

THE NATIONAL ASSEMBLY FOR WALES: AUDIT COMMITTEE

**REPORT 01-01 – Presented to the National Assembly For Wales on 15th February in
accordance with section 102(1) of the Government of Wales Act 1998**

THE CARDIFF BAY BARRAGE

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INTRODUCTION

1. This report is about the progress that has been made on the project to construct the Cardiff Bay Barrage that runs from Penarth to Queen Alexandra Dock in Cardiff and to create in Cardiff Bay a two hundred hectare freshwater lake. This project was the centrepiece of the work undertaken by the Cardiff Bay Development Corporation to regenerate the Bay area. Work on the project began in May 1994 and by 31 March 2000, when the Development Corporation was wound up, the Barrage was substantially complete and the aim was to achieve freshwater impoundment and create the freshwater lake by March 2001. During this period the estimated overall cost of the project increased from £191 million in March 1995 to £220 million in March 2000.
2. On the basis of a report prepared by the Auditor General for Wales¹, we took evidence from the National Assembly for Wales and from Michael Boyce, the former Chief Executive and Accounting Officer of the Cardiff Bay Development Corporation. We would like to put on record our thanks to Mr Boyce for giving evidence to the Committee and our appreciation of the help which he gave us.
3. This report focuses on the three main issues that emerged from our examination:
 - the cost of the project to construct the Barrage and create the freshwater lake;
 - bringing the Barrage into operation and the succession arrangements put in place for the Barrage and the Bay following the wind up of the Development Corporation; and
 - the arrangements put in place by the Assembly to identify and manage the potential liabilities and environmental obligations that the completion of the Barrage and the creation of the freshwater lake will bring with them.
4. The report sets out our findings and conclusions together with a number of recommendations. Our main conclusions and recommendations are shown in bold. We hope that our recommendations will help the Assembly improve its oversight of major construction projects and develop sound arrangements for dealing with the potential

¹ Report by the Auditor General for Wales *The Cardiff Bay Barrage*, presented to the National Assembly on 5 July 2000

liabilities and environmental obligations linked to the creation of the freshwater lake in Cardiff Bay.

5. In addition, the Committee will have a second opportunity to consider developments on a number of these issues. The National Audit Office Wales is currently undertaking an examination of the arrangements put in place for the wind up of the Cardiff Bay Development Corporation.² The Committee is awaiting with interest the Auditor General's report on the outcome of his examination.

The cost of the project to construct the Barrage and create the freshwater lake

6. The Auditor General for Wales reported that the overall cost of constructing the Barrage and creating the freshwater lake in Cardiff Bay had increased. In March 1995, the Secretary of State for Wales had set a cap of £191 million for the total cost of the project³. The Development Corporation's forecast at that time was that the total cost would be £199 million and consequently it had to find savings of some £8 million to keep within the Secretary of State's estimate⁴. In March 1999, the Secretary of State raised the cap on the project to £197 million (a figure which excluded for commercial in confidence reasons an undisclosed provision of £6.5 million for contingencies for contract claims).⁵ On 28 March 2000, following the final settlement with Balfour Beatty-Costain, the contractors responsible for the construction of the Barrage, the First Secretary announced a further increase in the cap on the project to £213.4 million.⁶ Currently the best estimate of the final outturn for the project as a whole is £220 million, an increase of 15 per cent on the initial financial cap for the project set by the Secretary of State.⁷

Costs and benefits

7. We welcome the assurance from Assembly officials that the current forecast outturn of £220 million for the project as a whole is a more robust estimate than earlier ones given that most of the costs have been met and paid for and there are comparatively few areas of uncertainty left that would have an effect on the final cost.⁸ In this context we note the

² AGW Report *The Cardiff Bay Barrage* paragraph 3.15

³ AGW Report *The Cardiff Bay Barrage* paragraph 2.3 and Q12

⁴ AGW Report *The Cardiff Bay Barrage* paragraph 2.4 and Q13

⁵ AGW Report *The Cardiff Bay Barrage* paragraph 2.9

⁶ AGW Report *The Cardiff Bay Barrage* paragraph 2.10

⁷ AGW Report *The Cardiff Bay Barrage* paragraph 2.19 and Q18

⁸ Q19

Permanent Secretary's assurance that the Assembly is working to this figure of £220 million and his hope that it will be achieved.⁹ We expect the Assembly to maintain firm oversight of the remainder of the work needed to complete the construction of the Barrage and create the freshwater lake and so ensure that the current overall estimate of £220 million is not exceeded. In addition, we look to the Auditor General for Wales to monitor progress on the remainder of this project and to bring to this Committee's attention any concerns that he may have.

