Cysylltiadau’ bydd yn ofynnol i’r sector AU yn gyfan arddangos arbedion a gwelliannau mewn perfformiad. Yr wyf wedi cael un cyfarfod, hyd yn hyn, gyda’r tîm sy’n arwain hynny yn y Cynulliad. Edrychaf ymlaen at gael yr arweiniad hwnnw ganddynt—ac nid ni yn unig fydd yn ei gael, ond y sector cyhoeddus yn gyfan. Deallais o’r cyfarfod hwnnw y byddai’r arweiniad yn cael ei gyhoeddi tua chanol Rhagfyr, a dylai roi syniad gwell i ni o’r hyn y bydd disgwyl i’r sector AU yn gyfan ei gyflawni. Bydd hynny’n amlwg yn mynd y tu hwnt i’r hyn sydd wedi ei ddisgwyl hyd yn hyn, fel y dywedwyd rai munudau’n ôl. Ein cyfrifoldeb ni wedyn fydd pennu sut y caiff hynny ei gyflawni yn y sefydliadau unigol.

Nid yw honno’n broses ryfedd. Yr ydym yn gwneud hynny bellach ar gyfer yr holl amrywiaeth targedau sy’n sail i weithredu’r strategaeth ‘Ymgeisio’n Uwch’. Felly, mae gennym dargedau yn y fan honno ar gyfer ehangu mynediad, darpariaeth cyfrwng

and so on. We work with the sector there to ensure that targets are met collectively, but with variable performance by institutions, which one has to accept because they cannot be expected to deliver equally on all of these targets and, in this particular area, the scale of institutions matters hugely. A big institution has different opportunities available to it, in terms of making savings on procurement, than a very small institution has. However, our aim will be to see, across the sector as a whole, that we are achieving the targets that emerge from 'Making the Connections'. We distribute the delivery of those targets throughout the institutions, and we make sure that each institution, in contributing its share to that performance improvement, is raising its game quite significantly as that process develops.

[42] **Christine Gwyther:** Am I right, then, in thinking that not all institutions will be required to meet the 3 per cent savings target that has been identified in 'Better Value Wales'? I thought that they were supposed to meet that target.

Professor Gummert: I would expect broadly that they would. The sector as a whole certainly will, but whether each individual institution will meet that target is another matter. The difference between being expected to do something and actually succeeding is another matter again. The

Cymraeg, recriwtio myfyrwyr tramor, ac yn y blaen. Yr ydym yn gweithio gyda'r sector yno i sicrhau bod targedau'n cael eu cyflawni ar y cyd, ond gyda pherfformiad amrywiol gan sefydliadau. Rhaid i rywun dderbyn hynny oherwydd na ellir disgwyl iddynt gyflawni'r holl dargedau hyn i'r un graddau, ac yn y maes penodol hwn mae maint sefydliadau yn bwysig iawn. Mae cyfleoedd gwahanol yn agored i sefydliad mawr, o ran gwneud arbedion caffael, nag i sefydliad bach iawn. Fodd bynnag, ein nod fydd gweld, ledled y sector cyfan, ein bod yn cyflawni'r targedau sy'n deillio o 'Creu'r Cysylltiadau'. Yr ydym yn dosbarthu cyflawni'r targedau hynny ledled y sefydliadau, a byddwn yn sicrhau bod pob sefydliad, wrth gyfrannu ei ran i'r gwelliant hwnnw mewn perfformiad, yn gwella'i berfformiad yn ddigon sylweddol wrth i'r broses honno ddatblygu.

[42] **Christine Gwyther:** A ydwyf yn iawn, felly, i feddwl na fydd gofyn i bob sefydliad fodloni'r targed arbedion o 3 y cant sydd wedi ei nodi yn 'Gwell Gwerth Cymru'? Yr oeddwn yn credu eu bod i fodloni'r targed hwnnw.

Yr Athro Gummert: Ar y cyfan, byddwn yn disgwyl iddynt wneud hynny. Bydd y sector yn ei gyfanrwydd yn sicr yn gwneud hynny, ond mater arall yw a fydd pob sefydliad unigol yn bodloni'r targed hwnnw. Mae'r gwahaniaeth rhwng bod disgwyl i rywun wneud rhywbeth a llwyddo mewn

opportunities are variable, and there is detail in the report that highlights that. The geographical distribution, for example, as well as size, make sure—

gwirionedd yn fater arall eto. Mae'r cyfleoedd yn amrywiol, ac mae manylion yn yr adroddiad sy'n pwysleisio hynny. Mae dosbarthiad daearyddol, er enghraifft, yn ogystal â maint, yn sicrhau—

[43] **Christine Gwyther:** However, the direction will come from you, and you do have the legal power to direct.

[43] **Christine Gwyther:** Fodd bynnag, bydd y cyfarwyddyd yn dod oddi wrthy ch chi, ac mae gennych y pŵer cyfreithiol i gyfarwyddo.

Professor Gummatt: The direction will come from us, and we will want to see delivery of the overall target. As I understand it, what is going to happen with 'Making the Connections', assuming that the guidance—

Yr Athro Gummatt: Bydd y cyfarwyddyd yn dod oddi wrthym ni, a byddwn am weld y targed cyffredinol yn cael ei gyflawni. Fel yr wyf ar ddeall, yr hyn sydd i ddigwydd gyda 'Creu'r Cysylltiadau, a bwrw bod yr arweiniad—

[44] **Christine Gwyther:** No. To the individual institutions, the direction of 3 per cent savings will come from you, and you are legally entitled to make that direction.

[44] **Christine Gwyther:** Na. I'r sefydliadau unigol, bydd y cyfarwyddyd o arbedion o 3 y cant yn dod oddi wrthy ch chi, ac mae gennych hawl cyfreithiol i roi'r cyfarwyddyd hwnnw.

Professor Gummatt: The identification of a target for each institution will come from us. I do not think that I could reasonably say at the moment what the target for each institution will be until I know what it is that we are being asked to do, under 'Making the Connections', in the more detailed guidance that we are yet to receive. I think that I need to see that first, to see what exactly it is requiring of the HE sector. However, we will

Yr Athro Gummatt: Ni fydd yn pennu targed ar gyfer pob sefydliad. Ni chredaf y gallwn ddweud yn rhesymol ar hyn o bryd beth fydd y targed ar gyfer pob sefydliad nes i mi wybod beth y mae gofyn i ni ei wneud, dan 'Creu'r Cysylltiadau', yn yr arweiniad manylach nad ydym wedi ei gael hyd yn hyn. Credaf fod angen i mi weld hwnnw yn gyntaf, i weld beth yn union y mae'n ei ofyn gan y sector AU. Fodd bynnag, byddwn yn

introduce a target for each institution—it is the only way to do it.

cyflwyno targed ar gyfer pob sefydliad—dyna'r unig ffordd i'w wneud.

[45] **Christine Gwyther:** Will it be at least 3 per cent?

[45] **Christine Gwyther:** A fydd yn 3 y cant o leiaf?

Professor Gummert: I think that what I am saying is that I do not know, until I see what the guidance is asking us to do. I am not trying to be evasive again here, but I am really just trying to say that it depends what we are asked. For example, if we are asked to deliver a target for the HE sector as a whole that is different from being asked to deliver a target specific to each institution. We will have to work out what is the best way of doing it. However, there will be an expectation of improved performance across each institution.

Yr Athro Gummert: Credaf mai'r hyn yr wyf yn ei ddweud yw nad wyf yn gwybod, tan i mi weld beth mae'r arweiniad yn gofyn i ni ei wneud. Nid wyf yn ceisio osgoi'r cwestiwn eto yma, ond yr wyf yn ceisio dweud mewn gwirionedd ei fod yn dibynnu ar yr hyn a ofynnir i ni. Er enghraifft, os gofynnir i ni gyflawni targed ar gyfer y sector AU yn ei gyfanrwydd, mae hynny'n wahanol i gael gofyniad i gyflawni targed penodol ar gyfer pob sefydliad. Bydd yn rhaid i ni bwysu a mesur y ffordd orau i'w wneud. Fodd bynnag, bydd disgwyl i bob sefydliad wella perfformiad.

[46] **Christine Gwyther:** In the report, it says that 'Better Value Wales' recommended that all institutions should set a savings target equivalent to at least 3 per cent of its non-pay expenditure. So, to me, it seems very clear that every institution will have to make a 3 per cent saving. I wonder if Paul Skellon could advise us if that is correct.

[46] **Christine Gwyther:** Yn yr adroddiad, dywedir bod 'Gwell Gwerth Cymru' yn argymhell y dylai pob sefydliad osod targed arbedion sy'n cyfateb i 3 y cant o leiaf o'i wariant nad yw'n wariant ar gyflogau. Felly, i mi mae'n ymddangos yn glir iawn y bydd yn rhaid i bob sefydliad wneud arbediad o 3 y cant. Ys gwn i a allai Paul Skellon ddweud wrthym a yw hynny'n gywir.

Mr Skellon: Yes, certainly. The clarification that will come in the next couple of weeks, before Christmas, will make it clear that,

Mr Skellon: Gallaf, yn bendant. Bydd yr eglurhad a ddaw yn yr wythnos neu ddwy nesaf, cyn y Nadolig, yn ei gwneud yn glir,

when we talk about national targets in ‘Making the Connections’, the target of £120 million by 2008 is in fact based on 3 per cent of procurement expenditure, and we will expect the individual targets of individual organisations to be consistent with that. In other words, every individual organisation should have a target of not less than 3 per cent. Indeed, for those organisations that are relatively immature, and there are quite a number across the Welsh public sector—including, as we know from the report, the HE sector—one would expect, to see a higher target than 3 per cent, certainly in the initial years. However, I would certainly expect an absolute minimum of 3 per cent. So, from the Welsh Assembly Government’s point of view and the initiative’s point of view, we are looking for not less than 3 per cent from every individual organisation. I would not want to see any retreat from that suggestion to one of having a sector target rather than an individual organisational target, and I would advise, and have advised, very much against this, because, as soon as you take it away from an individual organisation and say that it is the responsibility of the HE sector as a whole, you lose that focus. The accounting officer of each individual organisation, in my view, must own that target of not less than 3 per cent, with some preferably being higher than that. In total, that will give a minimum of 3 per cent for the sector. So, I am absolutely convinced that we must retain the focus on each individual organisation and must not shift from that. If we shift from a target for

pan fyddwn yn sôn am dargedau cenedlaethol yn ‘Creu’r Cysylltiadau’, fod y targed o £120 miliwn erbyn 2008 mewn gwirionedd yn seiliedig ar 3 y cant o wariant caffael, a byddwn yn disgwyl i dargedau unigol gan sefydliadau unigol fod yn gyson â hwnnw. Mewn geiriau eraill, dylai pob sefydliad unigol gael targed nad yw’n llai na 3 y cant. Yn wir, i’r sefydliadau hynny sy’n gymharol ifanc, ac mae cryn nifer ohonynt ar draws y sector cyhoeddus yng Nghymru—gan gynnwys, fel y gwyddom o’r adroddiad, y sector AU—byddai rhywun yn disgwyl gweld targed uwch na 3 y cant, yn sicr yn y blynyddoedd cyntaf. Fodd bynnag, byddwn yn sicr yn disgwyl isafswm di-os o 3 y cant. Felly, o safbwynt Llywodraeth Cynulliad Cymru a safbwynt y fenter, yr ydym yn edrych am ddim llai na 3 y cant gan bob sefydliad unigol. Ni fyddwn am weld unrhyw encilio o’r awgrym hwnnw at un o gael targed sector yn hytrach na tharged sefydliadol unigol. Byddwn yn cynghori, ac yr wyf wedi cynghori, yn bendant iawn yn erbyn hyn, oherwydd cyn gynted ag y byddwch yn ei gymryd oddi ar sefydliad unigol ac yn dweud ei fod yn gyfrifoldeb ar y sector AU cyfan, byddwch yn colli’r pwyslais hwnnw. Rhaid i swyddog cyfrifyddu pob sefydliad unigol, yn fy marn i, gael targed nad yw’n llai na 3 y cant, a rhai yn uwch na hynny os oes modd. Gyda’i gilydd, bydd hynny’n rhoi lleiafswm o 3 y cant ar gyfer y sector. Felly, yr wyf yn hollol bendant ei bod yn rhaid i ni gadw’r pwyslais ar bob sefydliad unigol, a rhaid peidio â gwyro oddi wrth hynny. Os byddwn yn

an individual organisation and accounting officer to a sector or national target, I am afraid that we will lose the focus.

gwyro o darged ar gyfer sefydliad a swyddog cyfrifyddu unigol i darged sector neu darged cenedlaethol, mae arnaf ofn y byddwn yn colli'r pwyslais.

[47] **Christine Gwyther:** May I ask why it is 3 per cent?

[47] **Christine Gwyther:** A gaf fi ofyn pam y mae'n 3 y cant?

Mr Skellon: Three per cent is generally accepted in the procurement profession. It is a long-term sustainable figure, which, even if you start from a high basis—with good procurement practice—through consistent professional development and improvement, namely new techniques and so on, and working with the supply side and down the supply chains, you can continuously achieve. That is generally accepted. The Gershon target is based around 3 per cent. Similarly in Scotland and Northern Ireland, everyone is going for a 3 per cent target. So, it is not just in the profession, there is a consensus on 3 per cent in the public sector as a whole. If your starting point is relatively poor in terms of procurement, we also have a consensus that, for the initial year or two or three, individual organisations should set a higher target. Diminishing returns inevitably will set in as you hit all of the relatively soft targets, and then it becomes more difficult. However, even at that stage, we believe that 3 per cent is an ongoing, challenging but achievable target.

Mr Skellon: Derbynnir 3 y cant yn gyffredinol yn y proffesiwn caffael. Mae'n ffigur cynaliadwy yn yr hirdymor, a hyd yn oed os dechreuwch o sail uchel—gydag arfer caffael da—drwy ddatblygiad a gwelliant proffesiynol cyson, sef technegau newydd ac ati, a chan weithio i lawr yr ochr gyflenwi ac i lawr ar hyd y cadwyni cyflenwi, gallwch gyflawni'n barhaus. Derbynnir hynny'n gyffredinol. Mae targed Gershon wedi ei seilio ar oddeutu 3 y cant. Yn yr un modd yn yr Alban a Gogledd Iwerddon, mae pawb yn anelu at darged o 3 y cant. Felly, nid yn y proffesiwn yn unig y mae. Mae consensws ar 3 y cant yn y sector cyhoeddus yn ei gyfanrwydd. Os yw eich man cychwyn yn gymharol wael o ran caffael, mae gennym gonsensws hefyd y dylai sefydliadau unigol, yn y flwyddyn neu ddwy neu dair gyntaf, osod targed uwch. Mae'n anochel y bydd enillion gostyngol wrth i chi gyflawni'r targedau cymharol hawdd i gyd, ac yna mae'n mynd yn anoddach. Fodd bynnag, hyd yn oed bryd hynny credwn fod 3 y cant yn darged anodd ond posibl.

[48] **Christine Gwyther:** It is fair to say that, as individuals, we have had to face up to public sector organisations across the spectrum that have been set targets, and 3 per cent seems very realisable, particularly when compared with the savings that we have had to demand of other people. Professor Gummatt, do you think that 3 per cent is achievable?

Professor Gummatt: I am conscious that I am sounding very equivocal, and I am not trying to be, but I am merely trying to reflect my conversation with the team producing the guidance. Paul may be in advance of me and things may have moved on, because it is a couple of weeks since I had the discussion with the team. I had been asked to come to talk about how higher education would contribute towards the targets in 'Making the Connections'. We were trying to work out the processes. The very clear sense I took was that a target would be set for the higher education sector as a whole and that responsibility for delivering that would be passed to us. It would then be a question for us to work out with individual institutions what the targets would be. It may be that this is not how it will come out in the end. I do not know, and I need to wait to see the guidance. However, it is against the framework of that being my understanding at present of what is likely to happen that I was trying not to say that we would impose any particular number on any institution—simply out of caution and of wanting to see what

[48] **Christine Gwyther:** Mae'n deg dweud, fel unigolion, ein bod wedi gorfod wynebu sefydliadau yn y sector cyhoeddus ar draws y sbectrwm sydd â thargedau wedi eu gosod ar eu cyfer, ac mae 3 y cant yn ymddangos yn bosibl iawn, yn enwedig o'i gymharu â'r arbedion yr ydym wedi gorfod eu mynnu gan bobl eraill. Yr Athro Gummatt, a ydych o'r farn bod 3 y cant yn bosibl?

Yr Athro Gummatt: Yr wyf yn ymwybodol fy mod yn swnio'n amwys iawn, ac nid wyf yn ceisio bod felly, ond y cyfan yr wyf yn ceisio ei wneud yw adlewyrchu fy sgwrs gyda'r tîm sy'n cynhyrchu'r canllawiau. Efallai fod Paul yn gwybod mwy na mi ac efallai fod pethau wedi symud ymlaen, oherwydd mae'n rhai wythnosau ers i mi gael y drafodaeth gyda'r tîm. Gofynnwyd i mi ddod i siarad am sut y byddai addysg uwch yn cyfrannu tuag at y targedau yn 'Creu'r Cysylltiadau'. Yr oeddem yn ceisio penderfynu ar y prosesau. Y neges glir iawn y cymerais oedd y byddai targed yn cael ei osod ar gyfer y sector addysg uwch yn ei gyfanrwydd ac y byddai cyfrifoldeb dros gyflawni hwnnw yn cael ei roi i ni. Yna byddai'n fater i ni benderfynu gyda sefydliadau unigol beth fyddai'r targedau. Efallai nad fel hyn y bydd hi yn y pen draw. Ni wn, ac mae angen i mi aros i weld y canllawiau. Fodd bynnag, yn erbyn y fframwaith hwnnw, sef fy nealltwriaeth ar hyn o bryd o'r hyn sy'n debygol o ddigwydd, yr oeddwn yn ceisio peidio â dweud y byddem yn gosod unrhyw nifer arbennig ar

exactly we are being asked to do through this process. You may ask me whether it seems to me personally reasonable to say three per cent, and the answer would be ‘yes, it does’.

unrhyw sefydliad—yn syml oherwydd pwyll a’r awydd i weld beth yn union y gofynnir i ni ei wneud drwy’r broses hon. Gallwch ofyn i mi a yw’n ymddangos yn rhesymol i mi yn bersonol i ddweud tri y cant, a’r ateb fyddai ‘ydy, y mae’.

[49] **Christine Gwyther:** I am asking you if it is professionally reasonable, not personally reasonable.

[49] **Christine Gwyther:** Gofynnaf i chi a yw’n rhesymol yn broffesiynol, nid yn rhesymol yn bersonol.

Professor Gummert: Okay. Yes, it does seem reasonable, and I would be very surprised indeed if we were pitching below that with any institution. I am just trying, if you will allow me, to exercise a degree of caution. I do not know what the requirement on us will be, and, therefore, I am slightly hesitant about making firm commitments against how we will deliver it. That is really all that I am trying to do.

Yr Athro Gummert: O’r gorau. Ydy, mae’n ymddangos yn rhesymol, a byddwn yn synnu’n fawr yn wir pe baem yn anelu islaw hwnnw gydag unrhyw sefydliad. Yr wyf ond yn ceisio, os caniatewch i mi, arfer rhywfaint o bwyll. Ni wn beth fydd y gofyniad arnom, ac, felly, yr wyf braidd yn amharod i wneud ymrwymadau pendant ynglŷn â sut y byddwn yn ei gyflawni. Dyna’r cyfan yr wyf yn ceisio ei wneud mewn gwirionedd.

[50] **Christine Gwyther:** Bearing in mind that the requirement will be at least 3 per cent for every institution, as we have heard clearly this morning, what will you do if an institution refuses to set or meet this target? What is the comeback?

[50] **Christine Gwyther:** O gofio y bydd y gofyniad yn 3 y cant o leiaf ar gyfer pob sefydliad, fel yr ydym wedi ei glywed yn glir y bore yma, beth fyddwch yn ei wneud os yw sefydliad yn gwrthod gosod neu gyflawni’r targed hwn? Beth yw’r ymateb?

Professor Gummert: The comeback could be that we withhold funds. That is the same as in other areas of activity. If institutions do not deliver against requirements, we can withhold funds. I would be very surprised if

Yr Athro Gummert: Gallem ymateb drwy beidio â rhyddhau arian. Mae hynny yr un fath ag mewn meysydd gweithgarwch eraill. Os nad yw sefydliadau’n cyflawni yn erbyn gofynion, gallwn beidio â rhyddhau arian.

it came to that, because this potential sanction is so serious that it is very rare indeed. As I indicated earlier, it does occasionally happen, but it is very unusual.

[51] **Christine Gwyther:** I have just one final question. You talked a little earlier—I think that other members have mentioned this—about the difficulty of setting a target for a whole sector because some parts of that sector will already have made significant savings, and they will feel that they have been pared to the bone and will ask why they should be further penalised. So, there is an important culture problem to overcome there. Can you tell me how you are doing that?

Professor Gummert: In this context, the kind of thing that I can imagine would be this: suppose we are told that it is 3, 4, 5 per cent or whatever for the higher education sector as a whole, that would have a cash value, so we could say that that means so much money has to be saved, and we have to be able to demonstrate what is going on. That is where there is a very clear weakness at the moment, as the sector is almost certainly doing better than it is able to claim on a solid basis of evidence, but it needs to get the reporting systems in place to be able to demonstrate the position exactly.

Byddwn yn synnu'n fawr pe bai'n dod at hynny, oherwydd mae'r gosb bosibl hon mor ddifrifol fel ei bod yn hynod anghyffredin. Fel y dynodais yn gynharach, mae'n digwydd o bryd i'w gilydd, ond mae'n anghyffredin iawn.

[51] **Christine Gwyther:** Mae gennyf un cwestiwn olaf. Bu i chi sôn ychydig yn gynharach—credaf fod aelodau eraill wedi crybwyll hyn—am ba mor anodd yw gosod targed ar gyfer sector cyfan oherwydd bydd rhai rhannau o'r sector hwnnw eisoes wedi gwneud arbedion sylweddol, a byddant yn teimlo eu bod wedi eu tocio i'r bôn a byddant yn gofyn pam y dylent gael eu cosbi ymhellach. Felly, mae problem ddiwylliant bwysig i'w goresgyn yn y fan honno. A allwch ddweud wrthyf sut yr ydych yn gwneud hynny?

Yr Athro Gummert: Yn y cyd-destun hwn, y math o beth y gallaf ei ddychmygu fyddai hyn: a chymryd y dywedir wrthym ei fod yn 3, 4, 5 y cant neu beth bynnag ar gyfer y sector addysg uwch yn ei gyfanrwydd, byddai gan hwnnw werth ariannol, felly gallem ddweud bod yn rhaid arbed hyn a hyn o arian, a rhaid i ni allu dangos beth sy'n digwydd. Dyna lle mae gwendid amlwg iawn ar hyn o bryd, oherwydd mae'r sector bron yn sicr yn gwneud yn well nag y gall hawlio ar sail dystiolaeth gadarn, ond mae angen iddo roi'r systemau adrodd ar waith fel y gall ddangos y sefyllfa'n union.

[52] **Christine Gwyther:** But it could be doing worse.

Professor Gummatt: I do not think that it can be doing worse than it has been able to demonstrate; it can only be doing better. That evidence is there; those savings are there already and have been externally verified. It could not be a case of its doing any worse.