8. The point was made to us that the overall cost of this project should be balanced against the benefits that may flow from establishing Cardiff as a major waterfront city. We note that, shortly before it wound up, the Development Corporation calculated that, as a minimum, £170 million a year was already being returned to the public purse as a result of direct and indirect tax revenues attributable to developments in Cardiff Bay.¹⁰ Mr Boyce developed this line of argument in his evidence to the Committee. He said that in reaching this figure of £170 million the Corporation had deliberately produced a serious underestimate because it knew its calculation would be subject to critical analysis.¹¹ He also said that the cost of the Barrage had been almost repaid by a single inward investment in the Bay of £200 million by Nippon Electric Glass Company Limited.¹² The company had looked at locations all over Europe for this investment and it had chosen Cardiff because it was the Cardiff Bay product that had made the difference. And at the heart of the Cardiff Bay product was the Barrage which enabled Cardiff to take its place as a major waterfront city.¹³
9. We believe that this line of argument highlights a crucial concern for value for money that is more fundamental and goes wider than issues of project management and financial control. This relates to the wider economic impact of developments in Cardiff Bay. Given the amount of public money already invested in Cardiff Bay and the scale of the support that the Assembly will continue to provide, we believe that Assembly Members should be clearly told what the full economic benefits are that this investment has brought with it. In addition, we believe that this analysis should also provide a benchmark against which the Assembly can measure the impact of future developments in the Bay area. We recommend that the Assembly gives priority to commissioning an economic appraisal of

⁹ Q20

¹⁰ AGW Report *The Cardiff Bay Barrage* paragraph 1.9

¹¹ Q9

¹² Q10

developments in Cardiff Bay, including the impact of the Barrage and the freshwater lake, making use as appropriate of the earlier work undertaken by the Cardiff Bay Development Corporation.

Overall performance and factors contributing to the increase in costs

10. The Auditor General's report highlighted the complexity of this project and described the difficult and uncertain physical conditions which the Corporation and its contractors had to contend with in building the Barrage. His report also noted that the First Secretary's comment that, while the containment of the rise in costs in these circumstances was a considerable achievement, nevertheless there would be some disappointment at the increase in costs from an estimated £191 million in 1995 to £220 million in 2000, a cost overrun of some 15 per cent.¹⁴
11. In this context we fully endorse the Permanent Secretary's comment that he expects projects to be properly managed and to come in on budget.¹⁵ We recognise that this is a challenging target particularly for large, complicated construction projects and we note that the Assembly's Highways Directorate aims to keep outturn costs within 15 per cent of budget.¹⁶ We expect the Assembly to ensure effective management arrangements are in place for all major capital projects which it oversees. We also expect the Assembly to be vigilant in its oversight to ensure all major capital projects are completed on target and within budget.
12. The importance of this point is borne out in the Committee's view by the handling of the factors that contributed to the increase in costs and the eventual cost overrun. The Committee was not entirely persuaded by the explanations it was given about these factors.
13. Clearly some of the increase in costs was due to factors outside the control of the Development Corporation, the Welsh Office and subsequently the Assembly. This applies for example to the construction of the Gwent Levels Wetland Reserve. Because the original plans for a reserve were rejected, the Corporation had to establish a different scheme at a different location. The eventual impact of this was to increase the cost of

¹³ Qs 10 and 11

¹⁴ AGW Report *The Cardiff Bay Barrage* paragraphs 8 and 1.8

¹⁵ Q28

this aspect of the project from £5.7 million to £10.4 million.¹⁷ Other factors that contributed to the increase in costs were more predictable, in particular the risks posed by ground conditions in Cardiff Bay¹⁸ and the consequences of making changes to the design of the Barrage once construction was under way (for example the decision to delay and then subsequently reinstate the third lock).¹⁹