I will just digress for a second, if I may. A large part of the higher education sector's activity is not really being covered, for very good reasons, in this report. I am thinking here of things like highly specialised scientific equipment and so on, which are one-offs, and all the discussion here about consortia activity just will not apply to things like that. The brain-imaging equipment that is going into Cardiff University at the moment, consequent on the merger, will be UK-leading equipment; there is no way that you can purchase something like that through a consortium. That does not mean poor procurement practices; it means very careful procurement, but there is no way that you can do it through a consortium because there is nobody to be in a consortium with when you are going to be the UK leader in terms of the equipment that you are buying.

[52] **Christine Gwyther:** Ond gallai fod yn gwneud yn waeth.

Yr Athro Gummatt: Ni chredaf y gallai fod yn gwneud yn waeth nag y mae wedi gallu ei ddangos; gall ond fod yn gwneud yn well. Mae'r dystiolaeth honno yno; mae'r arbedion hynny yno eisoes ac wedi eu dilysu'n allanol. Ni allai fod yn achos o'r sector yn gwneud yn waeth.

Yr wyf am wyro am eiliad, os caf fi. Ni chaiff rhan fawr o weithgarwch y sector addysg uwch ei chwmpasu mewn gwirionedd, am resymau da iawn, yn yr adroddiad hwn. Yr wyf yn sôn yn y fan hon am bethau fel cyfarpar gwyddonol tra arbenigol ac ati, sy'n bethau unigryw, ac ni fydd yr holl drafod yn y fan hon am weithgarwch consortia yn berthnasol i bethau felly. Bydd y cyfarpar delweddu ymennydd sy'n mynd i Brifysgol Caerdydd ar hyn o bryd, yn dilyn yr uno, yn gyfarpar sydd gyda'r gorau yn y DU; nid oes unrhyw ffordd y gallwch brynu rhywbeth felly drwy gonsortiw. Nid yw hynny'n golygu arferion caffael gwael; mae'n golygu caffael gofalus iawn, ond nid oes unrhyw ffordd y gallwch ei wneud drwy gonsortiw oherwydd nid oes unrhyw un i chi fod mewn consortiw â hwy pan yr ydych yn mynd i fod ar flaen y gad yn y DU o ran y cyfarpar yr ydych yn ei brynu.

We will be able to turn whatever the target is that emerges through the guidance for 'Making the Connections' into a cash value, and we will look at how that cash value is to be realised across the sector as a whole. That may come out by saying, 'Well, everybody does 3 per cent', or it may come out by saying that there will be some slightly differentiated pattern, recognising the point about diminishing returns. All I am saying is that we have to have that discussion.

However, that the target as a whole has to be achieved will not be in doubt, and institutions will understand that very clearly.

[53] **Christine Gwyther:** But will they also understand that they have to achieve at least 3 per cent per institution?

Professor Gummatt: If that is the way in which that debate resolves, yes.

[54] **Janet Davies:** We will continue with this part of the report for the moment. Alun has some questions that he would like to ask.

[55] **Alun Cairns:** In your answers to Ms Gwyther, you mentioned unique pieces of equipment, such as the brain-imaging equipment that is being bought in Cardiff. You say that the consensus will apply to that, but is it not the case that, if several pieces of

Byddwn y gallu rhoi gwerth ariannol i ba darged bynnag a ddaw i'r fei drwy'r canllawiau ar gyfer 'Creu'r Cysylltiadau', a byddwn yn edrych ar sut caiff y gwerth ariannol hwnnw ei wireddu ar draws y sector yn ei gyfanrwydd. Efallai y daw hynny allan drwy ddweud, 'Wel, mae pawb yn gwneud 3 y cant', neu efallai y daw allan drwy ddweud y bydd rhyw batrwm braidd yn wahanol, gan gydnabod y pwynt am enillion gostyngol. Y cyfan yr wyf yn ei ddweud yw bod yn rhaid i ni gael y drafodaeth honno. Fodd bynnag, ni fydd amheuaeth bod yn rhaid cyflawni'r targed yn ei gyfanrwydd, a bydd sefydliadau'n deall hynny'n eglur iawn.

[53] **Christine Gwyther:** Ond a fyddant hefyd yn deall bod yn rhaid iddynt gyflawni o leiaf 3 y cant fesul sefydliad?

Yr Athro Gummatt: Os mai dyna sut caiff y drafodaeth ei datrys, byddant.

[54] **Janet Davies:** Parhawn â'r rhan hon o'r adroddiad am y tro. Mae gan Alun rai cwestiynau yr hoffai eu gofyn.

[55] **Alun Cairns:** Yn eich atebion i Ms Gwyther, bu i chi sôn am ddarnau unigryw o gyfarpar, megis y cyfarpar delweddu ymennydd sy'n cael ei brynu yng Nghaerdydd. Dywedwch y bydd y consensws yn berthnasol i hwnnw, ond os yw sawl darn

equipment, although not the same piece of equipment, are being bought from the same manufacturer, there is no reason why that co-operative approach could not work to realise savings?

Professor Gummert: I agree, and there is evidence here that that is happening. On page 39, there is a very interesting table, which shows what emerged from the independent analysis of the savings being achieved in several different product categories. What is striking in there is the audiovisual and the information technology consumables, where the HE sector is doing better than the average. So, that is suggesting that by consortium-purchasing what is probably fairly standard kit in large numbers, it is doing very well.

[56] **Alun Cairns:** That is precisely the point. I do not want that procurement procedure ruled out when we are buying individual expensive items, because it may well be that that manufacturer also manufactures many other items.

Professor Gummert: Yes, but I am talking here of equipment that will be unique in Britain.

[57] **Alun Cairns:** That single item will be unique, but that manufacturer might happen

o gyfarpar, er nad yr un darn o gyfarpar, yn cael eu prynu gan yr un gweithgynhyrhydd, onid yw'n wir nad oes rheswm pam na allai'r dull cydweithredu hwnnw weithio i sicrhau arbedion?

Yr Athro Gummert: Cytunaf, ac mae tystiolaeth yn y fan hon bod hyn yn digwydd. Ar dudalen 39, mae tabl diddorol iawn, sy'n dangos yr hyn a ddeilliodd o'r dadansoddiad annibynnol o'r arbedion sy'n cael eu cyflawni mewn sawl categori cynnyrch gwahanol. Yr hyn sy'n drawiadol yno yw'r nwyddau clyweledol a thechnoleg gwybodaeth, lle mae'r sector AU yn gwneud yn well na'r cyfartaledd. Felly, mae hynny'n awgrymu ei fod yn gwneud yn dda iawn drwy bwrcasu fel consortiwm yr hyn sy'n fwy na thebyg yn gyfarpar eithaf safonol mewn niferoedd mawr.

[56] **Alun Cairns:** Dyna'r pwynt yn union. Nid wyf am i'r weithdrefn gaffael honno gael ei diystyru pan yr ydym yn prynu eitemau drud unigol, oherwydd efallai fod y gweithgynhyrhydd hwnnw hefyd yn gweithgynhyrchu llawer o eitemau eraill.

Yr Athro Gummert: Iawn, ond yr wyf yn sôn yn y fan hon am gyfarpar a fydd yn unigryw ym Mhrydain.

[57] **Alun Cairns:** Bydd yr eitem unigol honno'n unigryw, ond efallai y bydd y

to make several items that are not unique and which are run-of-the-mill items that other universities will also want to use. I would not want the system to be ruled out, and we need to think a bit more innovatively.

Professor Gummett: I am sorry if I was unclear. I was not intending to imply that it should be ruled out, only that there are limits to what can be done through consortia purchasing.

[58] **Alun Cairns:** Okay. One of the misgivings in paragraph 2.22, 2.23 and onwards relates to the measurement of the savings. We have touched upon that slightly, but do you accept that the sector should use the Welsh procurement initiative's value-measurement model to assess its savings and value-for-money gains, or do you have any other form of innovative thinking?

Professor Gummett: I think that if we go ahead in the way that we have recommended and we do the Welsh procurement initiative's procurement fitness test, that will diagnose for each institution what their state of development is, and it will lead to an action plan for them. I would be extremely surprised if, as part of that process, those who are not yet using some appropriate method for measuring value and setting targets do not end up identifying what they

gweithgynhyrhydd hwnnw'n digwydd gwneud llawer o eitemau nad ydynt yn unigryw ac sy'n eitemau bob dydd y bydd prifysgolion eraill am eu defnyddio hefyd. Ni fyddwn am i'r system gael ei diystyru, ac mae angen i ni feddwl ychydig yn fwy arloesol.

Yr Athro Gummett: Mae'n ddrwg gennyf os nad oeddwn yn eglur. Nid oeddwn yn bwriadu awgrymu y dylid ei diystyru, dim ond bod cyfyngiadau ar yr hyn y gellir ei wneud drwy bwrcasu drwy gonsortia.

[58] **Alun Cairns:** O'r gorau. Mae un o'r amheuon ym mharagraff 2.22, 2.23 ac ymlaen yn ymwneud â mesur yr arbedion. Yr ydym wedi sôn am hynny'n fyr, ond a ydych yn derbyn y dylai'r sector ddefnyddio model mesur gwerth menter gaffael Cymru i asesu ei arbedion ac enillion gwerth am arian, neu a oes gennych unrhyw ffurf arall o feddwl arloesol?

Yr Athro Gummett: Credaf os awn ymlaen yn y modd yr ydym wedi ei argymhell a'n bod yn cynnal prawf addasrwydd caffael menter gaffael Cymru, bydd hynny'n rhoi diagnosis i bob sefydliad ar gyflwr ei ddatblygiad, a bydd yn arwain at gynllun gweithredu ar eu cyfer. Byddwn yn synnu'n fawr os nad yw'r rheini nad ydynt yn defnyddio rhyw ddull priodol i fesur gwerth a gosod targedau ar hyn o bryd, fel rhan o'r broses honno, yn nodi yn y pen draw beth ddylent ei wneud. Dadl i'r

should do. Whether it will be that exact one or some variation, I guess, is a debate for the professionals. That they should have a good, proper system, which is fully recognised by professionals, I think, will emerge from that process.

[59] **Alun Cairns:** One of the comments that we have slightly touched on is the 3 per cent annual saving. What consideration would be given to that? It would seem like common sense to me, because one of the concerns is that, if you make savings in the first year, then you cannot make them in the second, third and fourth year, but surely a 12 per cent saving over four years, for argument's sake, would be fairer. Have you thought of that sort of issue?

Professor Gummert: I think the world we are living in is one of expectation of continuous performance improvement. That is an absolutely reasonable requirement on all public bodies. So, from wherever one is, one can always be doing better. That is how things are now. What targets one sets is another matter, as it were, but that there should be continuous improvement seems to be a given order of things.

[60] **Alun Cairns:** We touched on the Welsh procurement initiative, and it is obviously a much more sophisticated model than the one currently in use. Do you think that the

gweithwyr proffesiynol, yn fy nhyb i, fydd ai'r union ddull hwnnw neu ryw amrywiad fydd hwnnw. Bydd y ffaith y dylent gael system briodol, dda, a gydnabyddir yn llawn gan weithwyr proffesiynol, yn fy marn i, yn dod i'r amlwg o'r broses honno.

[59] **Alun Cairns:** Un o'r sylwadau yr ydym wedi ei drafod rhyw fymryn yw'r arbediad blynyddol o 3 y cant. Pa ystyriaeth fyddai'n cael ei rhoi i honno? Byddai'n ymddangos yn synnwyr cyffredin i mi, oherwydd un o'r pryderon yw, os y gwnewch arbedion yn y flwyddyn gyntaf, yna ni allwch eu gwneud yn yr ail, y drydedd a'r bedwaredd blwyddyn, ond siawns na fyddai arbediad o 12 y cant dros bedair blynedd, er enghraifft, yn decach. A ydych wedi ystyried y math hwnnw o beth?

Yr Athro Gummert: Credaf fod disgwyliad i wella perfformiad yn barhaus yn y byd sydd ohoni. Mae hynny'n ofyniad hollol resymol ar bob corff cyhoeddus. Felly, o ble bynnag y daw rhywun, gall bob amser fod yn gwneud yn well. Dyna sut mae pethau bellach. Mater arall yw pa dargedau y mae rhywun yn eu gosod, fel petai, ond mae'n ymddangos bod tuedd y dylid cael gwella parhaus.

[60] **Alun Cairns:** Bu i ni grybwyll menter gaffael Cymru, ac mae'n amlwg yn fodel llawer mwy soffistigedig na'r un sydd ar waith ar hyn o bryd. A ydych o'r farn bod gan

institutions have the capacity to deliver on it? y sefydliadau'r gallu i'w gweithredu?

Professor Gummert: Some of them clearly do not.

Yr Athro Gummert: Mae'n amlwg nad oes gan rai ohonynt.

[61] **Alun Cairns:** What action should be taken where they do not?

[61] **Alun Cairns:** Pa gamau y dylid eu cymryd lle nad oes ganddynt y gallu?

Professor Gummert: We will have our own procurement manager in post fairly soon, I hope, and he or she will start working with the sector to introduce the procurement fitness check. We will be working, through that officer, to establish the extent of need in each institution—what they have to do in order to ensure that they have the expertise available to them. As I said before, it may be a matter of their having their own 100-per-cent-owned person, or a matter of their sharing a person with another institution. Given the scale of some of our institutions, it is at least arguable that some do not need a full-time person, as they do not have that much business for a full-time person to do. So, sharing a good person between two or three might be a much more cost-effective way of doing this, and we have the means to support that if we can get the proposals out of the institutions.

Yr Athro Gummert: Bydd gennym ein rheolwr caffael ein hunain yn dechrau gweithio yn weddol fuan, yr wyf yn gobeithio, a bydd ef neu hi yn dechrau gweithio gyda'r sector i gyflwyno'r prawf addasrwydd caffael. Byddwn yn gweithio, drwy'r swyddog hwnnw, i ganfod hyd a lled yr angen ym mhob sefydliad—yr hyn y mae'n rhaid iddynt ei wneud i sicrhau bod ganddynt yr arbenigedd wrth law. Fel y dywedais o'r blaen, gallai fod yn fater o fod gan bawb unigolyn sy'n eiddo iddynt 100 y cant, neu eu bod yn rhannu unigolyn gyda sefydliad arall. O ystyried graddfa rhai o'n sefydliadau, gellid o leiaf dadlau nad oes angen rhywun llawn amser ar rai, gan nad oes ganddynt gymaint â hynny o fusnes i unigolyn llawn amser ei wneud. Felly, gallai rhannu unigolyn da rhwng dau neu dri fod yn ffordd lawer mwy cost-ffeithiol o wneud hyn, ac mae gennym y gallu i gefnogi hynny os gallwn gael y cynigion gan y sefydliadau.

The other thing is the consortium. We have a consortium which is doing a good job—the evidence here suggests that. It is quite clear

Y peth arall yw'r consortiwm. Mae gennym gonsortiwym sy'n gwneud gwaith da—mae'r dystiolaeth yn y fan hon yn awgrymu hynny.

from the evidence that the purchases being made through the consortium are more cost-effective than those not made through consortia arrangements. The question is how to expand the coverage. At the moment, as the report shows, quite a small proportion of total procurement is being handled through either the higher education procurement consortium for Wales or other consortia. The issue now is about how to expand that coverage and start to move it into other areas. I am thinking of the areas that are traditionally managed by professionals, such as estates, or the purchasing of legal advice or financial support of one kind or another, or, to take another case, libraries. There is substantial expenditure through libraries and information systems, which have traditionally been seen as the prerogative of particular kinds of professions, and where these consortia arrangements have, so far, not made much progress in terms of establishment. That must be an area to push into now and say, ‘we must get much more professional procurement arrangements into those sorts of areas as well’.

[62] **Alun Cairns:** Paragraph 2.28 makes three recommendations. Do you accept them, and how do you plan to take them forward?

Professor Gummet: On

Mae’n eithaf amlwg o’r dystiolaeth bod y pwrcasau a wneir drwy’r consortiwm yn fwy cost-effeithiol na’r rheini na wneir drwy drefniadau consortia. Y broblem yw sut i ehangu’r cwmpas. Ar hyn o bryd, fel y dengys yr adroddiad, mae cyfran gweddol fach o’r holl gaffael yn cael ei gwneud drwy naill ai gonsortiwm caffael addysg uwch Cymru neu gonsortia eraill. Y mater yn awr yw sut i ehangu’r cwmpas hwnnw a dechrau ei symud i feysydd eraill. Yr wyf yn meddwl am y meysydd a gaiff eu rheoli gan weithwyr proffesiynol yn draddodiadol, megis ystadau, neu bwrcasu cyngor cyfreithiol neu gefnogaeth ariannol o ryw fath neu’i gilydd, neu, i gymryd achos arall, llyfrgelloedd. Mae gwariant sylweddol drwy lyfrgelloedd a systemau gwybodaeth, sydd wedi eu hystyried yn draddodiadol fel uchelfraint proffesiynau o fathau arbennig, a lle nad yw’r trefniadau consortia hyn wedi gwneud llawer o gynnydd, hyd yn hyn, o ran sefydlu. Rhaid bod hwnnw’n faes i wneud rhywbeth yn ei gylch yn awr a dweud, ‘rhaid i ni gael trefniadau caffael llawer mwy proffesiynol yn y mathau hynny o feysydd hefyd’.

[62] **Alun Cairns:** Mae paragraff 2.28 yn gwneud tri argymhelliad. A ydych yn eu derbyn, a sut y bwriadwch eu datblygu ymhellach?

Yr Athro Gummet: Ar

‘agreeing with the sector a strategy for achieving the savings target’,

‘gytuno ar strategaeth glir ar gyfer cyflawni’r targedau o ran arbedion... gyda’r sector’,

that would be through a process that follows the publication of the ‘Making the Connections’ guidelines. As I understand it, we will be asked to make a response on how we expect the higher education sector to respond sometime in March or April or thereabouts—this is not yet fully clear to me, because it is not yet clear to anyone. The question of agreeing a strategy with the sector for achieving those targets will have to be part of the response that we make to the Assembly on the ‘Making the Connections’ guidelines.

byddai hynny drwy broses sy’n dilyn cyhoeddi’r canllawiau ‘Creu’r Cysylltiadau’. Fel yr wyf ar ddeall, bydd gofyn i ni ymateb ynglŷn â sut y disgwyliwn i’r sector addysg uwch ymateb rywbryd ym mis Mawrth neu ym mis Ebrill—nid yw hyn yn hollol glir i mi eto oherwydd nad yw’n glir i unrhyw un eto. Bydd yn rhaid i’r mater o gytuno ar strategaeth gyda’r sector ar gyfer cyflawni’r targedau hynny fod yn rhan o’r ymateb a roddwn i’r Cynulliad ar y canllawiau ‘Creu’r Cysylltiadau’.

On monitoring implementation and holding institutions to account, that will be done through reporting processes that we will set up through our new procurement manager. Then, on

O ran monitro gweithredu a gwneud sefydliadau yn atebol, bydd hynny’n cael ei wneud drwy brosesau adrodd y byddwn yn eu sefydlu drwy ein rheolwr caffael newydd. Yna, yn achos

‘work with the institutions to secure any improvements to procurement systems and practices’,

‘gweithio gyda’r sefydliadau i gyflawni unrhyw welliannau i systemau ac arferion caffael’,

that will be through ensuring that they get advice from us and have access to their own professional and that the consortia are better equipped to work with them over a wider range of areas than they do at present.

bydd hynny drwy sicrhau eu bod yn cael cyngor gennym ac yn cael mynediad i’w gweithiwr proffesiynol eu hunain a bod y consortia yn fwy cymwys i weithio gyda hwy mewn amrywiaeth ehangach o feysydd nag y gwnânt ar hyn o bryd.

[63] **Alun Cairns:** In response to Ms Gwyther, when she asked about an institution refusing to set a target, you said that you could potentially threaten to withhold funds and so on, but what measures would you consider taking if an institution underperformed against its target?

Professor Gummert: I think that that would depend on what the reasons were.

[64] **Alun Cairns:** There are usually ‘very good’ reasons.

Professor Gummert: Yes, but equally, we can all be doing our best and fail. So, there is a question of what is appropriate. The issue here will be to raise the game, to raise consciousness and to make people much more alert than they currently clearly are, in many cases, to the importance of this. It is actually in their interest to do this. In some ways, this should not be as hard as it feels that it is in a discussion such as this. It is in their interest because it is obvious to everyone in the higher education sector that they cannot be expecting public finance to carry on increasing at the historic rates that they have been used to.

It is obvious to them, therefore, that they

[63] **Alun Cairns:** Mewn ymateb i Ms Gwyther, pan ofynnodd am sefydliad yn gwrthod gosod targed, dywedasoch y gallech o bosibl fygwth cadw arian ac ati, ond pa fesurau y byddech yn ystyried eu cymryd pe bai sefydliad yn tangyflawni yn erbyn ei darged?

Yr Athro Gummert: Credaf y byddai hynny’n dibynnu ar beth fyddai’r rhesymau.

[64] **Alun Cairns:** Mae rhesymau ‘da iawn’ fel arfer.

Yr Athro Gummert: Oes, ond yn yr un modd, gallwn i gyd fod yn gwneud ein gorau a methu. Felly, mae cwestiwn ynglŷn â beth sy’n briodol. Y mater yn y fan hon fydd gwella’r perfformiad, codi ymwybyddiaeth a gwneud pobl yn llawer mwy ymwybodol nag y maent ar hyn o bryd yn amlwg, mewn sawl achos, o bwysigrwydd hyn. Mae o fantais iddynt wneud hyn mewn gwirionedd. Mewn rhai ffyrdd, ni ddylai hyn fod mor anodd ag y mae’n ymddangos mewn trafodaeth fel hon. Mae o fantais iddynt oherwydd mae’n amlwg i bawb yn y sector addysg uwch na allant ddisgwyl i arian cyhoeddus barhau i gynyddu ar y cyfraddau hanesyddol y maent wedi arfer â hwy.

Mae’n amlwg iddynt, felly, bod yn rhaid

must make better use of the resources available to them. I think that we will find that—to produce a rather odd metaphor—once we have got above the threshold, we are pushing at an open door on this and that they will recognise that it is in their interest to do this and that we will find that they are quite supportive of going forward. However, we must get a shift in consciousness. That is the tricky bit to start with: getting them to recognise just how fundamentally important this is.

[65] **Alun Cairns:** To continue an analogy that the Cadeirydd used earlier, namely that the carrot is being eaten slowly, if it continues to be eaten slowly, are you prepared to use the stick?

Professor Gummert: I hope that it will not come to that.

[66] **Leighton Andrews:** Do you have the stick?

Professor Gummert: I think that we have it. If you are in a higher education institution and you are dependent on, as is the case in Wales, one body for 30 to 80 per cent of your funding, and if that body then starts saying serious things to you, it would be quite extraordinary not to take them seriously.

iddynt wneud defnydd gwell o'r adnoddau sydd ar gael iddynt. Credaf y byddwn yn canfod—i ddefnyddio trosiad eithaf rhyfedd—unwaith yr ydym wedi mynd heibio'r trothwy, yr ydym yn gwthio drws agored ar hyn ac y byddant yn sylweddoli ei bod o fudd iddynt wneud hyn ac y byddwn yn canfod eu bod yn eithaf cefnogol i symud ymlaen. Fodd bynnag, rhaid i ni newid agweddau. Dyna'r cam anodd i ddechrau: gwneud iddynt sylweddoli pa mor hanfodol bwysig yw hyn.

[65] **Alun Cairns:** I barhau â chyfatebiaeth a ddefnyddiodd y Cadeirydd yn gynharach, sef bod y foronen yn cael ei bwyta'n araf, os yw'n parhau i gael ei bwyta'n araf, a ydych yn barod i ddefnyddio'r chwip?

Yr Athro Gummert: Yr wyf yn gobeithio na ddaw hi i hynny.

[66] **Leighton Andrews:** A oes gennych y chwip?

Yr Athro Gummert: Credaf ei bod gennym. Os ydych mewn sefydliad addysg uwch a'ch bod yn dibynnu, fel sy'n wir yng Nghymru, ar un corff am 30 i 80 y cant o'ch arian, ac yna os yw'r corff hwnnw yn dechrau dweud pethau difrifol wrthy, byddai'n eithaf syfrdanol ichi beidio â'i gymryd o ddifrif.

[67] **Alun Cairns:** I am a little bit concerned that you said that you hoped that it would not come to the stick. There seems to be a reluctance to commit to saying, ‘Yes, if we need to do that, we will’, when the only incentive that the institutions have are the potential savings that they could make. That should be enough, but this has also been true of the last few years, and it has not been a sufficient incentive. So, it might be that you raise your game in terms of putting them under further pressure, but if they still do not respond to that, are you prepared to use the stick and introduce financial penalties?

Professor Gummert: We can certainly do that, but we will always have to balance it against what else is going on at the time. Again, I fear that I may sound equivocal, but let me just say what I am thinking: we have a responsibility towards the students in the institution, and we will want to ensure that any actions that we take to try to drive change in the institution do not damage the interests of the students who are there at that time. That may just lead to fine judgments about what is the best thing to do in a particular circumstance. As to whether or not we would have the capacity and whether we would do it if we felt it to be the most appropriate thing to do, I can say that the answer is ‘yes’.

[67] **Alun Cairns:** Yr wyf yn poeni mymryn i chi ddweud eich bod yn gobeithio na fyddai angen defnyddio’r chwip. Mae’n ymddangos bod amharodrwydd i ymrwymo i ddweud, ‘Byddwn, os oes angen gwneud hynny, byddwn’, pan mai’r unig gymhelliant sydd gan sefydliadau yw’r arbedion posibl y gallent eu gwneud. Dylai hynny fod yn ddigon, ond mae hyn hefyd wedi bod yn wir am yr ychydig flynyddoedd diwethaf, ac ni fu’n gymhelliant digonol. Felly, efallai y bydd yn rhaid i chi fynd ati’n fwy diwyd o ran rhoi pwysau pellach arnynt, ond os nad ydynt yn ymateb i hynny o hyd, a ydych yn barod i ddefnyddio’r chwip a chyflwyno cosbau ariannol?

Yr Athro Gummert: Gallwn wneud hynny yn sicr, ond bydd yn rhaid i ni ei gydbwysio bob amser yn erbyn beth arall sy’n digwydd ar y pryd. Eto, yr wyf yn ofni fy mod yn swnio’n amwys, ond gadewch i mi ddweud beth yr wyf yn ei feddwl: mae gennym gyfrifoldeb tuag at y myfyrwyr yn y sefydliad, a byddwn am sicrhau na fydd unrhyw gamau y cymerwn i weithredu newid yn y sefydliad yn niweidio buddiannau’r myfyrwyr sydd yno ar y pryd. Efallai y gwnaiff hynny arwain at benderfyniadau da ynglŷn â beth yw’r peth gorau i’w wneud dan amgylchiadau penodol. O ran a fyddai gennym y gallu ai peidio ac a fyddem yn ei wneud os oeddem o’r farn mai dyna’r peth mwyaf priodol i’w wneud, gallaf ddweud

mai'r ateb yw 'byddem'.

[68] **Alun Cairns:** In my experience, financial penalties tend to be quite short term, because the institutions get the message pretty quickly when that happens. I must underline that I am a little bit concerned about the broad reluctance at this stage, because if there is not that ultimate threat, then, quite clearly, institutions will only see the financial savings as their incentive, and they have not really responded to that, have they?

[68] **Alun Cairns:** O'm profiad i, mae cosbau ariannol yn tueddu i fod yn eithaf byrdymor, oherwydd bod y sefydliadau'n cael y neges yn eithaf cyflym pan fo hynny'n digwydd. Rhaid i mi bwysleisio fy mod yn pryderu ychydig am yr amharodrwydd cyffredinol ar hyn o bryd, oherwydd os nad oes y bygythiad eithaf, yna, yn eithaf amlwg, bydd sefydliadau ond yn gweld yr arbedion ariannol fel eu cymhelliant, ac nid ydynt wedi ymateb i hwnnw mewn gwirionedd, nac ydynt?

Professor Gummert: The ultimate threat is there and will be there.

Yr Athro Gummert: Mae'r bygythiad eithaf yno a bydd yno.

[69] **Leighton Andrews:** I think that it sounds worse than Mr Cairns is saying, I am afraid. It sounds to me, to be honest with you, that, basically, universities can get away with blue murder and not be penalised. That, I am afraid, is where we seem to be, and that is where I go back to the issue of the legal base for this. Sometimes, you have to have a very clear framework of responsibilities for a body such as HEFCW, before it will be prepared to wield a big stick. That is how it sounds to me today.

[69] **Leighton Andrews:** Credaf ei fod yn swnio'n waeth nag y mae Mr Cairns yn ei ddweud, mae arnaf ofn. A bod yn onest gyda chi, mae'n swnio i mi fel y gall prifysgolion, yn y bôn, wneud fel y mynnant heb eu cosbi. Dyna'r sefyllfa yr ydym ynnddi, mae arnaf ofn, a dyna lle yr af yn ôl at y mater o sail gyfreithiol ar gyfer hyn. Weithiau, mae'n rhaid i chi gael fframwaith clir iawn o gyfrifoldebau ar gyfer corff megis y Cyngor, cyn y bydd yn barod i ddefnyddio chwip fawr. Dyna'r argraff y caf heddiw.

[70] **Janet Davies:** Yes, and the emotional blackmail of damaging students is not helpful in this context. It is not fooling

[70] **Janet Davies:** Ie, ac nid yw'r blacmel emosynol o niweidio myfyrwyr yn ddefnyddiol yn y cyd-destun hwn. Nid yw'n

anybody.

twyllo unrhyw un.

[71] **Alun Cairns:** I feel as though we are almost apologising.

[71] **Alun Cairns:** Teimlaf fel ein bod yn ymddiheuro bron.

[72] **Leighton Andrews:** This is our constituents' money.

[72] **Leighton Andrews:** Arian ein hetholwyr yw hwn.

Professor Gummert: We have used the stick on various occasions in the quite recent past. We do do it. I hope that I am not appearing to say that we do not do these things. For example, we routinely claw back funding from institutions that do not meet target student numbers. We do that annually. This year, for example, we have withheld funding from institutions that have not delivered what they promised to deliver under their third-mission strategies. We do that. When I say that the threat is there and will be there, I mean it, and we do it. We do safeguard, and we take the issue of safeguarding the funds that come through the Assembly very seriously, and we do do those things.

Yr Athro Gummert: Yr ydym wedi defnyddio'r chwip ar sawl achlysur yn gymharol ddiweddar. Yr ydym yn ei wneud. Gobeithiaf nad wyf yn rhoi'r argraff nad ydym yn gwneud y pethau hyn. Er enghraifft, yr ydym yn adfachu cyllid oddi wrth sefydliadau nad ydynt yn cyflawni targedau niferoedd myfyrwyr fel mater o drefn. Gwnawn hynny'n flynyddol. Eleni, er enghraifft, ni wnaethom ryddhau cyllid i sefydliadau nad ydynt wedi cyflawni'r hyn yr addawsant ei gyflawni dan eu strategaethau trydedd genhadaeth. Gwnawn hynny. Pan ddywedaf fod y bygythiad yno ac y bydd yno, yr wyf yn ei olygu, ac yr ydym yn ei wneud. Yr ydym yn diogelu, ac yr ydym yn cymryd y mater o ddiogelu'r arian a ddaw drwy'r Cynulliad o ddifrif, ac yr ydym yn gwneud y pethau hynny.

What I am saying is that each time that one faces that question, one has to make a judgment about what is the most appropriate thing to do in the circumstances. That is the only reservation that I am trying to enter. If one felt that, in applying a financial penalty it would damage the students currently in place, that would be a consideration and one would have to weigh that in the balance before deciding what to do finally. However, we do have that sanction, we do use it and we have used it quite recently.

Yr hyn a ddywedaf yw, bob tro y mae rhywun yn wynebu'r cwestiwn hwnnw, mae'n rhaid i rywun benderfynu beth sy'n fwyaf priodol i'w wneud dan yr amgylchiadau. Dyna'r unig bryder yr wyf yn ceisio ei fynegi. Pe bai rhywun o'r farn y byddai rhoi cosb ariannol yn niweidio'r myfyrwyr yno ar y pryd, byddai hynny'n ystyriaeth a byddai'n rhaid i rywun bwysu a mesur hynny cyn penderfynu beth i'w wneud yn y pen draw. Fodd bynnag, mae gennym y gosb honno, yr ydym yn ei defnyddio ac yr ydym wedi ei defnyddio'n eithaf diweddar.

[73] **Alun Cairns:** Cadeirydd, in closing, I hope that the strong message that is clearly coming from the committee is heeded by HEFCW, but also by the institutions themselves.

[73] **Alun Cairns:** Gadeirydd, i gloi, gobeithiaf fod y Cyngor, ond hefyd y sefydliadau eu hunain, yn talu sylw i'r neges gryf a gaiff ei mynegi'n glir gan y pwyllgor.

[74] **Janet Davies:** Yes. Before we have a short break, there is another question that I would like to ask on that. Knowing staff in higher education and hearing what they say sometimes, are you aware of resistance from staff, leading through to the administration of individual organisations, to measures that involve savings?

[74] **Janet Davies:** Ie. Cyn i ni gael egwyl fer, mae cwestiwn arall yr hoffwn ei ofyn ar hynny. O adnabod staff mewn addysg uwch a chlywed yr hyn a ddywedant o bryd i'w gilydd, a ydych yn ymwybodol o wrthwynebiad gan staff, gan arwain at weinyddiaeth sefydliadau unigol, i fesurau sy'n ymwneud ag arbedion?

Professor Gummert: I think that any sizable organisation will have people within it who express a wide range of views. I have spent the best part of three decades working within a university, so I recognise exactly the sort of thing

Yr Athro Gummert: Credaf y bydd gan unrhyw sefydliad eithaf mawr bobl ynddo sy'n mynegi amrywiaeth eang o safbwyntiau. Yr wyf wedi treulio bron i dair degawd yn gweithio mewn prifysgol, felly yr wyf yn adnabod yr union fath o

you are referring to. The issue here is about how the leadership of the institution addresses that. We are looking forward to the fact that we have had quite a lot of change in the leadership of higher education institutions in Wales in the last year or two. We can look forward to some quite vigorous action in a number of institutions now, as a result of those changes.

As I said before, we are trying to promote a culture of modern management and strong leadership through our support for the leadership foundation and other actions that we are taking, to help that process forward, to give them the means with which to transform the leadership and the management of their institutions, across the whole range, including procurement, but not confined to procurement activities. So yes, those sentiments are there, and, yes, there are people, just as in any organisation, who do not like change and who do not like to be pushed in one direction or another, or required to account for themselves more fully than they were before. That is not the crux. The crux is what the leadership of the institution is going to do about that, how seriously they are going to take these issues, and what measures they will put in place to secure improvement.

[75] **Janet Davies:** Right. Mark and Carl both have very brief questions. I call Mark first.

[76] **Mark Isherwood:** In terms of management of change, you talked about sentiments and aspirations and what can and should be done, but how do you actually manage change to ensure ownership in the institutions, bearing in mind that management of change is not simply an aspirational statement but a living way of driving the agenda forward?

Professor Gummett: The very short answer to that would be to say that it has to come from the top. One has to get engaged in this process. The people at the absolute top of the institution have to understand its significance, and they have to insist—

[77] **Mark Isherwood:** How do you make that happen?

beth y cyfeiriwch ato. Mae'r mater yn y fan hon yn ymwneud â sut mae arweinyddiaeth y sefydliad yn mynd i'r afael â hynny. Yr ydym yn edrych ymlaen at y ffaith ein bod wedi cael tipyn o newid yn arweinyddiaeth sefydliadau addysg uwch yng Nghymru yn y flwyddyn neu ddwy ddiwethaf. Gallwn edrych ymlaen at weithredu eithaf cadarn mewn nifer o sefydliadau yn awr, o ganlyniad i'r newidiadau hynny.

Fel y dywedais yn gynharach, yr ydym yn ceisio hyrwyddo diwylliant o reoli modern ac arweinyddiaeth gref drwy ein cefnogaeth i'r sefydliad arweinyddiaeth a chymau eraill yr ydym yn eu cymryd, i hybu'r broses honno, i roi iddynt yr adnoddau i weddnewid arweinyddiaeth eu sefydliadau a sut y cânt eu rheoli ym mhob agwedd, gan gynnwys caffael, ond heb ei gyfyngu i weithgareddau caffael. Felly, ydynt, mae'r teimladau hynny yno, ac, oes, mae pobl, fel mewn unrhyw sefydliad, nad ydynt yn hoffi newid ac nad ydynt yn hoffi cael eu gwthio i un cyfeiriad neu'r llall, neu fod yn fwy atebol am eu hunain nag yr oeddynt cynt. Nid dyna'r craidd. Y craidd yw beth a wna'r arweinyddiaeth am hynny, pa mor ddifrifol y maent yn mynd i ystyried y materion hyn a pha fesurau y byddant yn eu rhoi ar waith i sicrhau gwelliant.

[75] **Janet Davies:** Iawn. Mae gan Mark a Carl gwestiynau byr iawn. Galwaf ar Mark yn gyntaf.

[76] **Mark Isherwood:** O ran rheoli newid, bu i chi siarad am deimladau a dyheadau a'r hyn y gellir ac y dylid ei wneud, ond sut yr ydych yn rheoli newid mewn gwirionedd i sicrhau perchnogaeth yn y sefydliadau, o gofio nad datganiad uchelgeisiol yn unig yw rheoli newid ond yn ffordd fyw o yrru'r agenda ymlaen?

Yr Athro Gummett: Yr ateb cryno iawn i hynny yw y byddai'n gorfod dod o'r brig. Mae'n rhaid i rywun gymryd rhan yn y broses hon. Mae'n rhaid i'r bobl ar lefel uchaf un y sefydliad ddeall ei arwyddocâd, ac mae'n rhaid iddynt fynnu—

[77] **Mark Isherwood:** Sut yr ydych yn gwneud i hynny ddigwydd?

Professor Gummert: I think that we do that through the kinds of processes that we are discussing now. I think that, if we start moving back into institutions with a professional officer supporting us, with discussions about how to ensure that they have the professional expertise that they need, and, above all, with the targets that will be coming through once we have the clarity about making the connections, that will be a very visible process as far as the heads of institutions are concerned, because they will be having to report against those targets, and they will know that, in a sense, they are on the line in terms of their capacity to report, so it would be very strongly in their interests then to ensure that they had the means within the institution to be able to do a good job.

[78] **Mark Isherwood:** What I am suggesting is that, rather than simply telling them—which usually generates a ‘why not’ response, or, ‘oh yeah that’s great, but the reasons why I can’t do it are’—you ask them and get them to own the objective. You then ask them to tell you how they will achieve it, and you then have an action plan on which you can work together.

Professor Gummert: To go back to earlier discussions, that is the way that we would work. This is carrot rather than stick

Yr Athro Gummert: Credaf ein bod yn gwneud hynny drwy’r mathau o brosesau yr ydym yn eu trafod yn awr. Credaf, os ydym yn dechrau symud yn ôl i sefydliadau gyda swyddog proffesiynol yn ein cynorthwyo, gyda thrafodaethau ar sut i sicrhau bod ganddynt yr arbenigedd proffesiynol sydd ei angen arnynt, ac, uwchlaw popeth, gyda’r targedau a fydd yn cael eu cyflwyno ar ôl i ni gael esboniad am wneud y cysylltiadau, y bydd honno’n broses weledol iawn i benaethiaid sefydliadau, oherwydd bydd yn rhaid iddynt adrodd yn ôl y targedau hynny, a byddant yn gwybod, ar ryw ystyr, bod pwysau arnynt o ran eu gallu i adrodd, felly byddant ar eu hennill o sicrhau bod ganddynt y modd o fewn y sefydliad i allu gwneud gwaith da.

[78] **Mark Isherwood:** Yr hyn yr wyf yn ei awgrymu yw eich bod, yn hytrach na dim ond dweud wrthynt—sydd fel arfer yn ennyn ymateb ‘pam lai’, neu, ‘o ie mae hynny’n iawn, ond y rheswm na allaf ei wneud yw’—eich bod yn gofyn iddynt a’u cael i fod yn gyfrifol am y nod. Yna yr ydych yn gofyn iddynt ddweud wrthyich sut y byddant yn ei gyflawni, ac yna bydd gennych gynllun gweithredu y gallwch weithio arno gyda’ch gilydd.

Yr Athro Gummert: I fynd yn ôl at drafodaethau cynharach, dyna’r ffordd y byddem yn gweithio. Mae hyn yn fwy fel

language, as I understand it. That is the way that we would work. We would want them to do precisely that, otherwise this would be rather artificial and short term, and it would be unlikely to survive.

[79] **Mark Isherwood:** I will just clarify that. I think that we would also hope that you would do that with them, not simply hope that they would do it.

Professor Gummett: Oh no—indeed, that is the point of our having an officer, who will be appointed shortly, the point of our working with them in terms of developing their professional expertise, and it is the point of our working with them through the consortium to ensure that that is reinforced and can expand the range of areas over which it works. Behind all of that lie the targets for delivery, to be met through the improvements that would come through those other processes.

[80] **Carl Sargeant:** I am still a little uneasy following comments made by Mr Cairns and Mr Andrews regarding some of your responses. I feel that you are probably going to need a bagful of carrots to carry on this process. In respect of that, Mr Skellon said that he thinks that, individually, it should be a 3 per cent target for all institutions, and you suggest that it may be a target for across the sector. You were not too confident about

moron na chwip, o'm dealltwriaeth i ohono. Dyna'r ffordd y byddem yn gweithio. Byddem am iddynt wneud hynny'n union, fel arall byddai hyn rywffaint yn artiffisial a thymor byr, ac ni fyddai'n debygol o oroesi.

[79] **Mark Isherwood:** Yr wyf am esbonio hynny. Credaf y byddem hefyd yn gobeithio y byddech yn gwneud hynny gyda hwy, nid dim ond gobeithio y byddent yn ei wneud.

Yr Athro Gummett: O na—yn wir, dyna'r rheswm bod gennym swyddog, a fydd yn cael ei benodi'n fuan, y rheswm ein bod yn gweithio gyda hwy o ran datblygu eu harbenigedd proffesiynol, a'r rheswm ein bod yn gweithio gyda hwy drwy'r consortiwm i sicrhau bod hynny'n cael ei atgyfnerthu ac yn gallu ehangu'r cwmpas o feysydd y bydd yn gweithio ynddynt. Mae'r targedau ar gyfer darparu wrth wraidd hynny i gyd, sydd i'w bodloni drwy welliannau a fyddai'n cael eu cyflwyno drwy'r prosesau eraill hynny.

[80] **Carl Sargeant:** Yr wyf rywffaint yn bryderus o hyd yn dilyn sylwadau Mr Cairns a Mr Andrews ynghylch rhai o'ch ymatebion. Credaf efallai y byddwch angen llond bag o foron i barhau â'r broses hon. O ran hynny, dywedodd Mr Skellon ei fod yn credu, bob yn un, y dylai fod yn darged o 3 y cant ar gyfer pob sefydliad, ac yr ydych yn awgrymu y gallai fod yn darged ar draws y sector. Nid oeddech yn or-hyderus wrth awgrymu'r 3 y

suggesting the 3 per cent, because, obviously, of the data provided. I am concerned that you also said that, if an institution does not meet the target, there was a possibility of financial implications. On the basis that you are reluctant to use those, what alternative method of pushing this agenda through do you have, or what do you intend to do if you are not going to impose the financial restrictions? What other processes will you follow?

Professor Gummett: I will just connect this, if I may, to the previous question. We are talking here about a process of managing change and changing how people think about problems, and how they approach those problems. It is very difficult to speak in those sorts of terms and yet at the same time say that, if you do not deliver x by date y, the penalty is such and such. We are trying to get them to improve, and we have to make judgments all the time about what the appropriate way is, just as we would in all other circumstances within the family, within a firm, or whatever. One would not necessarily axe a department within a firm because it had fallen short of a target—one might, but what one might also say is, ‘What else is going on here that needs to be addressed?’, and one has to make a judgment about the circumstance as a whole. I suppose that what I am saying is that, if we felt that the institution had been struggling as hard as it could, that it had a decent plan, but that certain things had not worked out quite as

cant, oherwydd, yn amlwg, y data a ddarparwyd. Yr wyf yn bryderus eich bod hefyd wedi dweud, os nad yw sefydliad yn bodloni’r targed, bod posibilrwydd o oblygiadau ariannol. Ar y sail eich bod yn amharod i ddefnyddio’r rheini, pa ddull gwahanol o yrru’r agenda hon ymlaen sydd gennych, neu beth bwriadwch ei wneud os nad ydych yn mynd i orfodi’r cyfyngiadau ariannol? Pa brosesau eraill y byddwch yn eu dilyn?

Yr Athro Gummett: Yr wyf am gysylltu hyn, os caf, gyda’r cwestiwn blaenorol. Yr ydym yn siarad yma am broses o reoli newid a newid y ffordd y mae pobl yn meddwl am broblemau, a sut y maent yn mynd i’r afael â’r problemau hynny. Mae’n anodd siarad fel hynny gan ddweud ar yr un pryd, os nad ydych yn darparu x erbyn y, bod y gosb yn hyn a hyn. Yr ydym yn ceisio eu cael i wella, ac mae’n rhaid i ni benderfynu drwy’r amser beth yw’r ffordd briodol, yn union fel y byddem yn ei wneud dan amgylchiadau eraill mewn teulu, mewn cwmni, neu beth bynnag. Ni fyddai rhywun o reidrwydd yn cael gwared ar adran mewn cwmni oherwydd nad oedd wedi cyrraedd ei tharged—efallai y byddai rhywun yn gwneud hynny, ond efallai y byddai rhywun hefyd yn dweud, ‘Beth arall sy’n digwydd yma sydd angen mynd i’r afael ag ef?’, ac mae’n rhaid i rywun benderfynu ar yr amgylchiadau hynny yn eu cyfanrwydd. Mae’n debyg mai’r hyn yr wyf yn ei ddweud yw, pe baem yn credu bod y sefydliad wedi bod yn ymdrechu mor ddyfal ag y gallai, bod

hoped—for reasons that might be perfectly understandable—one would take a different view of that from a situation where one felt that there had been no serious attempt, no serious engagement, and no proper commitment at all to the process. One just has to recognise the issues of organisational change within all of this, and try to make reasonable judgments. That is not to say to be soft, but just to try to be reasonable.

[81] **Leighton Andrews:** To go back to your earlier point about impacts on students, would you not accept that the failure to implement procurement gains also has an impact on students because it means that money does not get recycled, for example, into lecturers' pay, so you cannot pay lecturers properly or it does not get recycled into other facilities, whether they are laboratory facilities, new lecture rooms and so on. Let us, therefore, be clear: this is not an issue about penalising students if you do not force these things to happen, because students are losing out because the procurement achievements are not being gained.

Professor Gummert: I agree with all of that, but the extra point that I would just add to it, if I may, is that you have to look at the impact on cash flow at a given moment. So, all of that is absolutely true, and that absolutely underpins why this is so important, but, if, at a given moment, with an institution in a particular financial position, you were then to impose an extra penalty, and if that were to tip it over a balance, that would be a very serious consideration.

ganddo gynllun addas, ond nad oedd pethau penodol wedi gweithio cystal â'r disgwyl—am resymau a allai fod yn hollol ddealladwy—byddai rhywun yn ystyried y sefyllfa mewn goleuni gwahanol i'r hyn a fyddai wedi digwydd pe na bai ymdrech deg wedi'i gwneud, lle nad oedd ymrwymiad cryf, a dim ymroddiad iawn o gwbl i'r broses. Mae'n rhaid i rywun gydnabod materion newid cyfundrefnol o fewn hyn i gyd, a cheisio gwneud penderfyniadau rhesymol. Nid yw hynny'n golygu bod yn ddi-asgwrn-cefn, ond ceisio bod yn rhesymol.

[81] **Leighton Andrews:** I fynd yn ôl at eich pwynt cynharach am effeithiau ar fyfyrwyr, oni fyddech yn derbyn bod y methiant i gynyddu caffael hefyd yn effeithio ar fyfyrwyr oherwydd ei fod yn golygu nad yw arian yn cael ei ailgylchu, er enghraifft, i gyflog darlithwyr, felly ni ellwch dalu'n iawn i ddarlithwyr neu nad yw'n cael ei ailgylchu i gyfleusterau eraill, pa un a ydynt yn gyfleusterau labordy, darlithfeydd newydd ac ati. Gadewch i ni, felly, fod yn glir: nid yw hyn yn fater o gosbi myfyrwyr os nad ydych yn gorfodi i'r pethau hyn ddigwydd, oherwydd mae myfyrwyr ar eu colled am na sicrhair cyflawniadau'r caffael.

Yr Athro Gummert: Yr wyf yn cytuno gyda hynny i gyd, ond mae gennyf un pwynt i ychwanegu ato, os caf, sef bod yn rhaid i chi edrych ar yr effaith ar lif arian ar adeg benodol. Felly, mae hynny i gyd yn hollol wir, ac mae hynny'n tanategu'n llwyr pam mae hyn mor bwysig, ond, os, ar adeg benodol, gyda sefydliad mewn sefyllfa ariannol benodol, eich bod yn gosod cosb ychwanegol, a phe bai hynny'n ei wthio dros y fantol, byddai'n ystyriaeth ddifrifol iawn.

[82] **Leighton Andrews:** But you can stagger that, surely.

[82] **Leighton Andrews:** Ond gallwch wneud hynny'n raddol, onid oes bosibl?

Professor Gummett: Yes, we could, and that might be part of the way forward.

Yr Athro Gummett: Gallem, ac efallai y byddai hynny'n rhan o'r ffordd ymlaen.

[83] **Leighton Andrews:** There we are, then. It is not a cash-flow problem.

[83] **Leighton Andrews:** Dyna ni, felly. Nid yw'n broblem llif arian.

[84] **Janet Davies:** Right. At this point, we will take a break. Coffee is available for the witnesses in a separate room. Could you please return by 11.15 a.m. at the very latest? Thank you.

[84] **Janet Davies:** Iawn. Mae'n amser i ni gymryd egwyl. Mae coffi ar gael i'r tystion mewn ystafell ar wahân. A fyddech cystal â dychwelyd erbyn 11.15 a.m. fan bellaf? Diolch.

*Gohiriwyd y cyfarfod rhwng 11.01 a.m. a 11.18 a.m.
The meeting was adjourned between 11.01 a.m. and 11.18 a.m.*



[85] **Janet Davies:** I welcome you all back. We will now turn to the section on collaborative working.

[85] **Janet Davies:** Croeso yn ôl i bawb. Yr ydym am droi yn awr at yr adran ar gydweithredu.

First, Mark Isherwood wishes to ask some questions.

Yn gyntaf, mae Mark Isherwood am ofyn ambell gwestiwn.

[86] **Mark Isherwood:** Professor Gummett referred earlier to the small size of some institutions—smaller than comprehensives—and the general smaller size of institutions generally across the sector. Paragraph 3.4 refers to the benefits of collaborative

[86] **Mark Isherwood:** Cyfeiriodd yr Athro Gummett yn gynharach at sefydliadau llai o faint—llai nag ysgolion cyfun—a'r sefydliadau cyffredinol lai ar draws y sector yn gyffredinol. Mae paragraff 3.4 yn cyfeirio at fanteision cydweithredu, ac mae paragraff

working, and paragraph 3.8 refers to the savings that are being achieved from current purchasing consortium contracts. The emphasis is predominantly on fairly standard products, where not all areas of expenditure are suitable for consortium contracting. According to paragraphs 3.8 to 3.10, both the main purchasing consortia deliver savings and they want to extend their activities into new areas. What additional benefits for the sector, do you think, that this could achieve?

Professor Gummatt: Considerable ones, I think. It would be rash of me to try to quantify those. It is a matter to explore. There is improvement already. We happen to have just seen the latest report from the Higher Education Purchasing Consortium for Wales for 2003-04 and the upward trend that you see reported in the report itself continues, so that, for 2003-04, they are reporting savings of £2.2 million, which is about 14 per cent. So, it is both the absolute number and the percentage of the spend that they are dealing with. Both of those numbers have risen, which is good. I think that the question here is about extending the range. It is also about introducing some of the sorts of performance management processes that we were speaking of earlier. In terms of extending the range, it is the case that they have gone initially, as one would expect when one starts an exercise of this sort, for the things that are easier to get to grips with. However, as I said earlier, I think that there are substantial areas now where we need to start to see inroads. If I

3.8 yn cyfeirio at yr arbedion a geir o'r contractau consortiwm pwrcasu presennol. Mae'r pwyslais yn bennaf ar gynhyrchion cymharol safonol, lle nad yw pob maes o wariant yn addas ar gyfer contractio consortiwm. Yn ôl paragraffau 3.8 i 3.10, mae'r ddau brif gonsortiw m pwrcasu yn darparu arbedion ac maent am ehangu eu gweithgareddau i feysydd newydd. Pa fanteision ychwanegol y gallai hyn, yn eich barn chi, ei gyflawni i'r sector?

Yr Athro Gummatt: Rhai sylweddol, credaf. Byddai'n fyrbwyll i mi geisio mesur y rheini. Mae'n fater i'w archwilio. Mae gwelliannau eisoes. Fel mae'n digwydd, yr ydym newydd weld yr adroddiad diweddaraf gan Gonsortiw m Pwrcasu Addysg Uwch Cymru ar gyfer 2003-04 ac mae'r duedd am i fyny a nodir yn yr adroddiad ei hun yn parhau, felly, ar gyfer 2003-04, maent yn nodi arbedion o £2.2 miliwn, sydd oddeutu 14 y cant. Felly, maent yn delio â'r nifer absoliwt a chanran y gwariant. Mae'r niferoedd hynny ill dau wedi codi, sy'n beth da. Credaf fod y cwestiwn yma'n ymwneud ag ehangu'r cwmpas. Mae hefyd yn ymwneud â chyflwyno rhai o'r mathau o brosesau rheoli perfformiad yr oeddem yn eu trafod yn gynharach. O ran ehangu'r cwmpas, maent wedi canolbwyntio yn y lle cyntaf, fel y byddai rhywun yn ei ddisgwyl wrth ddechrau ymarfer o'r fath, ar y pethau hawsaf i fynd i'r afael â hwy. Fodd bynnag, fel y dywedais yn gynharach, credaf fod llawer o feysydd yn awr lle mae angen i ni ddechrau

give an example such as libraries, I had a meeting with librarians a couple of months ago where the debate was about ways in which they could save money if we gave them funding to employ an officer to work on their behalf to do this work. My reaction—I do not know whether you would approve or not, but I will probably find out in a second—was to say to them, ‘I do not see why you cannot go and do the things that you are talking about doing now; I do not see why two or three of you cannot go to the big publishing houses now, for example, about renewing your journal subscriptions, or whatever; and I do not see why you need extra money to hire somebody to help you make that journey together and have that negotiation together. So why do you not actually start to do this immediately. You will make savings, and if, with those savings, you think it would be useful for you to hire someone to do further work for you, well then you will have the money available to do that, but why not actually begin’. What was interesting about it—I do not want to personalise it, particularly in terms of the librarians—was that what we were looking at an area that has been regarded as a sort of professional enclave separate from the mainstream of procurement activity. The same is true in some other areas. So, what we need to be doing is to break into that now and to get these professional areas brought properly into the mainstream of serious procurement management. That will then start to expand the scope for consortia activity and bring in bigger savings. That is

canolbwyntio arnynt. Os rhoddaf enghraifft fel llyfrgelloedd, bum mewn cyfarfod gyda llyfrgellwyr ychydig fisoedd yn ôl lle y trafodwyd ffyrdd y gallent arbed arian pe baem yn rhoi arian iddynt i gyflogi swyddog i weithio ar eu rhan i wneud y gwaith hwn. Fy ymateb—wn i ddim a fyddech yn cytuno ai peidio, ond mae’n debyg y caf wybod yn y man—oedd dweud wrthynt, ‘Ni allaf weld pam na allwch wneud y pethau yr ydych yn sôn amdanynt yn awr; ni allaf weld pam na all dau neu dri ohonoch fynd at y cwmnïau cyhoeddi mawr yn awr, er enghraifft, a thrafod adnewyddu tanysgrifiadau eich cyfnodolion, neu beth bynnag; ac ni allaf weld pam eich bod angen rhagor o arian i gyflogi rhywun i’ch cynorthwyo i wneud hynny gyda’ch gilydd a thrafod hynny gyda’ch gilydd. Felly pam nad ydych yn mynd i’r afael â hyn ar unwaith. Byddwch yn arbed arian, ac os, gyda’r arbedion hynny, y credwch y byddai’n ddefnyddiol i chi gyflogi rhywun i wneud gwaith pellach i chi, yna bydd gennych yr arian ar gael i wneud hynny, ond pam ddim dechrau’. Yr hyn a oedd yn ddiddorol am hyn—nid wyf am ei bersonoli, yn arbennig o ran y llyfrgellwyr—yw ein bod yn edrych ar faes sydd wedi’i ystyried fel math o gilfach proffesiynol sydd ar wahân i brif ffrwd gweithgarwch caffael. Mae’r un peth yn wir mewn rhai meysydd eraill. Felly, yr hyn sydd angen i ni ei wneud yw mynd i’r afael â hynny yn awr a thynnu’r meysydd proffesiynol hyn i brif ffrwd y broses o reoli caffael o ddifrif. Bydd hynny wedyn yn dechrau ehangu’r cwmpas ar gyfer gweithgarwch y consortia ac yn arwain at

the way that we intend to try to drive it.

arbedion mwy. Dyna'r ffordd yr ydym yn bwriadu ei yrru ymlaen.

[87] **Mark Isherwood:** Right. In that context, how can the diverse needs within the sector be met within purchasing consortia?

[87] **Mark Isherwood:** Iawn. Yn y cydestun hwnnw, sut y gellir bodloni'r anghenion amrywiol o fewn y sector yn y consortia pwrcasu?

Professor Gummert: We need to reinforce the consortia, and they need more capacity to do this sort of work. So, we will be wanting to talk about that and work on what is the best way to do it. It is not clear to me whether the best way is through a subsidy from us using public funds. That might be a sensible option, provided it was for a limited period of time—in other words, to pump prime the activity to get them to a higher level of performance—but we could then say to the institutions that we would expect, as they achieved that high level of performance, that they should be able to pay for a service of this sort out of the savings that they were making, and that they should not need a continual subsidy. That may be a way to do it. The other way that it could be done would be through the institutions themselves recognising immediately the value of this and increasing their subscriptions, and so paying for an increased service through that means. That is a discussion that we will have quite soon with them to work out what is the most sensible way to go forward.

Yr Athro Gummert: Mae angen inni atgyfnerthu'r consortia, ac mae angen rhagor o allu arnynt i wneud gwaith fel hyn. Felly, byddwn am siarad am hynny a gweithio ar y ffordd orau o'i wneud. Nid yw'n glir i mi ai'r ffordd orau yw drwy gymhorthdal gennym ni yn defnyddio arian cyhoeddus. Efallai y byddai hynny'n opsiwn doeth, cyn belled â'i fod am gyfnod cyfyngedig—mewn geiriau eraill, i gael arian i sefydlu'r gweithgarwch ar lefel berfformio uwch—ond wedyn gallem ddweud wrth y sefydliadau ein bod yn disgwyl, wrth iddynt gyrraedd y lefel uchel honno o berfformiad, y dylent allu talu am wasanaeth fel hyn allan o'r arbedion yr oeddent yn eu gwneud, ac na ddylai fod arnynt angen cymhorthdal parhaus. Efallai mai dyna'r ffordd i'w wneud. Y ffordd arall o'i wneud fyddai drwy gael y sefydliadau eu hunain i gydnabod gwerth hyn ar unwaith a chynyddu eu tanysgrifiadau, ac felly talu am wasanaeth cynyddol drwy'r modd hwnnw. Mae hon yn drafodaeth y byddwn yn ei chynnal yn fuan gyda hwy i benderfynu ar y ffordd ymlaen fwyaf synhwyrol.

[88] **Mark Isherwood:** Right. You are confident that the diversity can be accommodated within shared working?

Professor Gummert: Yes, in the sense of consortia shared working.

[89] **Mark Isherwood:** Paragraph 3.6 looks at the difference between the two current consortia arrangements, namely the North Western Universities Purchasing Consortium and the Higher Education Purchasing Consortium, Wales, and notes that NWUPC has larger resources because of a larger size and a different funding model. Paragraph 3.10 highlights the fact that HEPCW is constrained from expanding its coverage by limited resources. How should we address this problem?

Professor Gummert: By a process of discussion with the institutions to say that they need more staffing. It seems that that is quite essential. They need additional professional staffing—I do not mean people that are more professional than the ones that they currently have. The question is what the best way of achieving that is.

[90] **Mark Isherwood:** Could HEPCW, like the NWUPC, not raise additional finance with income from supplier rebate negotiated

[88] **Mark Isherwood:** Iawn. Yr ydych yn hyderus y gellir addasu ar gyfer yr amrywiaeth drwy rannu'r gwaith?

Yr Athro Gummert: Ydwyf, o ran y consortia'n rhannu'r gwaith.

[89] **Mark Isherwood:** Mae paragraff 3.6 yn edrych ar y gwahaniaeth rhwng trefniadau cyfredol y ddau gonsortiwm, sef Consortiwm Pwrcasu Prifysgolion Gogledd Orllewin Lloegr (NWUPC) a Chonsortiwm Pwrcasu Addysg Uwch Cymru (CPAUC), ac mae'n nodi fod gan NWUPC fwy o adnoddau oherwydd ei fod yn fodel mwy ac yn fodel cyllido gwahanol. Mae paragraff 3.10 yn amlygu'r ffaith bod CPAUC wedi'i gyfyngu rhag ehangu ei gylch gwaith oherwydd adnoddau cyfyngedig. Sut y dylem fynd i'r afael â'r broblem hon?

Yr Athro Gummert: Drwy broses drafod gyda'r sefydliadau i ddweud bod angen mwy o staff arnynt. Ymddengys bod hyn yn eithaf hanfodol. Maent angen rhagor o staff proffesiynol—nid wyf yn golygu pobl sy'n fwy proffesiynol na'r rhai sydd ganddynt eisoes. Y cwestiwn yw beth yw'r ffordd orau i wneud hynny.

[90] **Mark Isherwood:** Oni allai CPAUC, fel y NWPUC, godi arian ychwanegol gydag incwm o ad-daliadau cyflenwyr a negodir fel

as part of contracts?

rhan o gcontractau?

Professor Gummert: That might be an option. I think that I would want advice from people more expert than me on good procurement practice about whether that is actually the best way of doing it. It develops relationships between suppliers and purchasers of a sort that may or may not be entirely healthy, and I think that I would want more expert guidance on whether that is actually the best way to do it. However, it is certainly an option to look at.

Yr Athro Gummert: Gallai hynny fod yn opsiwn. Credaf y byddwn am gael cyngor gan bobl sy'n arbenigo mwy na mi ar ymarfer caffael ynglŷn ag ai hon yw'r ffordd orau mewn gwirionedd o'i wneud. Mae'n datblygu cysylltiadau rhwng cyflenwyr a phwrcaswyr o fath a allai fod yn hollol iach neu i'r gwrthwyneb, a chredaf y byddwn am gael arweiniad mwy arbenigol ynglŷn ag ai dyna'r ffordd orau i'w wneud. Fodd bynnag, mae'n sicr yn opsiwn i'w ystyried.

[91] **Mark Isherwood:** Again, paragraph 3.5, figure 13, says that the majority of Welsh higher education institutions are members of one or the other of the consortia. We understand, Mr Skellon, that the Welsh procurement initiative team works closely with HEPCW. What contact do you have with the NWUPC, given that two Welsh institutions are part of that consortium?

[91] **Mark Isherwood:** Eto, mae paragraff 3.5, ffigur 13, yn dweud bod mwyafrif sefydliadau addysg uwch Cymru yn aelodau o'r naill gonsortiw neu'r llall. Yr ydym yn deall, Mr Skellon, bod tîm menter caffael Cymru yn gweithio'n agos gyda CPAUC. Pa gysylltiad sydd gennych gyda NWUPC, o ystyried bod y ddau sefydliad o Gymru yn rhan o'r consortiw hwnnw?

Mr Skellon: I must admit that we are much closer to HEPCW than the NWUPC, although I know the director of the NWUPC, and have met him, and discussed matters with him. I would like to echo Philip's views, which he has just expressed, whereas both have a role, I share his nervousness about the fact that having organisations that are separate trading entities and that represent the buyer or buyers, but get a majority of their

Mr Skellon: Mae'n rhaid i mi gyfaddef ein bod yn llawer agosach at y CPAUC na'r NWUPC, er fy mod i'n adnabod cyfarwyddwr y NWUPC, ac wedi ei gyfarfod, a thrafod materion gydag ef. Hoffwn adleisio safbwyntiau Philip, a fynegodd yn awr, ac er bod gan y ddwy swyddogaeth i'w chyflawni, yr wyf yn rhannu ei bryder ynglŷn â'r ffaith bod cael sefydliadau sy'n endidau masnachu ar wahân

funding in fact from suppliers, potentially creates a conflict of interest. In my view, you can only represent, ultimately, the buyer or the supplier. I am sure that it does not happen, but potentially you could have a dilemma between awarding a contract to a supplier that is going to give you a larger rebate or awarding the contract to the supplier or suppliers that are going to give the buyers that you represent, your clients, the best possible deal. I am sure that the consortium would say that that never happens—they would, would they not?

I would rather see, I must admit, the HEPCW-type approach, the virtual consortium approach, being continued, rather than the alternative. That is the way that we are moving in Wales. I am happy to elaborate on that point if you wish, but I think that the virtual consortium approach, provided that it is sufficiently resourced, is the best way ahead. One of the reasons being that you do not have to fund—as they have to with the NWUPC—the actual people. The cost of those people is taken out, one way or another, through rebates, costs or whatever, of the actual VFM solution. So, I am a great advocate of the HEPCW approach and have worked closely with it, and I can give you some examples if you wish.

ac sy'n cynrychioli'r prynwr neu'r prynwyr, ond sy'n cael mwyafrif eu cyllid gan gyflenwyr mewn gwirionedd, yn gallu arwain at wrthdaro buddiannau. Yn fy marn i, yn y pen draw, dim ond y prynwr neu'r cyflenwr y gallwch ei gynrychioli. Yr wyf yn sicr nad yw hyn yn digwydd, ond mae'r potensial i chi fod mewn cyfyng-gyngor rhwng dyfarnu contract i gyflenwr sy'n mynd i roi mwy o ad-daliad i chi neu ddyfarnu'r contract i'r cyflenwr neu'r cyflenwyr sy'n mynd i roi i'r prynwyr yr ydych yn eu cynrychioli, eich cleientiaid, y ddêl orau bosibl. Yr wyf yn sicr y byddai'r consortiwm yn dweud nad yw hynny byth yn digwydd—yr wyf yn iawn, onid ydwyf?

Byddai'n well gennyf, mae'n rhaid i mi gyfaddef, weld dull fel CPAUC, y dull consortiwm rhithwir, yn cael ei barhau, yn hytrach na'r dull arall. Dyna'r ffordd yr ydym yn symud yng Nghymru. Yr wyf yn hapus i ymhelaethu ar y pwynt hwnnw os ydych yn dymuno, ond credaf mai'r dull consortiwm rhithwir, cyn belled ei fod yn cael digon o adnoddau, yw'r ffordd orau ymlaen. Un o'r rhesymau am hyn yw nad oes yn rhaid i chi gyllido—fel y mae'n rhaid iddynt gyda'r NWUPC—y bobl dan sylw. Mae cost y bobl hynny yn cael ei dynnu allan, un ffordd neu'r llall, drwy ad-daliadau, costau neu beth bynnag, o'r ateb gwerth am arian gwirioneddol. Felly, yr wyf yn bleidiol iawn dros y dull CPAUC ac wedi gweithio'n agos gydag ef, a gallaf roi enghreifftiau i chi os dymunwch.

[92] **Mark Isherwood:** So, are you saying that the NWUPC is defective?

[92] **Mark Isherwood:** Felly, a ydych yn dweud bod y NWUPC yn ddiffygiol?

Mr Skellon: No, I am saying, and there is some evidence to support my opinion, that the virtual consortium approach, the HEPCW approach, is even more cost effective than the alternative.

Mr Skellon: Na, yr wyf yn dweud, ac mae tystiolaeth i ategu fy marn, fod y dull consortiwm rhithwir, dull CPAUC, yn fwy cost effeithiol hyd yn oed na'r llall.

[93] **Mark Isherwood:** Do you have evidence to support that?

[93] **Mark Isherwood:** A oes gennyh dystiolaeth i gadarnhau hynny?

Mr Skellon: Yes.

Mr Skellon: Oes.

[94] **Mark Isherwood:** Have you undertaken a cost-benefit analysis?

[94] **Mark Isherwood:** A ydych wedi cynnal dadansoddiad cost a budd?

Mr Skellon: There is some benchmarking evidence to support it, but I do not want to be seen to be saying that there is not a role for trading organisations within the public sector. They exist, and as long as their clients are happy with them, and clients are happy that they are getting value for money, that is fine. I am just saying that if we have a choice between the two, my preference is for the virtual consortium approach, such as HEPCW.

Mr Skellon: Mae peth tystiolaeth feincnodi i gadarnhau hyn, ond nid wyf am iddi ymddangos fy mod yn dweud nad oes swyddogaeth i sefydliadau masnachu yn y sector cyhoeddus. Maent yn bodoli, a chyhyd â bod eu cleientiaid yn hapus gyda hwy, a bod cleientiaid yn fodlon eu bod yn cael gwerth am arian, mae hynny'n iawn. Yr hyn yr wyf yn ei ddweud yw bod gennym ddewis rhwng y ddau, yr wyf i'n ffafrio'r dull consortiwm rhithwir, fel CPAUC.

[95] **Mark Isherwood:** Could there be

[95] **Mark Isherwood:** A fyddai mwy o

greater savings if we moved to a single Welsh HE consortium?

arbedion pe baem yn symud i gonsortiw m AU Cymru unigol?

Mr Skellon: Personally, I would like to see an all-Wales higher education consortium; indeed I would like to go one step further potentially and even see an all-Wales further education and higher education consortium approach. I have been seeking to persuade the key players in both sectors that that is a good way forward. They are beginning to start working together; they recently awarded their first joint contract, and I would like to see much more of that. So, I think that that is excellent and that is the way forward.

Mr Skellon: Yn bersonol, hoffwn weld consortiw m addysg uwch Cymru gyfan, yn wir hoffwn fynd gam ymhellach o bosibl a gweld dull consortiw m addysg bellach ac addysg uwch Cymru gyfan hyd yn oed. Bûm yn ceisio perswadio'r prif gyfranogwyr yn y ddau sector bod honno'n ffordd dda ymlaen. Maent yn dechrau gweithio gyda'i gilydd; dyfarnwyd y contract ar y cyd cyntaf yn ddiweddar, a hoffwn weld llawer mwy o hynny. Felly, credaf fod hynny'n rhagorol ac mai dyna'r ffordd ymlaen.

[96] **Mark Isherwood:** You have actually saved me a question. In terms of greater cross-sector working generally, can that make a greater use of resources, not just with FE, but potentially beyond that, or are the differences between the sectors too great to make that a practical way of addressing expenditures and savings?

[96] **Mark Isherwood:** Yr ydych wedi arbed i mi ofyn cwestiwn mewn gwirionedd. O ran gwell gwaith traws-sector yn gyffredinol, a all hynny wneud gwell defnydd o adnoddau, nid yn unig gydag AB, ond y tu hwnt i hynny o bosibl, neu a yw'r gwahaniaethau rhwng y sectorau yn rhy fawr i wneud hynny'n ffordd ymarferol o fynd i'r afael â gwariant ac arbedion?

Mr Skellon: Yes, I would like to give some examples, if I may. You have two sorts of expenditure: the first is the sort of expenditure that is relatively unique to an individual organisation, and only that individual organisation can address that. However, the majority of expenditure, across the entire Welsh public sector, is of the

Mr Skellon: Ydyw, hoffwn roi enghreifftiau, os caf. Mae gennych ddau fath o wariant: y cyntaf yw'r math o wariant sy'n gymharol unigryw i sefydliad unigol, a dim ond y sefydliad unigol hwnnw all fynd i'r afael â hynny. Fodd bynnag, mae'r mwyafrif o wariant, ar draws sector cyhoeddus cyfan Cymru, o'r ail fath, ac mae'n gyffredin mewn

second sort, and is in fact common. There is evidence to show that we can achieve greater savings again, in a consortium, by using the Team Wales approach, which is a cross-sector approach, way beyond the HE sector. If I may give a couple of examples, the first collaborative procurement that was undertaken with the initiative was actually led by the University of Wales Institute Cardiff, which is part of the HE sector, and that was on vehicle hire. It has led a procurement exercise. It will retender for the university in any case and has said that it would be prepared to lead one for the entire Welsh public sector if we could support it. We did that and, as a result, you now have a contract that, at a conservative estimate, would save the entire Welsh public sector, if it adopted it, at least £5 million in cash-releasing savings. In addition, we have recently had two further collaborative procurements, one of which was on stationery led by an NHS trust. By factoring in, on this occasion, an e-auction, we had a staggering level of savings approaching 50 per cent. If you read that across the Welsh public sector, it amounts to at least £12 million of cash-releasing savings. The very latest was an e-auction that we have just had on IT hardware led by Coleg Gwent in the FE sector—I am trying to make the point that what we are trying to do is get every sector to contribute and support the Team Wales approach—was also incredibly successful and, at a conservative estimate, we will save £25 million once again of cash-releasing savings across the entire Welsh public sector

gwirionedd. Mae tystiolaeth i ddangos y gallwn sicrhau gwell arbedion eto, mewn consortiwm, drwy ddefnyddio'r dull Tîm Cymru, sef dull traws-sector, ymhell y tu hwnt i'r sector AU. Os caf roi enghraifft neu ddwy, yr oedd y caffael cydweithredol cyntaf i'w gynnal gyda'r fenter yn cael ei arwain mewn gwirionedd gan Athrofa Prifysgol Cymru Caerdydd, sy'n rhan o'r sector AU, ac yr oedd hynny ar hurio cerbydau. Mae wedi arwain ymarfer caffael. Bydd yn ail-dendro ar gyfer y brifysgol beth bynnag ac mae wedi dweud y byddai'n barod i arwain un ar gyfer sector cyhoeddus Cymru gyfan pe gallem ei gefnogi. Gwnaethom hynny ac, o ganlyniad, mae gennych gontract yn awr a fyddai, ar amcangyfrif ceidwadol, pe bai'n cael ei fabwysiadu, yn arwain at arbedion i sector cyhoeddus Cymru yn ei gyfanrwydd, o leiaf £5 miliwn mewn arbedion rhyddhau arian. Yn ogystal, yn ddiweddar yr ydym wedi caffael yn gydweithredol ar ddau achlysur arall, yr oedd un ar offer swyddfa dan arweiniad ymddiriedolaeth GIG. Drwy ffactorieiddio, ar yr achlysur hwn, e-arwerthiant, cawsom lefel syfrdanol o arbedion, yn agos i tua 50 y cant. Os ydych yn ystyried hynny ar draws sector cyhoeddus Cymru, mae'n £12 miliwn o arbedion rhyddhau arian o leiaf. Y diweddaraf oedd e-arwerthiant yr ydym newydd ei gynnal ar galedwedd TG dan arweiniad Coleg Gwent yn y sector AB—yr wyf yn ceisio pwysleisio mai'r hyn yr ydym yn ceisio ei wneud yw cael pob sector i gyfrannu at a chefnogi dull Tîm Cymru—a oedd hefyd yn llwyddiant ysgubol ac, ar amcangyfrif ceidwadol,

if the entire sector migrates across to that contract. So, the challenge for me and the stakeholders now is to get not just 10 or 20 organisations supporting and using the contracts, but to get as close to 100 per cent of organisations as we possibly can. So, I am absolutely supportive of what HEPCW is doing, but there is an all-Wales dimension beyond that, and HEPCW has played its full part in that.

byddwn yn arbed £25 miliwn unwaith eto o arbedion rhyddhau arian ar draws sector cyhoeddus cyfan Cymru os yw'r sector cyfan yn symud ar draws i'r contract hwnnw. Felly, yr her i mi a'r rhanddeiliaid yn awr yw nid cael 10 neu 20 sefydliad yn unig yn cefnogi ac yn defnyddio'r contractau, ond ein bod yn cael mor agos at 100 y cant o sefydliadau â phosibl. Felly, yr wyf yn gwbl o blaid yr hyn y mae CPAUC yn ei wneud, ond mae dimensiwn Cymru gyfan y tu hwnt i hynny, ac mae CPAUC wedi cyfrannu'n llawn at hynny.

[97] **Mark Isherwood:** You described the role that you are playing in that, but how are the other sectors responding to cross-sector working with you?

[97] **Mark Isherwood:** Yr ydych wedi disgrifio'r swyddogaeth sydd gennych yn hynny, ond sut mae'r sectorau eraill yn ymateb i weithio traws-sector gyda chi?

Mr Skellon: As I have illustrated, most sectors are getting fully involved. There is still frustration, and we discussed the carrot and the stick earlier. At the moment, the initiative only has the carrot of savings that are unlocked for individual organisations to utilise for front-line service delivery. That, of course, is the incentive, and one would hope that that would be enough. However, it is our experience, since 'Better Value Wales', and I have been involved in this for four years, that the speed of change across the Welsh public sector—and it is not unique to the Welsh public sector, but it applies across the public sector as a whole and to some parts of the private sector—shows that we are not always

Mr Skellon: Fel yr wyf wedi ei egluro, mae'r rhan fwyaf o sectorau yn cyfrannu'n llawn. Mae rhwystredigaeth o hyd a thrafodwyd y foronen a'r chwip yn gynharach. Ar hyn o bryd, dim ond y foronen o arbedion sydd gan y fenter sy'n cael ei ddatgloi ar gyfer sefydliadau unigol i'w ddefnyddio ar gyfer darpariaeth rheng flaen. Dyna, wrth gwrs, yw'r cymhelliant, a byddai rhywun yn gobeithio y byddai hynny'n ddigon. Fodd bynnag, o'n profiad ni, ers 'Gwell Gwerth Cymru', ac yr wyf wedi bod yn rhan o hyn ers pedair blynedd, fod cyflymder y newid ar draws sector cyhoeddus Cymru—ac nid yw'n unigryw i sector cyhoeddus Cymru, mae'n digwydd ar draws y sector cyhoeddus i gyd

the most agile and speedy of organisations. That is a cause of frustration to me, but it is part of my job, as it is for the Audit Committee and the Auditor General for Wales. Our task now is to accelerate this sort of engagement. This is why I mentioned ‘Making the Connections’ and the value for money, target-driven approach. Ultimately, the First Minister himself is personally overseeing the entire efficiency agenda. This is a step change in culture. Philip mentioned some measures earlier, and we will now see each sector engaging in that and a considerable acceleration in progress. I have no doubt about that. These are exciting times for a procurement professional in the public sector, not least in Wales.

[98] **Mark Isherwood:** Okay. Thank you.

[99] **Janet Davies:** I think that we in the Audit Committee will be looking forward to following up the results of this step change keenly.

We will move on to better management of suppliers and contracts. Denise will start on this section.

[100] **Denise Idris Jones:** I should mention that I am a member of the council of the

ac mewn rhannau o’r sector preifat—yn dangos nad ydym y sefydliad mwyaf ystwyth a chyflym bob tro. Mae hynny’n destun rhwystredigaeth i mi, ond mae’n rhan o’r swydd, fel y mae’n rhan o swydd y Pwyllgor Archwilio ac Archwilydd Cyffredinol Cymru. Ein tasg yn awr yw cyflymu’r math hwn o ymrwymiad. Dyna pam fy mod wedi crybwyll ‘Creu’r Cysylltiadau’ a’r dull gwerth am arian, seiliedig ar dargedau. Yn y pen draw, mae Prif Weinidog Cymru ei hun yn goruchwyllo’r agenda effeithlonrwydd gyfan. Mae hyn yn newid sylweddol mewn diwylliant. Bu i Philip grybwyll rhai mesurau’n gynharach, a byddwn yn gweld yn awr bob sector yn cyfrannu at hynny a chyflymu sylweddol mewn cynnydd. Nid oes gennyf amheuaeth am hynny. Mae’n amser cyffrous i weithwyr caffael proffesiynol yn y sector cyhoeddus, yn enwedig yng Nghymru.

[98] **Mark Isherwood:** Iawn. Diolch.

[99] **Janet Davies:** Credaf y byddwn ni yma yn y Pwyllgor Archwilio edrych ymlaen yn frwd at ddilyn cynnydd canlyniadau’r newid sylweddol hwn.

Yr ydym am symud ymlaen at reoli cyflenwyr a chontractau yn well. Mae Denise am ddechrau ar yr adran hon.

[100] **Denise Idris Jones:** Dylwn grybwyll fy mod yn aelod o gyngor Prifysgol Cymru,

University of Wales, Bangor, which is in my constituency of Conwy. I direct my first question to Mr Skellon. Having read the report, it is clear that supplier management in the higher education sector is underdeveloped. Paragraph 3.16 says that

Bangor, sydd yn fy etholaeth yng Nghonwy. Cyfeiriaf fy nghwestiwn cyntaf at Mr Skellon. Ar ôl darllen yr adroddiad, mae'n amlwg nad yw'r dull o reoli cyflenwyr yn y sector addysg uwch wedi'i ddatblygu digon. Mae paragraff 3.16 yn dweud

'most institutions had a supplier database...However, two institutions did not have such a list and of the 11 that did, two could not say how many suppliers they had...three institutions did not vet new suppliers, increasing the risk of supplier failure; and only five of the 13 institutions formally record poor supplier performance'.

'roedd gan y rhan fwyaf o sefydliadau gronfa ddata o gyflenwyr...Fodd bynnag, nid oedd gan ddau sefydliad restr o'r fath ac o'r 11 a oedd yn meddu arni, nid oedd dau yn gallu nodi faint o gyflenwyr a gynhwyswyd arni...nid oedd tri sefydliad yn gwirio cyflenwyr newydd, gan gynyddu'r risg o fethiant cyflenwyr; a dim ond pump o'r 13 o sefydliadau sy'n cofnodi perfformiad gwael gan gyflenwyr yn ffurfiol'.

In your opinion, what should be the priorities for improving supplier and contract management?

Yn eich barn chi, beth ddylai'r blaenoriaethau fod ar gyfer gwella sut y rheolir cyflenwyr a chontract?

Mr Skellon: It comes back again to the three fundamental issues that we have to address, which are a lack of procurement professionals, a lack of management information and lack of senior support. We are addressing each of those. The fundamental problem that you have here is that you have a lack of procurement professionals in these organisations, or, where they exist, they have only existed fairly recently and have not had a chance yet to address these issues. What the report does

Mr Skellon: Mae'n dod yn ôl eto at y tri mater sylfaenol sydd yn rhaid i ni fynd i'r afael â hwy, sef diffyg gweithwyr caffael proffesiynol, diffyg gwybodaeth reoli a diffyg cefnogaeth uwch reolwyr. Yr ydym yn mynd i'r afael â phob un o'r rhain. Y broblem sylfaenol sy'n bodoli yma yw bod gennych ddiffyg gweithwyr caffael proffesiynol yn y sefydliadau hyn, neu, lle maent yn bodoli, dim ond ers yn gymharol ddiweddar y maent wedi bod mewn swydd, ac nid ydynt wedi cael y cyfle eto i fynd i'r afael â'r materion

say is that there is broadly a correlation between, as you would expect—and as I would expect—procurement performance in all these areas and, whether or not there is a procurement professional, or team, if the size of the university is sufficient to warrant that. There is a correlation: those that do not have access or do not utilise expertise, by and large, perform poorly, those that do have access or utilise expertise, by and large, perform well. Therefore, we come back to the fact that we have to get senior management to buy in, to get procurement professionals in the right place with that support, and they in turn can and will address the issues, such as the lack of supplier evaluation, management information and so on. In my view, it has to go that way. It should not be a case of getting the information system first and then think about the people afterwards. The board has to buy into procurement and, if it has not already done so, appoint a procurement professional. It then has to support that procurement professional and the strategy to make the changes that will be required.

[101] **Denise Idris Jones:** Professor Gummett, how will the council contribute to taking positive steps towards improvement?

Professor Gummett: We will do that through the action plan that I identified

hyn. Yr hyn y mae'r adroddiad yn ei ddweud yw bod cydberthynas gyffredinol rhwng, fel y gallech ei ddisgwyl—ac fel y byddwn i'n ei ddisgwyl—perfformiad caffael yn y meysydd hyn i gyd a, pha un a oes gweithiwr caffael proffesiynol, neu dîm, ai peidio, os yw maint y brifysgol yn ddigon mawr i warantu hynny. Mae cydberthynas: mae'r rhai nad oes ganddynt fynediad neu'n gallu defnyddio arbenigedd, ar y cyfan, yn perfformio'n wael, mae'r rhai sydd â mynediad neu'n defnyddio arbenigedd, ar y cyfan, yn perfformio'n dda. Felly, deawn yn ôl at y ffaith bod yn rhaid i ni gael uwch reolwyr i fod yn rhan o hyn, i gael gweithwyr caffael proffesiynol yn y lle iawn gyda'r gefnogaeth honno, a gallant hwy yn eu tro fynd i'r afael â'r materion, fel diffyg gwerthuso cyflenwyr, gwybodaeth reoli ac ati. Yn fy marn i, mae'n rhaid i bethau fod fel hynny. Ni ddylai fod yn achos o gael y system wybodaeth i ddechrau ac yna meddwl am bobl wedyn. Mae'n rhaid i'r bwrdd fod yn rhan o'r caffael ac, os nad yw wedi gwneud hynny eisoes, dylai benodi gweithiwr caffael proffesiynol. Mae'n rhaid iddo wedyn gynorthwyo'r gweithiwr caffael proffesiynol hwnnw a'r strategaeth i wneud y newidiadau a fydd yn ofynnol.

[101] **Denise Idris Jones:** Yr Athro Gummett, sut y bydd y cyngor yn cyfrannu at gymryd camau positif tuag at welliannau?

Yr Athro Gummett: Byddwn yn gwneud hynny drwy'r cynllun gweithredu a nodais yn

earlier. First of all, we will have our own professional, dedicated very largely to this task, and who will take care of our own in-house procurement. Through the fitness checks, we will be diagnosing precisely what the issues are in each institution, and we will ensure that each one has access to procurement expertise, either all of its own or, where it may be more appropriate, collaboratively with other neighbouring institutions. We will also expand the coverage of the consortium. So, we will do it through those four measures, all of which will then feed into the fifth point, which is the establishment of targets to which we will then hold each institution. That will be the way through which we will address these questions.

[102] **Denise Idris Jones:** I was going to ask you what sanctions you would have if the institutions did not do this, but I suppose that you will say that you will withdraw some of the funding for that particular institution.

Professor Gummert: That is right. We can and we will withdraw funds. We have done that. We have a demonstrated record of doing that, where we felt that that was what the circumstances required, and we make that judgment in each case, according to what seems to be the most appropriate thing to do.

gynharach. Yn gyntaf oll, bydd gennym ein gweithiwr proffesiynol ein hun, a fydd yn canolbwyntio'n bennaf ar y dasg hon ac yn gofalu am ein caffael mewnol ein hunain. Drwy wirio addasrwydd, byddwn yn canfod yn union beth yw'r materion ym mhob sefydliad, a byddwn yn sicrhau bod yr arbenigedd caffael ar gael i bob un, naill ai ar gyfer y sefydliad unigol yn unig neu, lle y gallai fod yn fwy priodol, mewn cydweithrediad â sefydliadau cyfagos eraill. Byddwn hefyd yn ehangu sylw'r consortiwm. Felly, byddwn yn gwneud hyn drwy'r pedwar mesur hynny, a fydd i gyd wedi hynny'n cael eu bwydo i'r pumed pwynt, sef sefydlu'r targedau y bydd yn rhaid i bob sefydliad eu bodloni. Dyna'r ffordd y byddwn yn mynd i'r afael â'r cwestiynau hyn.

[102] **Denise Idris Jones:** Yr oeddwn am ofyn i chi pa gosbau a fyddai gennych pe na bai'r sefydliadau yn gwneud hyn, ond mae'n debyg y byddwch yn dweud y byddwch yn tynnu rhywfaint o'r cyllid yn ôl ar gyfer y sefydliad penodol hwnnw.

Yr Athro Gummert: Mae hynny'n iawn. Gallwn a byddwn yn tynnu arian. Yr ydym wedi gwneud hynny. Mae gennym hanes o wneud hynny, lle y credem mai dyna a oedd ei angen dan yr amgylchiadau, ac yr ydym yn penderfynu ar hynny ym mhob achos, yn unol â'r hyn sy'n ymddangos fel y peth mwyaf priodol i'w wneud.

[103] **Denise Idris Jones:** It is a case of having to make savings really, if you are to receive your full funding.

Professor Gummert: Yes.

[104] **Denise Idris Jones:** I will ask one more question. In the price comparison exercise undertaken by the National Audit Office Wales, there were wide variations between institutions and categories of expenditure. What scope exists to realise further savings in these areas and what is the best way to obtain them?

Professor Gummert: I think that this is about generally raising the game in institutions. The picture that I have taken from this report is of a spread of performance across the public sector in Wales and of the higher education sector sitting somewhere in the middle of that, with some above and some below. There is a need to, as it were, reduce the degree of spread between them by getting the weaker ones up closer to the stronger ones, and to also take the whole lot up in the process, and to drive all of that in a coherent way through the sorts of steps that I have just described. That will lead to an increasing coverage of the areas in which good procurement practice is found, and that should, I would hope and expect, start to reduce the divergences or disparities that we see between performance in different specific

[103] **Denise Idris Jones:** Mae'n ymwneud â gorfod cynilo mewn gwirionedd, os ydych am dderbyn eich cyllid llawn.

Yr Athro Gummert: Ydyw.

[104] **Denise Idris Jones:** Yr wyf am ofyn un cwestiwn arall. Yn yr ymarfer cymharu prisiau a gynhaliwyd gan Swyddfa Archwilio Genedlaethol Cymru, yr oedd amrywiadau eang rhwng sefydliadau a chategoriâu gwariant. Pa gyfle sydd ar gael i sicrhau arbedion pellach yn y meysydd hyn a beth yw'r ffordd orau o'u sicrhau?

Yr Athro Gummert: Credaf fod hyn yn ymwneud yn gyffredinol â gwella perfformiad sefydliadau. Y darlun sydd gennyf o'r adroddiad hwn yw ehangder perfformiad ar draws y sector cyhoeddus yng Nghymru a'r sector addysg uwch yn eistedd rhywle yng nghanol hynny, gyda rhai yn uwch a rhai yn is. Mae angen, fel petai, ostwng yr ehangder rhyngddynt drwy gael y rhai gwannaf yn agosach at y rhai cryfaf, a hefyd i gymryd pob un i fyny yn y broses, ac i yrru hynny i gyd mewn ffordd gydlynol drwy'r mathau o gamau yr wyf newydd eu disgrifio. Bydd hynny'n arwain at sylw cynyddol i'r meysydd lle y canfyddir ymarfer caffael da, a dylai hynny, byddwn yn gobeithio ac yn disgwyl, ddechrau gwaredu'r gwahaniaethau neu'r anghysonderau yr ydym yn eu gweld rhwng perfformiad mewn

areas, as we saw in that table that I drew attention to in the annex of one of the papers, which demonstrated wide variations. Those gaps should close as we start to expand, and, not only that, we should start to see similar performance gains in areas that are not at present being touched to the same degree as others, like audiovisual and IT, clearly currently are.

[105] **Denise Idris Jones:** So, because Bangor is where it is geographically, would it be the case that it would not have access to as many suppliers as Cardiff or Swansea would have?

Professor Gummett: That is an issue, and when I talked earlier about having to judge what an appropriate response is to how institutions perform against the circumstances in which they find themselves, this is exactly the sort of thing that I have in mind in terms of what one expects of them. If you look at other institutions, the geographical location of Aberystwyth or Lampeter, for example, and you raise the question of what that does in terms of easy access to a good range of suppliers and the consequences of that on the procurement options available to them, it is clearly a different situation from that of institutions in the south-east of Wales for example. So, one has to make some judgments about what weight to give to those sorts of factors, but, yes, the options are

gwahanol feysydd penodol, fel y gwelsom yn y tabl hwnnw y tynnais eich sylw ato yn yr atodiad i un o'r papurau, a oedd yn dangos amrywiadau eang. Dylai'r bylchau hynny gau wrth i ni ddechrau ehangu, ac ynghyd â hynny, dylem ddechrau gweld cynnydd tebyg mewn perfformiad mewn meysydd nad ydynt yn cael yr un sylw ag eraill ar hyn o bryd, fel clyweled a TG, sy'n amlwg yn digwydd ar hyn o bryd.

[105] **Denise Idris Jones:** Felly, oherwydd lleoliad daearyddol Bangor, ni fyddai'n cael y cyfle i ddefnyddio cymaint o gyflenwyr â Chaerdydd neu Abertawe?

Yr Athro Gummett: Mae hynny'n bwnc trafod, a phan oeddwn yn siarad yn gynharach am orfod penderfynu beth fyddai ymateb priodol i sut mae sefydliadau'n perfformio dan yr amgylchiadau y maent ynddynt, dyna'n union y math o beth sydd gennyf mewn golwg o ran beth mae rhywun yn ei ddisgwyl ganddynt. Os ydych yn edrych ar sefydliadau eraill, lleoliad daearyddol Aberystwyth neu Lanbedr Pont Steffan, er enghraifft, a'ch bod yn gofyn beth mae hynny'n ei wneud o ran mynediad hawdd i amrywiaeth da o gyflenwyr a goblygiadau hynny i'r opsiynau caffael sydd ar gael iddynt, mae'n amlwg yn sefyllfa wahanol i un sefydliadau yn y De-ddwyrain, er enghraifft. Felly, mae'n rhaid i rywun benderfynu faint o sylw y dylid ei roi i'r

different.

cyfryw ffactorau, ond, ydynt, mae'r
opsiynau'n wahanol.

[106] **Denise Idris Jones:** It should not be
the case though, should it?

[106] **Denise Idris Jones:** Ni ddylai hyn
ddigwydd, oni ddylai?

Professor Gummatt: Well, that is the way
the world is. Bangor is where it is, and
Aberystwyth is where it is.

Yr Athro Gummatt: Wel, dyna sut mae'r
byd sydd ohoni. Mae Bangor yn lle y mae, ac
mae Aberystwyth yn lle y mae.

[107] **Denise Idris Jones:** Bangor is not that
far from Liverpool, is it?

[107] **Denise Idris Jones:** Nid yw Bangor
mor â hynny o Lerpwl, onid ydyw?

Professor Gummatt: Well, let me rest on
Aberystwyth and Lampeter then.

Yr Athro Gummatt: Wel, gadewch i mi
ganolbwyntio ar Aberystwyth a Llanbedr
Pont Steffan.

[108] **Denise Idris Jones:** That is not so
much of a problem for me.

[108] **Denise Idris Jones:** Nid yw hynny'n
gymaint o broblem i mi.

Professor Gummatt: No, I understand, but it
is bound to make a difference to a limited
degree.

Yr Athro Gummatt: Na, yr wyf yn deall,
ond mae'n sicr o wneud gwahaniaeth i ryw
raddau.

[109] **Janet Davies:** Thank you, Denise.
Jocelyn?

[109] **Janet Davies:** Diolch, Denise.
Jocelyn?

[110] **Jocelyn Davies:** Just one brief
question. You have taken the opportunity
today to announce your intention to create

[110] **Jocelyn Davies:** Dim ond un cwestiwn
byr sydd gennyf. Yr ydych wedi cymryd y
cyfle heddiw i gyhoeddi eich bwriad i greu

this post of a professional procurement officer. Why has it taken you so long to decide on that post, when we have heard several times today that this person will make a huge difference?

Professor Gummert: The reason is that, since the FE report came out, we have stepped up our commitment to these UK-wide processes. That was the strategy that we embarked upon to improve the development of toolkits, methods, good practice, and the diffusion of all of those. That was the way that we went about it. What we are learning from this report is that that is not enough, and we therefore need to do more. We are building on what we have done. We are not disregarding all of that—it is all useful stuff and it has led to progress, but it is clearly not leading to enough progress, quickly enough, so we need to do more. The second thing, more specifically and locally, is that we are in this rather complex relationship over staffing in some of our areas with the National Council, and there has been a particular hesitation because of the reform of ASPBs. That only accounts for a few months, so against three years, it is a very small element of this and I would not want to overplay it. Nevertheless, had we not had the announcement in July, we would have got on with this in the intervening period. We felt that it was appropriate to wait until we were clear what our future as an ASPB was before we went ahead with an appointment of this sort. Now we are clear, we will get on and do

swydd swyddog caffael proffesiynol. Pam y mae wedi cymryd cymaint o amser i chi benderfynu ar y swydd, ar ôl i ni glywed sawl gwaith heddiw y bydd yr unigolyn hwnnw'n gwneud gwahaniaeth enfawr?

Yr Athro Gummert: Y rheswm am hynny yw ein bod, ers i'r adroddiad AB gael ei gyhoeddi, wedi cynyddu ein hymrwymiad i'r prosesau i'r DU gyfan. Dyna oedd y strategaeth a fabwysiadwyd gennym i wella datblygiad pecynnau cymorth, dulliau, arferion da, a lledaeniad y rheini i gyd. Dyna sut yr aethom i'r afael â'r sefyllfa. Yr hyn yr ydym yn ei ddysgu o'r adroddiad hwn yw nad yw hynny'n ddigon, ac felly mae angen i ni wneud mwy. Yr ydym yn adeiladu ar yr hyn yr ydym wedi'i wneud. Nid ydym yn diystyru hynny i gyd—mae'r cyfan yn ddeunydd defnyddiol ac mae wedi arwain at gynnydd, ond mae'n amlwg nad yw'n arwain at ddigon o gynnydd, yn ddigon cyflym, felly mae angen i ni wneud mwy. Yr ail beth, yn fwy penodol ac yn lleol, yw ein bod yn y berthynas cymharol gymhleth hon ynglŷn â staffio mewn rhai o'n meysydd gyda'r Cyngor Cenedlaethol, a bu petruster penodol oherwydd diwygio'r cyrff cyhoeddus a noddur gan y Cynulliad. Mae hyn ond yn esbonio ychydig fisoedd, felly mewn tair blynedd, mae'n elfen fach iawn o hyn ac ni fyddwn am roi gormod o bwyslais arni. Fodd bynnag, pe na baem wedi cael y cyhoeddiad fis Gorffennaf, byddem wedi bwrw ymlaen â hyn yn y cyfamser. Teimlem mai priodol oedd disgwyl tan i ni fod yn sicr o'n dyfodol

it.

fel corff cyhoeddus a noddir gan y Cynulliad cyn mynd ati i benodi fel hyn. Mae'r ffordd yn glir yn awr, a gallwn fwrw iddi.

[111] **Jocelyn Davies:** So the catalyst is this report, but you held back the final decision until the announcement this week?

[111] **Jocelyn Davies:** Felly yr adroddiad hwn yw'r sbardun, ond eich bod wedi gohirio'r penderfyniad terfynol tan y cyhoeddiad yr wythnos hon?

Professor Gummett: We felt it would be inappropriate and quite difficult for us to start making new staffing appointments, when the first question you are likely to be asked in an interview is, 'What is the longevity of this job?' It seemed appropriate to us to wait until we were clear. Now that we are clear, we can move forward.

Yr Athro Gummett: Teimlem y byddai'n amhriodol ac yn eithaf anodd i ni ddechrau penodi staff newydd, pan mai'r cwestiwn cyntaf sy'n debygol o gael ei ofyn i chi mewn cyfweiliad yw, 'Beth yw cyfnod y swydd hon?' Ymddangosai'n briodol i ni ddisgwyl tan i ni fod yn glir. Gan ein bod yn glir yn awr, gallwn symud ymlaen.

[112] **Jocelyn Davies:** But this report was the catalyst for the decision to go ahead with it?

[112] **Jocelyn Davies:** Ond yr adroddiad hwn a sbardunodd y penderfyniad i fynd ymlaen ag ef?

Professor Gummett: We had been increasingly aware ourselves of these concerns, but the report has certainly stimulated us quite vigorously, yes.

Yr Athro Gummett: Yr oeddem wedi bod yn gynyddol ymwybodol ein hunain o'r pryderon hyn, ond, yn sicr, cawsom ein sbarduno yn eithaf cryf gan yr adroddiad, do.

[113] **Jocelyn Davies:** Thank you for clearing that up.

[113] **Jocelyn Davies:** Diolch am egluro hynny i ni.

[114] **Janet Davies:** On market testing, Carl?

[114] **Janet Davies:** Ar brofi'r farchnad,

Carl?

[115] **Carl Sargeant:** Paragraphs 3.24 to 3.26 consider market testing. What benefits do you think might be achievable, Mr Skellon, for further market testing, given the mixed record highlighted in the report?

Mr Skellon: The principle of market testing is very sound, which is, in essence, how do we benchmark an in-house operation, whatever it might be. The best way to benchmark is to see what others are doing and not constrain yourself to the public sector. It should, where appropriate, apply to what the private sector is doing. A benchmarking exercise should be undertaken with a view to seeing whether the in-house operation is efficient, the extent to which it is not particularly efficient, and whether it can be reformed and modernised internally. Alternatively, and only if there is a marked gap between the two, that cannot realistically be dealt with internally, there is the possibility of going out to the market place. Not to have that would be to take away one efficiency pressure, so I think it should be there. I would not advocate market testing if we take the extreme of going back to the old days of compulsory, competitive tendering. That led to some efficiency improvements, but it also led to some serious bad practice and allocated contracts to the cheapest and so on, which led to all kinds of problems. We

[115] **Carl Sargeant:** Mae paragraffau 3.24 i 3.26 yn ystyried profi'r farchnad. Pa fanteision sydd o fewn cyrraedd yn eich barn chi, Mr Skellon, ar gyfer profi'r farchnad ymhellach, o ystyried yr hanes cymysg a amlygir yn yr adroddiad hwn?

Mr Skellon: Mae'r egwyddor o brofi'r farchnad yn gadarn iawn, sef, yn ei hanfod, sut yr ydym yn meincnodi gweithrediad mewnol, beth bynnag y bo. Y ffordd orau o feincnodi yw gweld beth y mae eraill yn ei wneud a pheidio â chyfyngu eich hunain i'r sector cyhoeddus. Dylai, lle bo'n briodol, fod yn gymwys i'r hyn y mae'r sector preifat yn ei wneud. Dylid cynnal ymarfer meincnodi i geisio gweld a yw'r gweithrediadau mewnol yn effeithlon, i ba raddau nad ydynt yn arbennig o effeithlon, ac a ellir eu diwygio a'u moderneiddio'n fewnol. Fel arall, a dim ond os oes bwlch nodedig rhwng y ddau, ac na ellir mynd i'r afael ag ef yn realistig yn fewnol, mae'r posibilrwydd o fynd allan i'r farchnad. Byddai peidio â chael hynny'n dwyn ymaith un agwedd ar bwysau effeithlonrwydd, felly credaf y dylai fod yno. Ni fyddwn yn cymeradwyo profi'r farchnad os ydym yn cymryd y camau eithafol o fynd yn ôl i'r hen ddyddiau o dendro gorfodol, cystadleuol. Arweiniodd hynny at rai gwelliannau mewn effeithlonrwydd, ond arweiniodd hefyd at arferion gwael iawn a dyrannu contractau i'r rhataf ac ati, a

must not confuse that with market testing. Market testing, as it is described here, is literally viewing an in-house operation, benchmarking it, not just for the public but also, as it should be, with the private sector, and drawing conclusions from that. Only if the internal organisation could not be brought up to speed, if indeed there is an efficiency problem would one think, as a final resort, of going on to, literally, competitively test. However, benchmarking against public and private sector performance concentrates the mind wonderfully, even if you do not end up competitively tendering that service.

[116] **Carl Sargeant:** On the basis that there were some mixed results—good and bad—in the sector, and we know that there is a shortage of expertise in the sector, what support could the council provide to assist the institutions to carry out more market testing?

Professor Gummett: As has been said, and as the report says, most of them have done it across a significant number of areas and they will all offer reasons as to why, where they have market tested, they have decided to stay with in-house staff—direct labour.

The question has to be: on what basis were

arweiniodd at bob math o broblemau. Rhaid i ni beidio â drysu rhwng hynny a phrofi'r farchnad. Mae profi'r farchnad, fel y'i disgrifir yma, yn ymwneud yn llythrennol â gweld gweithrediadau mewnol, eu meincodi, nid ar gyfer y cyhoedd yn unig ond, hefyd, fel y dylai fod, gyda'r sector preifat, a dod i gasgliadau o hynny. Dim ond os na ellir cyflymu'r drefniadaeth fewnol, os oes yn wir broblem effeithlonrwydd y byddai rhywun yn ystyried, fel y cam olaf, mynd ymlaen, yn llythrennol, at brofi yn gystadleuol. Fodd bynnag, mae meincodi yn ôl perfformiad y sectorau cyhoeddus a phreifat yn canolbwyntio'r meddwl yn wych, hyd yn oed os nad ydych yn tendro'r gwasanaeth hwnnw'n gystadleuol.

[116] **Carl Sargeant:** Ar y sail bod rhai canlyniadau cymysg—da a drwg—yn y sector, ac y gwyddom fod diffyg arbenigedd yn y sector, pa gymorth y gallai'r cyngor ei ddarparu i gynorthwyo'r sefydliadau i brofi'r farchnad ymhellach?

Yr Athro Gummett: Fel y clywsom eisoes, ac fel y dywed yr adroddiad, mae'r rhan fwyaf ohonynt wedi'i wneud ar draws nifer sylweddol o feysydd a byddant oll yn cynnig rhesymau pam, lle maent wedi profi'r farchnad, maent wedi penderfynu parhau gyda staff mewnol—llafur uniongyrchol.

Mae'n rhaid gofyn ar ba sail y gwnaethpwyd

those judgments reached? Were they professionally well-founded conclusions or were they the easy option or the comfortable solution. Our view would be that having more professional staff engaged in making those judgments will mean that they will take them in a better informed way than, perhaps, may have been the case in the past. We are in no doubt that they are continuing—we have examples of the sort of things that institutions are doing—to market-test and then draw conclusions about whether they should contract out, whether there is a benefit to market testing, or whether they identify how they could improve their own in-house performance as a result of what they have learnt from market testing. What we hope is that having more professional staff available inside the institutions and externally—in the way that we now propose to put in place—will mean that those judgments will be better informed. However, each one will be a separate judgment, inevitably given the nature of the process.

[117] **Carl Sargeant:** Of course, we recognise that there is a shortage of expertise in the sector, so as a council are you prepared to share that good practice among all the institutions?

Professor Gummett: Indeed. I would argue that that is what we already do through some of the support processes that we are already engaged in.

y penderfyniadau hynny? Ai casgliadau cadarn proffesiynol oeddent neu ai opsiwn hawdd neu ateb cyfforddus. Yr ydym ni o'r farn bod cael rhagor o staff proffesiynol yn cyfrannu at wneud y penderfyniadau hynny yn golygu y byddant yn eu gwneud mewn ffordd fwy hyddysg na'r hyn, efallai, a fyddai wedi digwydd yn y gorffennol. Nid oes amheuaeth eu bod yn parhau—mae gennym enghreifftiau o'r math o bethau y mae sefydliadau yn eu gwneud—i brofi'r farchnad ac yna dod i gasgliadau ynghylch a ddylent roi contractau, a oes manteision i brofi'r farchnad, neu a ydynt yn nodi sut y gallent wella eu perfformiad mewnol eu hunain o ganlyniad i'r hyn y maent wedi'i ddysgu o brofi'r farchnad. Yr hyn yr ydym yn ei obeithio yw bod cael rhagor o staff proffesiynol ar gael yn y sefydliadau ac yn allanol—yn y dull y cynigiwn i'w sefydlu yn awr—yn golygu y bydd y penderfyniadau hynny yn fwy hyddysg. Fodd bynnag, bydd pob un yn benderfyniad ar wahân, a hynny'n anorfod o ystyried natur y broses.

[117] **Carl Sargeant:** Wrth gwrs, yr ydym yn cydnabod bod diffyg arbenigedd yn y sector, felly fel cyngor a ydych yn fodlon rhannu'r arfer da hwnnw ymhlith yr holl sefydliadau?

Yr Athro Gummett: Yn sicr. Byddwn yn dadlau ein bod yn gwneud hynny eisoes drwy rai o'r prosesau cymorth yr ydym yn cyfrannu atynt eisoes.

[118] **Janet Davies:** Thank you, Carl. We also need to look at sustainable procurement. As you are aware, the issue of sustainability is built into the Government of Wales Act 1998. Mick Bates has some questions on that.

[118] **Janet Davies:** Diolch, Carl. Mae angen i ni hefyd edrych ar gaffael cynaliadwy. Fel y gwyddoch, mae cynaliadwyedd wedi'i gynnwys yn Neddf Llywodraeth Cymru 1998. Mae gan Mick Bates gwestiynau ar hynny.

[119] **Mick Bates:** Thank you, Chair. To continue with your earlier theme, I suppose that you might say: now for the organic carrots. Sorry about that.

[119] **Mick Bates:** Diolch, Gadeirydd. I barhau gyda'ch thema flaenorol, mae'n debyg y gallech ddweud: yn awr am y moron organig. Mae'n ddrwg gennyf am hynny.

I was heartened to see a mention of sustainable procurement. That is particularly important given that one of the Government's key aims is sustainable development. How will the council ensure that sustainable development is embedded into the work of the higher education sector?

Cefais fy nghalonogi i weld caffael cynaliadwy'n cael ei grybwyll. Mae hynny'n arbennig o bwysig o ystyried mai un o nodau allweddol y Llywodraeth yw datblygu cynaliadwy. Sut y bydd y cyngor yn sicrhau bod datblygu cynaliadwy yn cael ei gynnwys yng ngwaith y sector addysg uwch?

Professor Gummert: First, it is already an element in our own corporate plan and in support that we give to sector-wide activity. I am speaking now on a UK-wide basis about developing toolkit approaches and ways of building sustainability into institutions' corporate planning and into their own strategic planning. We are already doing that sort of thing. More specifically, the work that we are doing on procurement on a UK-wide basis, does itself contain within it an element that is about sustainability. So, it is quite explicit within the pan-UK procurement

Yr Athro Gummert: Yn gyntaf, mae eisoes yn elfen yn ein cynllun corfforaethol ein hunain ac yn y cymorth yr ydym yn ei roi i weithgarwch yn y sector cyfan. Yr wyf yn siarad yn awr ar sail y DU gyfan am ddatblygu dulliau sy'n defnyddio pecynnau cymorth a ffyrdd o wneud cynaliadwyedd yn rhan o broses cynllunio corfforaethol sefydliadau ac yn rhan o'u prosesau cynllunio strategol eu hunain. Yr ydym yn gwneud y math hwn o beth eisoes. Yn fwy penodol, mae'r gwaith yr ydym yn ei wneud ar gaffael ar sail y DU gyfan yn cynnwys elfen sy'n

drive.

ymwneud â chynaliadwyedd. Felly, mae'n eithaf clir fel rhan o ymgyrch gaffael y DU gyfan.

We are involved in this. Richard is a member of the steering group for the Minister for Economic Development and Transport's business procurement taskforce, and that is going to be producing guidelines on how public procurement can be placed with more local firms. So, that dimension of sustainability is actually quite important, going back to the location of some of our higher education institutions. We will be taking forward proposals within the sector once those guidelines emerge.

Yr ydym yn cyfrannu at hyn. Mae Richard yn aelod o'r grŵp llywio ar gyfer tasglu caffael busnes y Gweinidog dros Ddatblygu Economaidd a Thrafnidiaeth, a bydd hwnnw'n cynhyrchu canllawiau ar sut y gall gweithredu caffael cyhoeddus ddefnyddio mwy o gwmnïau lleol. Felly, mae'r agwedd honno ar gynaliadwyedd yn eithaf pwysig mewn gwirionedd, wrth fynd yn ôl at leoliad rhai o'n sefydliadau addysg uwch. Byddwn yn datblygu cynigion yn y sector ar ôl i'r canllawiau hynny ymddangos.

Beyond that, we work with the institutions to encourage them to build sustainability into their thinking and I think that we would argue that we see quite clear evidence that they are taking this seriously now. Just a week or so ago, I was in the digital technium building in Swansea, which has a very interesting passive air-conditioning system. A new building is going to be built in Bangor in a partnership between the university and the Natural Environment Research Council, which is prepared to put additional funding into it to make it a flagship green building, so we will have a real state of the art beacon in a Welsh university. Swansea is renewing some of its fleet of vehicles. It is buying eight new vehicles, and I understand that seven of them will use LPG fuel. These are just examples of

Y tu hwnt i hynny, yr ydym yn gweithio gyda'r sefydliadau i'w hannog i wneud cynaliadwyedd yn rhan o'u syniadaeth a chredaf y byddem yn dadlau ein bod yn gweld tystiolaeth glir iawn eu bod yn ystyried hyn o ddifrif bellach. Tua wythnos yn ôl, yr oeddwn yn adeilad y technium digidol yn Abertawe, sydd â system dymheru oddefol ddiddorol iawn. Caiff adeilad newydd ei adeiladu ym Mangor mewn partneriaeth rhwng y brifysgol a Chyngor Ymchwil yr Amgylchedd Naturiol, sy'n fodlon rhoi cyllid ychwanegol iddo i'w wneud yn adeilad gwyrdd blaenllaw, felly bydd gennym ysbrydoliaeth wirioneddol arloesol mewn prifysgol yng Nghymru. Mae Abertawe yn adnewyddu rhywfaint o'i fflyd o gerbydau. Mae'n prynu wyth cerbyd newydd, a deallaf

the kinds of things that are now coming through fairly automatically and routinely. Within the action plan that I announced earlier, this will be an emphasis—a refocusing of an emphasis which is already there—giving it a boost.

[120] **Mick Bates:** Thank you. There are not a great many examples within this document, and one of the recommendations is that you should increase the focus. Turning to the issue of costs, it is generally accepted that a more sustainable product initially costs more than a less sustainable product. Do you think there is an acceptable level of increased costs in those early stages?

Professor Gummett: I know that there is not a huge number of examples in the document, but there are some examples, namely Cardiff buying all of its electricity from green sources.

[121] **Mick Bates:** Yes, it is one of the institutions. If I had read, given the amount of publicity given to climate change and sustainable development in Wales, that every institution was purchasing green electricity, or that every institution had addressed the issue of energy conservation, then I would have accepted that. However, it is one institution, so I do not think that the examples

y bydd saith ohonynt yn defnyddio tanwydd LPG. Dim ond enghreifftiau yw'r rhain o'r mathau o bethau sy'n cael eu cyflwyno yn awr yn eithaf awtomatig ac yn rheolaidd. Bydd pwyslais ar hyn yn y cynllun gweithredu a gyhoeddais yn gynharach—i newid pwyslais sydd yno eisoes—gan roi hwb iddo.

[120] **Mick Bates:** Diolch. Nid oes rhyw lawer o enghreifftiau yn y ddogfen hon, ac un o'r argymhellion yw y dylech gynyddu'r pwyslais. Gan droi at fater costau, derbynnir yn gyffredinol fod cynnyrch mwy cynaliadwy yn costio mwy yn y lle cyntaf na chynnyrch llai cynaliadwy. A ydych yn credu bod lefel dderbyniol o gostau cynyddol yn y cyfnodau cynnar hynny?

Yr Athro Gummett: Gwn nad oes llawer o enghreifftiau yn y ddogfen, ond mae rhai enghreifftiau, sef Caerdydd yn prynu ei holl drydan o ffynonellau gwyrdd.

[121] **Mick Bates:** Ydy, mae'n un o'r sefydliadau. Pe bawn wedi darllen, o ystyried y cyhoeddusrwydd sydd wedi'i roi i newid yn yr hinsawdd a datblygu cynaliadwy yng Nghymru, fod pob sefydliad yn prynu trydan gwyrdd, neu fod pob sefydliad wedi mynd i'r afael â'r mater o arbed ynni, yna byddwn wedi derbyn hynny. Fodd bynnag, un sefydliad yw hwn, felly ni chredaf fod yr

are that good.

enghreifftiau crystal â hynny.

Professor Gummert: There is no doubt that there is more to do, and some of the other examples that I gave perhaps illustrate that there is a movement. Regarding your question about cost, it is a dilemma. Some sustainability measures cost more in the short term. The building that I referred to in Bangor was going to cost £6.3 million, but it will now cost £7.3 million. The Natural Environment Research Council is finding the extra £1 million, so it will not be a direct cost on the university. The question will be about the lifetime costs and, built into that, there is also a degree of demonstrator element. In other words, it wants to demonstrate what can be done, and, when you are pioneering, there can be additional costs that would not be facing you if you were second or third in the process.

Yr Athro Gummert: Nid oes amheuaeth bod rhagor i'w wneud, ac efallai fod rhai o'r enghreifftiau eraill a roddais yn egluro bod symudiad. O ran eich cwestiwn am gostau, mae hynny'n achos penbleth. Mae rhai mesurau cynaliadwyedd yn costio mwy yn y tymor byr. Byddai'r adeilad y soniais amdano ym Mangor yn costio £6.3 miliwn, ond bydd yn costio £7.3 miliwn yn awr. Mae Cyngor Ymchwil Amgylchedd Naturiol yn talu'r £1 miliwn ychwanegol, felly ni fydd yn gost uniongyrchol i'r brifysgol. Bydd y cwestiwn yn ymwneud â chostau oes ac, yn rhan annatod o hynny, mae hefyd rywfaint o elfen arddangoswr. Mewn geiriau eraill, mae am arddangos yr hyn y gellir ei wneud, ac wrth i chi arloesi hwyrach y bydd costau ychwanegol na fyddai'n eich wynebu pe baech yn ail neu'n drydydd yn y broses.

It is a bit of a trade-off. There is evidence in this report about one institution using recycled paper when, it now turns out, it would be cheaper if it used so-called virgin paper. We are aware, in terms of a different dimension of sustainability, which is about sustaining the local economy through supporting small and medium-sized enterprises and local suppliers, that there are some issues about balancing movements towards large consortium-led contracts, so that you get volume and economy of scale, against the capacity of local small firms to

Mae'n rhywfaint o gyfaddawd. Mae tystiolaeth yn yr adroddiad hwn o un sefydliad yn defnyddio papur wedi'i ailgylchu pan, y gwyddom bellach, y byddai wedi bod yn rhatach defnyddio papur sydd heb ei brosesu. Yr ydym yn ymwybodol, o ran cynaliadwyedd o wahanol ddimensiwn, sy'n ymwneud â chynnal yr economi lleol drwy gynorthwyo busnesau bach a chanolig a chyflenwyr lleol, fod rhai materion sy'n ymwneud â chydbwyso symudiadau tuag at gontractau consortiwm mawr, felly eich bod yn cael y meintiau ac arbedion maint, yn

deliver on that scale.

erbyn gallu cwmnïau bach lleol i ddarparu ar y raddfa honno.

Those are not insoluble problems, but they need a degree of professionalism in order to address them and work out ways of dealing with that, and we need to build that up. There are dilemmas and trade-offs, and also ways of trying to address them. It is an inevitable consequence of having a series of priorities that will occasionally be in tension with each other, and one has to make a judgment about which one to give priority to at a given moment.

Nid yw'r rheini'n broblemau na ellir eu datrys, ond mae angen rhywfaint o broffesiynoldeb er mwyn mynd i'r afael â hwy ac mae'n rhaid inni adeiladu ar hynny. Mae achosion o benbleth a chyfaddawd, a ffyrdd hefyd o geisio mynd i'r afael â hwy. Mae'n ganlyniad anochel o gael cyfres o flaenoriaethau a fydd yn gwrthdaro â'i gilydd o bryd i'w gilydd, ac mae'n rhaid i rywun benderfynu i ba un y dylid rhoi blaenoriaeth ar adeg benodol.

[122] **Mick Bates:** Interesting. So how will you monitor that effect, particularly the tension, as you described, between local procurement and the impact on the local economy and a more national procurement procedure?

[122] **Mick Bates:** Diddorol. Felly sut y byddwch yn monitro'r effaith hwnnw, yn arbennig y gwrthdaro, fel y bu i chi ei ddisgrifio, rhwng caffael lleol a'r effaith ar yr economi lleol a gweithdrefn gaffael fwy cenedlaethol?

Professor Gummert: Through the UK-wide work on sustainability, which has been about developing toolkits for identifying sustainability measures and then measuring their consequences, Cardiff University is the Welsh institution that has operated within that framework. It has been developing those methods. The next stage is going to be for it to diffuse what it has learnt across the sector. That will mean introducing into institutions ways of measuring sustainable development. That will then be monitorable, once it is in

Yr Athro Gummert: Drwy'r gwaith DU gyfan ar gynaliadwyedd, sydd wedi ymwneud â datblygu pecynnau cymorth ar gyfer nodi mesurau cynaliadwyedd ac yna fesur eu canlyniadau, Prifysgol Caerdydd yw'r sefydliad o Gymru sydd wedi gweithredu o fewn y fframwaith hwnnw. Mae wedi bod yn datblygu'r dulliau hynny. Y cam nesaf iddi fydd lledaenu'r hyn y mae wedi'i ddysgu ar draws y sector. Bydd hynny'n golygu cyflwyno ffyrdd o fesur datblygiad cynaliadwy mewn sefydliadau.

place.

Bydd yn bosibl monitro hynny, ar ôl ei roi ar waith.

Mr Hirst: That is one of the key questions that the Minister for Economic Development and Transport's procurement taskforce is looking at, in terms of trying to encourage more public sector procurement within Wales. Paul Skellon is the leading light in support of that taskforce. It is in its early stages of working through all these issues, but clearly that will be the focal point for coming up with approaches, not just in the higher education sector, but across the public sector in Wales in dealing with very much that kind of issue.

Mr Hirst: Dyna un o'r cwestiynau allweddol y mae tasglu caffael y Gweinidog dros Ddatblygu Economaidd a Thrafnidiaeth yn edrych arnynt, o ran ceisio annog rhagor o gaffael sector cyhoeddus yng Nghymru. Paul Skellon yw un o brif gefnogwyr y tasglu hwnnw. Mae yn y cyfnodau cynnar o weithio drwy'r holl faterion hyn, ond dyna'n amlwg fydd y canolbwynt ar gyfer llunio dulliau, nid yn unig yn y sector addysg uwch, ond ledled y sector cyhoeddus yng Nghymru o ddelio â materion fel hynny.

Mr Skellon: I would like to add to that, because today is a very important day in terms of sustainable procurement. The initiative has its first conference today in Swansea, and the Finance Minister is giving the key-note address. Central to that key-note address will be the launching of our sustainable procurement programme, which will consist, among other things, of guidance for executives, which will be launched today, and more detailed guidance for procurement practitioners, which will also be launched today. In addition, we have developed a sustainable-procurement assessment tool. Associated with these guidances and that tool, we have a programme of training next year on how to bring about sustainable procurement. We have a project board that is

Mr Skellon: Hoffwn ychwanegu at hynny, oherwydd mae heddiw'n ddiwrnod pwysig iawn o ran caffael cynaliadwy. Cynhelir cynhadledd gyntaf y fenter yn Abertawe heddiw, a'r Gweinidog Cyllid sy'n rhoi'r prif anerchiad. Yn ganolog i'r prif anerchiad hwn bydd lansio ein rhaglen caffael cynaliadwy, a fydd yn cynnwys, ymysg pethau eraill, canllawiau ar gyfer gweithredwyr, a fydd yn cael eu lansio heddiw, a chanllawiau manylach i ymarferwyr caffael, a fydd hefyd yn cael eu lansio heddiw. Yn ogystal, yr ydym wedi datblygu dull o asesu caffael cynaliadwy. I gyd-fynd â'r canllawiau hyn a'r pecyn hwnnw, mae gennym raglen hyfforddiant y flwyddyn nesaf ar sut i sicrhau caffael cynaliadwy. Mae gennym fwrdd prosiect sy'n ei goruchwylio, ac, i fod yn deg

overseeing it, and, in fairness to the higher education sector, two of its institutions—the University of Wales Institute, Cardiff and Cardiff University—are leading lights in that. They are taking a very active role.

gyda'r sector addysg uwch, mae dau o'i sefydliadau—Athrofa Prifysgol Cymru, Caerdydd a Phrifysgol Caerdydd—yn geffylau blaen yn hynny o beth. Maent yn gweithredu'n frwd iawn.

I should say that these guidances are just a start. There will be a programme of activity, including training. What we want are people to pilot and undertake things, and we will then develop good practice into case studies. We will have a network and sub-groups that will report to the overall project board, which, as I say, is already established and doing good work. So today is a very interesting day in taking sustainable development via procurement up another level.

Dylwn ddweud bod y canllawiau hyn ond megis dechrau. Bydd rhaglen weithgarwch, gan gynnwys hyfforddiant. Yr hyn yr ydym ei angen yw pobl i beilota a chyflawni pethau, a byddwn wedyn yn datblygu arfer da mewn astudiaethau achos. Bydd gennym rwydwaith ac is-grwpiau a fydd yn adrodd i'r bwrdd prosiect cyffredinol, sydd, fel y dywedais, wedi'i sefydlu eisoes ac yn gwneud gwaith da. Felly mae heddiw'n ddiwrnod diddorol iawn wrth fynd â datblygiad cynaliadwy drwy gaffael i fyny i lefel arall.

Another thing that I would just like to add is that, under the procurement fitness check programme, which Philip has announced, there is a module, specifically, that we have insisted upon, which addresses sustainable procurement. So that will be addressed in every individual organisation, strategically, with benchmarking undertaken against best public and private sector practice. So there is an awful lot going on in procurement.

Peth arall yr hoffwn ei ychwanegu yw, dan y rhaglen gwirio ffïtrwydd caffael, y mae Philip wedi'i chyhoeddi, mae modiwl, yn benodol, yr ydym wedi mynnu ei gael, a fydd yn mynd i'r afael â chaffael cynaliadwy. Felly byddwn yn mynd i'r afael â hynny ym mhob sefydliad unigol, yn strategol, gan feincnodi yn ôl arfer gorau'r sector preifat ac arfer gorau'r sector cyhoeddus. Felly mae llawer iawn yn cael ei wneud ym maes caffael.

On the issue of true value for money, on a

O ran gwerth gwirioneddol am arian, ar sail

whole-life costing basis, namely optimising value and quality against the user requirement, in truth, and in the vast majority of the cases, what is best value for money and what is sustainable should be one and the same thing. It is often said that you can have one or the other—that is not true. We believe that, 99 times out of 100, you can have both. That is the basis upon which we are proceeding here.

prasio oes gyfan, sef gwneud y gorau o werth ac ansawdd yn ôl gofyniad y defnyddiwr, mewn gwirionedd, ac yn y mwyafrif llethol o achosion, dylai beth yw'r gwerth gorau am arian a'r hyn sy'n gynaliadwy olygu'r un peth. Dywedir yn aml y gallwch gael un neu'r llall—nid yw hynny'n wir. Credwn, 99 gwaith allan o 100, y gallwch gael y ddau. Yr ydym yn gweithredu ar y sail honno yma.

[123] **Mick Bates:** That is very useful information, and I hope that those aspirations will be turned into good practice. In order to achieve that and encourage all institutions to do it, what, in your opinion, are the quickest wins that we could get from the documents that you have just highlighted?

[123] **Mick Bates:** Mae honno'n wybodaeth ddefnyddiol iawn, a gobeithio y bydd y dyheadau hynny'n cael eu rhoi ar waith fel arferion da. Er mwyn cyflawni hynny ac annog pob sefydliad i'w wneud, beth, yn eich barn chi, yw'r enillion cyflymaf y gallem eu cael o'r dogfennau y bu i chi dynnu sylw atynt yn awr?

Mr Skellon: We give a number of prompts. I will not read them all out, but they include energy consumption—bulbs, lights, and so on—and waste. Just one simple example that I often see in the public sector is photocopying on one side of a page, rather than both—that alone can halve it. We have a whole series of prompts, in the form of questions that we pose as part of this whole training programme of events. Those are two; I could go on and give you the rest, but that would be rather boring, I suspect. There is a whole series of things that we can do that combine value for money and sustainability in harmony.

Mr Skellon: Yr ydym yn rhoi sawl proc. Nid wyf am eu darllen allan i gyd, ond maent yn cynnwys y defnydd o ynni—bylbiau, goleuadau, ac ati—a gwastraff. Un enghraifft syml yr wyf yn ei gweld yn aml yn y sector cyhoeddus yw llungopïo ar un ochr i dudalen, yn hytrach na'r ddwy—gall hynny ar ei ben ei hun ei haneru. Mae gennym gyfres gyfan o brocwyr, ar ffurf cwestiynau yr ydym yn eu gofyn fel rhan o'r rhaglen hyfforddi gyfan hon o ddigwyddiadau. Dyna ddwy; gallwn fynd ymlaen a rhoi'r gweddill i chi, ond byddai hynny'n ddiflas, mae'n debyg. Mae cyfres gyfan o bethau y gallwn eu gwneud sy'n cyfuno gwerth am arian a

chynaliadwyedd mewn cytgor.

[124] **Mick Bates:** I do not think that it is boring at all—I am very pleased to hear that list. However, how are you going to monitor them, and what are you going to do if you find, when you monitor these, that institutions are not taking up the guidance that you have given here?

[124] **Mick Bates:** Ni chredaf ei fod yn ddiflas o gwbl—yr wyf yn falch iawn o glywed y rhestr honno. Fodd bynnag, sut yr ydych yn mynd i’w monitro, a beth yr ydych yn mynd i’w wneud os ydych yn canfod, wrth fonitro’r rhain, nad yw sefydliadau yn dilyn y canllawiau yr ydych wedi’u rhoi yma?

Mr Skellon: We have a project board. We will bring to the attention of the appropriate stakeholders—the Higher Education Funding Council for Wales in the case of higher education—the extent to which we discover that there is a lack of engagement in the sustainable procurement agenda, and we will look to work with it and the institutions that, for whatever reason, are not engaging sufficiently, to do something about it; we come back to stick as well as carrot.

Mr Skellon: Mae gennym fwrdd prosiect. Byddwn yn tynnu sylw’r rhanddeiliaid priodol—Cyngor Cyllido Addysg Uwch Cymru yn achos addysg uwch—at hyd a lled y diffyg ymrwymiad yn yr agenda caffael cynaliadwy, a byddwn yn ceisio gweithio gydag ef a’r sefydliadau nad ydynt, am ba reswm bynnag, yn ymroi’n ddigonol, i wneud rhywbeth yn ei gylch; yr ydym yn dod yn ôl at y chwip ynghyd â’r foronen.

[125] **Mick Bates:** As well as organic carrots. Finally, when do you therefore intend to revisit this and ensure that you have a good evaluation of these suggestions? What is the timescale?

[125] **Mick Bates:** Yn ogystal â moron organig. Yn olaf, pryd yr ydych felly’n bwriadu rhoi sylw eto i hyn a sicrhau bod gennyich werthusiad da o’r argymhellion hyn? Beth yw’r raddfa amser?

Mr Skellon: The timescale is that the board meets every couple of months, so we will, on our rolling programme, revisit it every couple of months.

Mr Skellon: Y raddfa amser yw bod y bwrdd yn cyfarfod bob yn ail fis, felly byddwn, ar ein rhaglen dreigl, yn rhoi sylw eto i hyn bob yn ail fis.

[126] **Mick Bates:** That is an interesting statement. So you will have the data based on those—

[126] **Mick Bates:** Mae hwnnw'n ddatganiad diddorol. Felly bydd gennych y data yn seiliedig ar y rheini—

Mr Skellon: We will have the data that people are able to give us, yes.

Mr Skellon: Bydd gennym y data y mae pobl yn gallu ei roi i ni, bydd.

[127] **Mick Bates:** This comes back to the regulation powers that you have, but I would hope that every institution would provide data based on that guidance.

[127] **Mick Bates:** Mae hyn yn dod yn ôl at y pwerau rheoleiddio sydd gennych, ond byddwn yn gobeithio y byddai pob sefydliad yn darparu data'n seiliedig ar y canllawiau hynny.

[128] **Janet Davies:** Perhaps you would like to enlarge a bit on that, Professor Gummett. Have you, in fact, issued guidance and best practice to the institutions?

[128] **Janet Davies:** Efallai yr hoffech ymhelaethu ychydig ar hynny, yr Athro Gummett. A ydych, mewn gwirionedd, wedi cyhoeddi canllawiau ac arferion gorau i'r sefydliadau?

Professor Gummett: We have not yet issued this guidance, but we will once it has been launched, but, yes, in the sense that we are feeding through to the institutions the good practices coming from this UK-wide work on sustainability in the higher education sector. That is going through, and, as Paul said, when we do these procurement fitness tests, that will, in turn, look more specifically at sustainability within institutions. The short answer, however, is 'yes', we have diffused good-practice guidance.

Yr Athro Gummett: Nid ydym wedi cyhoeddi'r canllawiau hyn eto, ond byddwn yn gwneud ar ôl eu lansio, ond, do, yn yr ystyr ein bod yn bwydo i'r sefydliadau yr arferion gorau sy'n deillio o'r gwaith DU gyfan hwn ar gynaliadwyedd yn y sector addysg uwch. Mae hynny'n digwydd, ac, fel y dywedodd Paul, wrth i ni gynnal y profion ffitrwydd caffael hyn, bydd hynny, yn ei dro, yn edrych yn fwy penodol ar gynaliadwyedd yn y sefydliadau. Yr ateb cryno, fodd bynnag, yw 'ydym', yr ydym wedi lledaenu canllawiau arferion da.

[129] **Janet Davies:** Thank you. Mick?

[129] **Janet Davies:** Diolch. Mick?

[130] **Mick Bates:** Just to reinforce that point, you have actually sent this guidance to

[130] **Mick Bates:** I gadarnhau'r pwynt hwnnw, yr ydych wedi anfon y canllawiau

all higher education—

hyn i'r holl sefydliadau addysg uwch—

Professor Gummett: Not this.

Yr Athro Gummett: Dim hwn.

[131] **Mick Bates:** Not this?

[131] **Mick Bates:** Dim hwn?

Professor Gummett: This is only being launched today.

Yr Athro Gummett: Heddiw yr ydym yn lansio hwn.

[132] **Mick Bates:** So, this came out today.

[132] **Mick Bates:** Felly, cyhoeddwyd hwn heddiw.

Professor Gummett: Yes.

Yr Athro Gummett: Do.

[133] **Mick Bates:** But, are you going to send that as well?

[133] **Mick Bates:** Ond, a ydych yn mynd i anfon hwnnw hefyd?

Professor Gummett: Yes, we will, but it has to be launched.

Yr Athro Gummett: Ydym, ond bydd yn rhaid ei lansio.

[134] **Mick Bates:** Okay—on Monday?

[134] **Mick Bates:** Iawn—ar ddydd Llun?

[135] **Janet Davies:** I think that we have to give a bit of a gap there. Val?

[135] **Janet Davies:** Credaf fod yn rhaid i ni gael rhywfaint o fwch yma. Val?

[136] **Val Lloyd:** Thank you, Chair. I start with two apologies. First, it was remiss of me, but I failed to declare at the start of the

[136] **Val Lloyd:** Diolch, Gadeirydd. Yr wyf yn dechrau gyda dau ymddiheuriad. Yn gyntaf, yr wyf wedi bod yn esgeulus ac wedi

meeting that I am a member of the court of the University of Wales Swansea—just to keep the record straight. Secondly, I have let the side down, I think, as I do not have any carrot references.

methu datgan ar ddechrau'r cyfarfod fy mod yn aelod o lys Prifysgol Cymru Abertawe—dim ond i gywiro'r gwall. Yn ail, yr wyf ar fai, credaf, oherwydd nad oes gennyf unrhyw gyfeiriadau at foron.

[137] **Janet Davies:** Before you go on, Val, I think that Alun needs to come in on something.

[137] **Janet Davies:** Cyn i chi fynd ymlaen, Val, credaf fod angen i Alun gyfrannu yma ynglŷn â rhywbeth.

[138] **Alun Cairns:** I am so glad that Val Lloyd has raised that because she has reminded me that I am a member of the court of the University of Wales Swansea.

[138] **Alun Cairns:** Yr wyf yn falch iawn bod Val Lloyd wedi crybwyll hynny oherwydd ei bod wedi fy atgoffa fy mod yn aelod o lys Prifysgol Cymru Abertawe.

[139] **Janet Davies:** Right. Val, do you have a question?

[139] **Janet Davies:** Iawn. Val, a oes gennych gwestiwn?

[140] **Mick Bates:** You could say small carrots.

[140] **Mick Bates:** Gallech ddweud moron bach.

[141] **Val Lloyd:** Small carrots?

[141] **Val Lloyd:** Moron bach?

My first question is to Mr Skellon. When responding to the previous questioner, Professor Gummett slightly touched on SMEs, and I will pursue that. Given that, in Wales, over 90 per cent of people, I believe, in employment are employed in SMEs, how much scope is there to improve the proportion of business for those type of

Mae fy nghwestiwn cyntaf i Mr Skellon. Wrth ymateb i'r cwestiynwr blaenorol, bu i'r Athro Gummett grybwyll y busnesau bach a chanolig, ac yr wyf am ddilyn y mater hwnnw. O ystyried bod dros 90 y cant o bobl yng Nghymru, credaf, yn gweithio yn cael eu cyflogi mewn busnesau bach a chanolig, faint o gyfle sydd i wella'r gyfran o fusnes ar gyfer y cyfryw fusnesau, yn arbennig busnesau

enterprises, especially Welsh enterprises?

Cymru?

Mr Skellon: Very much so. Mention has already been made of the sustainable business procurement taskforce, which is chaired by the Minister for Economic Development and Transport. The idea of this taskforce is to provide a very high level strategic leadership and oversight into all of the measures that we are trying to introduce. It consists of senior representatives from each sector—Richard is a member, as you will have heard—and also of business people and business organisations. What we are determined to do is give small or more local suppliers, as we term it—Welsh, if you will; there are legal situations for small or more local suppliers, or SMEs—every reasonable fair chance to compete for Welsh public sector business. The reason that I say fair chance is that many of the things that are happening nationally, potentially, are in conflict with that. By that, I mean that the English approach, for example, or the Office of Government Commerce approach, which is to have contracts on an all-UK basis, means that—by default: it is not deliberate—as small or more local suppliers, if you can only bid for a contract that covers the entire UK or British public sector, or English public sector even, you will not get any SMEs. So we are determined to address that.

Mr Skellon: Pob cyfle, yn sicr. Yr ydym eisoes wedi crybwyll y tasglu caffael busnes cynaliadwy, sy'n cael ei gadeirio gan y Gweinidog dros Ddatblygu Cynaliadwy a Thrafnidiaeth. Nod y tasglu hwn yw darparu arweiniad strategol ar lefel uchel iawn a goruchwylio'r holl fesurau yr ydym yn ceisio'u cyflwyno. Mae'n cynnwys uwch gynrychiolwyr o bob sector—mae Richard yn aelod, fel y gwyddoch—a hefyd bobl fusnes a sefydliadau busnes. Yr hyn yr ydym yn benderfynol o'i wneud yw rhoi i gyflenwyr bach neu fwy lleol, fel yr ydym ni yn eu galw—o Gymru, os hoffwch chi; mae sefyllfaoedd cyfreithiol ar gyfer cyflenwyr bach neu fwy lleol neu fusnesau bach a chanolig—bob cyfle posibl i gystadlu am fusnes sector cyhoeddus Cymru. Y rheswm fy mod yn dweud pob cyfle posibl yw y gallai llawer o'r pethau sy'n digwydd yn genedlaethol wrthdaro â hynny. Drwy hynny, yr wyf yn golygu bod dull Lloegr, er enghraifft, neu ddull Swyddfa Masnach y Llywodraeth, sef cael contractau at sail y DU gyfan, yn golygu—yn naturiol: nid yw'n fwiadol—fel cyflenwyr bach neu fwy lleol, os ydych ond yn gallu cynnig am contract sy'n cynnwys sector cyhoeddus y DU neu Brydain yn ei gyfanrwydd, neu sector cyhoeddus Lloegr hyd yn oed, na fyddwch yn cael unrhyw fusnesau bach a chanolig. Felly yr ydym yn benderfynol o fynd i'r afael â hynny.

We have a range of measures that do that. I will mention a couple. One is the first of its kind in the UK, which is the national procurement website. The idea is that, ultimately—and that website has been in existence for a year, now, and is being increasingly used—the entire Welsh public sector will advertise all its contracts on that website, and not just the contracts that have to be advertised for Europe anyway, but, particularly, down to the smaller lots of £5,000 to £10,000 so that the small or more local suppliers can compete for them. The benefit of this system and its uniqueness is that not only does it apply to the entire public sector—no-one else has got there, yet; even England, with all its resources, is at least a year away from that—but suppliers that register on the system register the commodity sector, the geographical location, and the value of the contracts that they are interested in, and the system then automatically e-mails them when something that fits that profile comes up. In other words, they do not have to approach up to 100 Welsh public sector organisations to find out what is coming up or even approach the website. The website itself, once they are registered, will automatically tell them what is happening, and it will then tell them how they can go about competing for and expressing an interest in that business.

Mae gennym amrywiaeth o fesurau sy'n gwneud hynny. Yr wyf am grybwyll un neu ddau. Un ohonynt yw'r cyntaf o'i fath yn y DU, sef y wefan gaffael genedlaethol. Ei syniad, yn y bôn—ac mae'r wefan honno wedi bodoli ers blwyddyn bellach, ac mae'n cael ei defnyddio fwyfwy—yw y bydd sector cyhoeddus Cymru yn ei gyfanrwydd yn hysbysebu ei holl contractau ar y wefan, ac nid dim ond y contractau sy'n rhaid eu hysbysebu ar gyfer Ewrop beth bynnag, ond, yn benodol, i lawr i'r rhai lleiaf sydd rhwng £5,000 a £10,000 fel y gall cyflenwyr bach neu fwy lleol gystadlu amdanynt. Mantais y system hon a'i hynodrwydd yw ei bod nid yn unig yn gymwys i'r sector cyhoeddus yn ei gyfanrwydd—nid oes unrhyw un arall wedi gwneud hyn, eto; mae hyd yn oed Lloegr, gyda'i holl adnoddau, o leiaf flwyddyn i ffwrdd o hynny—ond mae cyflenwyr a gofrestrir ar gofrestr system y sector nwyddau, y lleoliad daearyddol, a gwerth y contractau y mae ganddynt diddordeb ynddynt, a'r system sy'n anfon e-bost atynt yn awtomatig pan fydd rhywbeth sy'n addas ar gyfer y proffil hwnnw'n codi, yn ymddangos. Mewn geiriau eraill, nid oes yn rhaid iddynt gysylltu â hyd at 100 o sefydliadau sector cyhoeddus Cymru i ganfod beth sy'n digwydd neu hyd yn oed fynd ar y wefan. Bydd y wefan ei hunan, ar ôl iddynt gofrestru, yn dweud yn awtomatig wrthynt yr hyn sy'n digwydd, ac yna dweud wrthynt sut y gallant fynd ati i gystadlu a mynegi diddordeb yn y busnes hwnnw.

If you look at that website, approximately two thirds of the suppliers—it is not limited to small or more local or Welsh suppliers, it is open to all—happen to be based in Wales. Looking at the procurement expenditure, as best we can estimate it, approximately one third of the Welsh public sector £4 billion is won by companies located in Wales.

So if we can ultimately get almost 100 per cent of the Welsh public sector £4 billion advertised via the website, given that figure of two-thirds—the WDA is about to launch a big marketing campaign, and its remit only runs in Wales—and if we can continue to keep three-quarters or two-thirds of Welsh suppliers on there, we will definitely have an increasing effect upon the amount of business, we hope and believe, being won by smaller or more local suppliers.

Therefore, there are a number of measures that we have in hand. It is fair to say, Richard, that at the first meeting, the amount of enthusiasm for these measures right across the board was considerable. We are already developing sub-groups, as was intended, as part of that. Finally, for one of the groups—which we think will be particularly important—we want a collection of a couple of dozen Welsh SMEs with a geographical and commodity spread in Wales, sized from small to the top end of medium, so that we

Os edrychwch ar y wefan honno, mae tua dau o bob tri cyflenwr—nid yw wedi'i gyfyngu i gyflenwyr bach neu fwy lleol neu o Gymru, mae ar gael i bawb—yn digwydd bod wedi'u lleoli yng Nghymru. O edrych ar y gwariant caffael, a rhoi'r amcangyfrif gorau, mae tua thraean o £4 biliwn sector cyhoeddus Cymru yn cael ei ennill gan gwmnïau sydd wedi'u lleoli yng Nghymru.

Felly yn y pen draw os gallwn gael bron i 100 y cant o £4 biliwn sector cyhoeddus Cymru wedi'i hysbysebu ar y wefan, o ystyried y ffigur dwy ran o dair hwnnw—mae'r WDA ar fin lansio ymgyrch farchnata fawr, ac yng Nghymru yn unig mae ei gylch gwaith—ac os gallwn barhau i gadw tri chwarter neu ddwy ran o dair o gyflenwyr Cymru yno, byddwn yn sicr o weld effaith gynyddol ar faint y busnes, y gobeithiwn ac y credwn, a fydd yn cael ei ennill gan gyflenwyr bach neu fwy lleol.

Felly, mae gennym nifer o fesurau ar y gweill. Byddai'n deg dweud, Richard, yn y cyfarfod cyntaf, bod brwdfrydedd sylweddol dros y mesurau hyn yn gyffredinol. Yr ydym eisoes yn datblygu is-grwpiau, yn unol â'r bwriad, fel rhan o hynny. Yn olaf, ar gyfer un o'r grwpiau—a fydd yn bwysig iawn yn ein barn ni—yr ydym am gael casgliad o ddwsin neu ddau o fusnesau bach a chanolig o Gymru sydd o wahanol leoliadau ac yn gwerthu gwahanol nwyddau yng Nghymru, o rai bach i'r rhai mwyaf canolig, er mwyn i ni

can work with them and follow them, to see how the measures that we put in place affect the businesses. It is one thing to have a website and all these things that we think and believe will help, but we want to receive feedback directly from a control group of Welsh SMEs that will tell us this in a constructively critical way. We have already started to put together terms of reference, and are seeking people to join us. Under the leadership of the taskforce, that will be very helpful.

[142] **Val Lloyd:** I am quite encouraged by your answer. However, is there a risk, possibly, that a greater focus on SMEs could jeopardise the overall value for money, and if so, how will it be managed?

Mr Skellon: No, I think that—if anything—it is the opposite. Our logic in Wales is that, rather than have the emphasis that other countries place on a large all-UK contract, with the collaborative procurement that I mentioned earlier—the three contracts so far—we have deliberately broken them down, although they are all-Wales contracts, into regional lots. The idea being, therefore, that small and more local suppliers can and will bid and, providing that they give good value for money in the evaluation, they will be awarded the contract. In other words, we quite often find—or invariably find—that we have more than one supplier. Therefore, we

allu gweithio gyda hwy a'u dilyn, i weld sut mae'r mesurau sydd ar waith gennym yn effeithio ar y busnesau. Un peth yw cael gwefan a'r holl bethau hyn y gobeithiwn ac y credwn a fydd yn cynorthwyo, ond yr ydym am dderbyn ymateb yn uniongyrchol gan grŵp safonol o fusnesau bach a chanolig o Gymru a fydd yn dweud hyn wrthym mewn ffordd feirniadol adeiladol. Yr ydym eisoes wedi dechrau llunio cylch gorchwyl, ac yn chwilio am bobl i ymuno â ni. Dan arweiniad y tasglu, bydd hynny'n ddefnyddiol iawn.

[142] **Val Lloyd:** Mae eich ateb wedi codi fy nghalon. Fodd bynnag, a oes risg, o bosibl, y gallai canolbwyntio fwy ar fusnesau bach a chanolig beryglu'r gwerth am arian cyffredinol, ac os yw hynny'n wir, sut y bydd yn cael ei reoli?

Mr Skellon: Na, credaf—os o gwbl—mai'r gwrthwyneb sy'n wir. Ein rhesymeg yng Nghymru, yn hytrach na rhoi'r pwyslais y mae gwledydd eraill yn ei roi ar gontract DU gyfan mawr, gyda'r caffael cydweithredol y crybwyllais yn gynharach—y tri chontract hyd yma—yw ein bod wedi'u dosbarthu'n fwrriadol, er eu bod yn gontractau Cymru gyfan, i rannau rhanbarthol. Y syniad y tu ôl i hyn, felly, yw y bydd cyflenwyr bach a mwy lleol yn gallu cynnig a, cyn belled â'u bod yn rhoi gwerth da am arian yn y gwerthusiad, y byddant yn ennill y contract. Mewn geiriau eraill, yr ydym yn canfod yn aml—neu'n canfod yn ddieithriad—bod gennym fwy nag

have two, three, or four suppliers; in terms of vehicle hire, for example, we have five suppliers covering Wales, two of which are Welsh SMEs. Our experience from competitive processes, is that the results show that small and more local suppliers—because they are small and local and the value of the business for them is proportionally greater than is ordinarily gained by a global supplier—you tend to get a better service. The fact that they are more local, often with low overheads, than a global supplier means that we get better value for money. Also, the fact that they are local—vehicle hire being a good case in point—other things being equal, they have less road miles to travel which is better for the environment and in terms of cost. Therefore we get a win-win situation by deliberately breaking down our contracts into regional lots to facilitate smaller and more local suppliers.

Our view in Wales is to the contrary; there is no choice between big or value for money, but you get the best value for money by combining relatively small—there will always be a little tension, but there is a limit as to how far you go down; as you can imagine, contract management with 100 suppliers is a huge challenge. We are deliberately seeking to do everything that we can to get best value for money by combining opening our business to small and more local suppliers. The results of the early days, as we

un cyflenwr. Felly mae gennym ddau, tri, neu bedwar cyflenwr; o ran hurio cerbydau, er enghraifft, mae gennym bum cyflenwr yng Nghymru, ac mae dau ohonynt yn fusnesau bach a chanolig o Gymru. Ein profiad gyda phrosesau cystadleuol, yw bod y canlyniadau yn dangos bod cyflenwyr bach a mwy lleol—oherwydd eu bod yn fach ac yn lleol ac mae gwerth y busnes iddynt yn fwy na'r hyn a enillir fel arfer gan gyflenwr byd-eang—yn dueddol o roi gwell gwasanaeth i chi. Mae'r ffaith eu bod yn fwy lleol, yn aml gyda gorbenion isel, na chyflenwr byd-eang yn golygu ein bod yn cael gwell gwerth am arian. Hefyd, mae'r ffaith eu bod yn lleol—mae hurio cerbydau yn enghraifft dda—a chydag elfennau eraill yn gyfartal, nid ydynt yn gorfod teithio cymaint o filltiroedd sy'n well i'r amgylchedd ac o ran costau. Felly yr ydym yn wynebu sefyllfa ennill-ennill drwy ddsbarthu ein contractau yn fwriadol i rannau rhanbarthol i hwyluso cyflenwyr llai a mwy lleol.

Mae ein sefyllfa yng Nghymru i'r gwrthwyneb; nid oes dewis rhwng mawr neu werth am arian, ond yr ydych yn cael y gwerth gorau am arian drwy gyfuno cyflenwyr cymharol fach—bydd rhywfaint o densiwn bob tro, ond mae cyfyngiad ar pa mor bell y gallwch fynd; fel y gallwch ddychmygu, mae rheoli contract gyda 100 o gyflenwyr yn her enfawr. Yr ydym yn fwriadol yn ceisio gwneud popeth o fewn ein gallu i gael y gwerth gorau am arian drwy gyfuno agor ein busnes i gyflenwyr bach a

anticipated, are very favourable.

mwy lleol. Mae canlyniadau'r cyfnodau cynnar, fel yr oeddem yn ei ragweld, yn ffafriol iawn.

[143] **Val Lloyd:** Thank you for your comprehensive reply.

[143] **Val Lloyd:** Diolch am eich ateb cynhwysfawr.

Professor Gummett, in respect of e-procurement, earlier—albeit in a slightly different context when you answered a question by Leighton Andrews—you referred to pump-priming. Given that the implementation of e-procurement has the potential again to save money in the long term and, also, other associated benefits, does the council have any plans to pump-prime development of e-procurement?

Yr Athro Gummett, o ran e-gaffael, yn gynharach—er mewn cyd-destun ychydig yn wahanol bu i chi ateb cwestiwn gan Leighton Andrews—Ile y cyfeiriasoch at arian sefydlu. O ystyried bod gan weithredu e-gaffael y potensial eto i arbed arian yn yr hirdymor a, hefyd, fanteision cysylltiedig eraill, a oes gan y cyngor unrhyw gynlluniau i roi arian sefydlu i ddatblygu e-gaffael?

Professor Gummett: In my reading of the report, it says that there are very significant savings to be got through e-procurement. However, we first have to put in place proper staffing and strategies, and then build towards e-procurement from that.

Yr Athro Gummett: O'm dehongliad i o'r adroddiad, mae'n dweud bod arbedion sylweddol iawn i'w gwneud drwy e-gaffael. Fodd bynnag, mae'n rhaid i ni'n gyntaf roi staffio a strategaethau cywir ar waith, ac yna gweithio tuag at e-gaffael o hynny.

So, I think that the answer would be that we could well be considering that, when we have got those other things that, at the moment, need to be put in place first. When that has been done, that becomes a question to look at—not immediately, but it is certainly on the agenda to come to when the other pieces are in place.

Felly, credaf mai'r ateb fyddai y gallem fod yn ystyried hynny, ar ôl i ni gael y pethau hynny sydd, ar hyn o bryd, angen eu rhoi ar waith yn gyntaf. Ar ôl i ni wneud hynny, bydd hynny'n fater i edrych arno—nid ar unwaith, ond mae'n sicr ar yr agenda i ddod ato pan fo elfennau eraill yn eu lle.

[144] **Val Lloyd:** I think that you have answered my follow-up question, really, because I was going to ask about the importance that higher education institutions were placing on it, but what you are saying, I think, is that the importance is there, but a little lower down the scale, and that there are other priorities to deal with first to make that step more efficient.

Professor Gummett: Again, I am not an expert in this—I am guided by what those who understand these matters better say, and by what this report says. However, it seems to me to be saying that it would be a waste of an effort at the moment to rush into e-procurement. It is more important to get good staffing expertise into institutions and good strategies into institutions and then, within those strategies, build towards e-procurement processes.

[145] **Val Lloyd:** Thank you.

[146] **Janet Davies:** Thank you, Val. Finally, Professor Gummett, as you will have seen, the report sets out a number of areas for improvements that are necessary or where there are backlogs to tackle, and perhaps some things have been particularly highlighted in the hearing this morning. What

[144] **Val Lloyd:** Credaf eich bod wedi ateb fy nghwestiwn dilynol, mewn gwirionedd, oherwydd yr oeddwn am ofyn am y pwysigrwydd yr oedd sefydliadau addysg uwch yn ei roi arno, ond yr hyn yr ydych yn ei ddweud, credaf, yw bod y pwysigrwydd yno, ond ychydig yn is ar y raddfa, a bod blaenoriaethau eraill i ddelio â hwy i wneud y cam hwnnw'n fwy effeithlon.

Yr Athro Gummett: Eto, nid wyf yn arbenigwr ar hyn—yr wyf yn cael fy nhywys gan yr hyn y mae'r rheini sy'n deall y materion hyn yn well yn ei ddweud, a chan yr hyn y mae'r adroddiad yn ei ddweud. Fodd bynnag, ymddengys i mi y byddai'n ymdrech ofer ar hyn o bryd i frysio i mewn i e-gaffael. Mae'n bwysicach cael arbenigedd staffio da mewn sefydliadau a strategaethau da mewn sefydliadau ac yna, o fewn y strategaethau hynny, adeiladu ar gyfer y broses e-gaffael.

[145] **Val Lloyd:** Diolch.

[146] **Janet Davies:** Diolch, Val. I gloi, yr Athro Gummett, fel y byddwch wedi gweld, mae'r adroddiad yn nodi nifer o feysydd ar gyfer gwelliannau sydd eu hangen neu lle mae angen mynd i'r afael ag ôl-groniadau, ac efallai fod rhai pethau wedi'u hamlygu'n benodol yn y gwrandawriad y bore yma. Beth

do you consider are the priorities for action in response to this report?

yn eich barn chi yw'r blaenoriaethau ar gyfer gweithredu mewn ymateb i'r adroddiad hwn?

Professor Gummett: Our No. 1 task is going to be to get our own professional onto our staff. We have begun already to take steps to do that. We will then be working with the sector to get the fitness checks under way—that is, the diagnostic tool. In parallel with that, but, to some extent, guided by the outcomes of those fitness checks, we will be working with institutions to make sure that they have access to appropriate expertise, whether it is singly and individually, or through collaborative approaches between institutions. We will also be working with the procurement consortium to see what can be done and what is the appropriate way to do it. It needs to be reinforced, there is no doubt about that, but it is a matter of what is the most appropriate way to reinforce it. That is the question that we want to engage with. Behind all of that, as the guidance comes through—I hope in the middle of this month—from the ‘Making the Connections’ team, we must identify the targets that need to be established that will drive and monitor development through those other processes.

Yr Athro Gummett: Ein prif dasg fydd cael ein gweithiwr proffesiynol ein hunain ar ein staff. Yr ydym eisoes wedi dechrau cymryd camau i wneud hynny. Byddwn wedyn yn gweithio gyda'r sector i roi'r gwiriadau ffitrwydd ar waith—hynny yw, y dull diagnostig. Ochr yn ochr â hynny, ond, i ryw raddau, yn cael ein tywys gan ganlyniadau'r gwiriadau ffitrwydd hynny, byddwn yn gweithio gyda sefydliadau i sicrhau bod ganddynt yr arbenigedd priodol, fesul un ac yn unigol, neu drwy ddulliau cydweithredu rhwng sefydliadau. Byddwn hefyd yn gweithio gyda'r consortiwm caffael i weld beth y gellir ei wneud a beth yw'r ffordd briodol i'w wneud. Mae angen ei atgyfnerthu, nid oes amheuaeth am hynny, ond mater ydyw o'r ffordd fwyaf priodol o'i atgyfnerthu. Dyna'r cwestiwn yr ydym am fynd i'r afael ag ef. Wrth wraidd hynny i gyd, wrth i'r canllawiau ymddangos—gobeithio erbyn canol y mis hwn—gan y tîm ‘Creu'r Cysylltiadau’, mae'n rhaid i ni nodi'r targedau sydd angen eu sefydlu a fydd yn gyrru a monitro datblygiad drwy'r prosesau eraill hynny.

[147] **Janet Davies:** Thank you very much for that. We come now to the end of this hearing, and I thank the three witnesses for your very helpful and courteous answers this morning. As you know, we will be drawing

[147] **Janet Davies:** Diolch yn fawr iawn am hynny. Yr ydym yn awr yn dod at ddiwedd y gwrandawriad hwn, a diolch i'r tri thyst am eich atebion defnyddiol a chwrtais iawn y bore yma. Fel y gwyddoch, byddwn yn llunio

up a report from the committee on this, and a verbatim transcript will be produced. You will receive a draft of that transcript to ensure that it is an accurate reflection of what you said this morning. If you want to stay for the next items, you are very welcome to do so. The next item concerns Government response on compensation for bovine tuberculosis. However, if you wish to leave, you may do so.

adroddiad gan y pwyllgor ar hyn, a bydd trawsgrifiad gair am air yn cael ei gynhyrchu. Byddwch yn derbyn drafft o'r trawsgrifiad er mwyn sicrhau ei fod yn adlewyrchiad cywir o'r hyn a ddywedsoch y bore yma. Os ydych am aros ar gyfer yr eitemau nesaf, mae croeso i chi wneud hynny. Mae'r eitem nesaf yn ymwneud ag ymateb y Llywodraeth i iawndal ar gyfer twbercwlosis mewn gwartheg. Fodd bynnag, os ydych yn dymuno gadael, cewch wneud hynny.

Daeth y sesiwn cymryd tystiolaeth i ben am 12.13 p.m.

The evidence-taking session ended at 12.13 p.m.

Higher Education Funding Council for Wales: Legal powers

The powers of the Higher Education Funding Council for Wales (the Council) are set out in the Further and Higher Education Act 1992 (the Act).

Section 65 (3) (a) of the Act states that the council
may make grants, loans or other payments to the governing body of any higher education institution in respect of expenditure incurred or to be incurred by them for the purposes of any activities eligible for funding...subject in each case to such terms and conditions as the council think fit.

Section 66 (1) of the Act states that

Before exercising their discretion under section 65 (3) (a) of this Act with respect to the terms and conditions to be imposed in relation to any grants, loans or other payments, a council shall consult such of the following bodies as appear to the council to be appropriate to consult in the circumstances –

- (a) such bodies representing the interests of higher education institutions as appear to the council to be concerned, and
- (b) the governing body of any particular higher education institution which appears to the council to be concerned.

Section 66 (4) of the Act states that

The terms and conditions on which a council may make any grants, loans or other payments under this section may in particular –

- (a) enable the council to require the repayment, in whole or in part, of sums paid by the council if any of the terms and conditions subject to which the sums were paid is not complied with, and
- (b) require the payment of interest in respect of any period during which a sum due to the council in accordance with any of the terms and conditions remains unpaid.

The Council has taken legal advice on its powers. That advice is that the funding discretion given to the Council under section 65, as restricted by section 66, must also be exercised fairly and in accordance with the principles of administrative law. These principles include a requirement to exercise the discretion for proper purposes and not extraneous ones, to take relevant considerations into account and not to take into account irrelevant considerations.

In exercising its powers, therefore, the Council has to be mindful that any terms and conditions which it sets must relate to matters in which the Council has a legitimate interest. On the basis of the Act and the legal advice, the Council is satisfied that it has the legal powers necessary to achieve its purposes, including any requirements with the objective of achieving value for money through procurement. The Financial Memorandum with institutions reinforces this by placing on the governing body of each institution a requirement for delivering value for money from public funds.

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 current membership of the Committee is:

Janet Davies (Plaid Cymru) - Chair
Leighton Andrews (Labour)
Mick Bates (Liberal Democrat)
Alan Cairns (Conservative)
Jocelyn Davies (Plaid Cymru)
Irene James (Labour)
Denise Idris-Jones (Labour)
Mark Isherwood (Conservative)
Carl Sargeant (Labour)
Catherine Thomas (Labour)

Further information about the Committee can be obtained from:

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