14. In the Committee's view all this serves to reinforce the concerns which the Auditor General expressed about the handling of the provision for inflation and contingencies on this project.²⁰ We endorse the Auditor General's conclusion that for major capital projects the Assembly should ensure that realistic provision is made to cover potential contingencies and that, for those projects which it oversees but does not directly control, the Assembly should ensure that there is clear accountability for the management and use of this provision. We also agree that the Assembly should explore the feasibility of developing some incentive for the organisation concerned to keep within this provision.
15. As the report from the Auditor General noted, one factor in containing the cost of constructing the Barrage was the inclusion of incentive clauses in the contracts with Balfour Beatty-Costain and also with Bechtel the project managers appointed by the Corporation for the construction of the Barrage. Under these incentive clauses, Balfour Beatty-Costain, were able to share the benefits flowing from any cost savings which they identified.²¹ In addition Mr Boyce described to the Committee the arrangements under which Bechtel were rewarded for their part in delivering the project.²² We noted Mr Boyce's argument that the public sector had benefited from Bechtel's performance and the Permanent Secretary's comment that he fully supported having incentive arrangements in major public contracts.²³ The Committee accepts that incentive arrangements have a role to play in major public contracts which the Assembly enters into. However, the Committee believes that it is essential that these arrangements are transparent and that it is clear that they provide the best possible value for the Assembly.

¹⁶ Q28

¹⁷ AGW Report *The Cardiff Bay Barrage* paragraph 2.12 and Q34

¹⁸ AGW Report *The Cardiff Bay Barrage* paragraph 2.12 and Q32

¹⁹ AGW Report *The Cardiff Bay Barrage* paragraph 25 and Qs 34 and 35

²⁰ AGW Report *The Cardiff Bay Barrage* paragraph 10

²¹ AGW Report *The Cardiff Bay Barrage* paragraph 2.12

²² Q38

²³ Qs 40, 41

Lessons Learned

16. The Auditor General's report usefully draws out lessons for the future based on the way in which the project to construct the Barrage and create the freshwater lake was handled.²⁴

These were reinforced by the evidence which we received. In this context, we note in particular the following points:

- If, in the future, the Assembly were to undertake a project of similar scale and complexity, it would require another agency, apart from the Assembly, to manage and operate it. It would be for the Assembly to decide whether this agency should be a sponsored body or a local authority. Whatever decision is made, the Assembly would be funding the project and it would need to ensure that proper arrangements were in place for the management of the project.²⁵ The approach adopted for the Barrage provides a useful model.
- The imposition of a cap on the overall cost of the project to construct the Barrage and create the freshwater lake and the financial discipline associated with this sent a very strong message to the Corporation and its contractors that this was a hard-edged project which would be delivered within the "cost envelope".²⁶
- Where the public sector is making major investments of this nature, it should do all that it can to transfer as much of the risk as it can to the private sector. To the extent that the public sector cannot do this, it needs to have arrangements in place to manage the risk, much as the Corporation did in appointing Bechtel Limited as its project managers.²⁷
- Establishing the sense of an inclusive, team approach to the project was an important factor in taking it forward successfully. The team encompassed not just the staff and Board members of the Corporation but also its contractors and consultants as well as the Welsh Office and subsequently the Assembly.²⁸

17. We endorse the lessons that have been drawn so far from the project to construct the Barrage and create the freshwater lake and we recommend that the Assembly takes full

²⁴ AGW Report *The Cardiff Bay Barrage* paragraph 2.20

²⁵ Q47

²⁶ Q23, Q45

²⁷ Q23

²⁸ Q45

account of them as it puts in place management arrangements for other projects that involve the investment of significant amounts of public money.

18. Finally, in this context, we believe there is also a wider lesson to be drawn about the responsibility of the Assembly in decisions on major projects of this kind. We asked how the Assembly can ensure that it will derive benefits from this kind of investment which it can then redirect to other parts of Wales when it is faced with decisions of this kind in future.²⁹ We endorse the Permanent Secretary's comment that in undertaking a project of this nature there has to be a hard-edged business case that looks at the best estimates of the costs and benefits to see whether it will deliver a reasonable rate of return.³⁰ We agree that the Assembly will want to take a view on large scale capital schemes and that, in forming this view, any debate would need to be informed by the business case that had been undertaken and made available to Members so that the Assembly could consider collectively the wider issues that the Committee had identified.³¹

Bringing the Barrage into operation and the succession arrangements put in place for the Barrage and the Bay following the wind up of the Development Corporation

19. The original target date for creating the freshwater lake in Cardiff Bay was August 1998. By the beginning of November 1999 the Barrage structure was substantially complete and, on 4 November 1999, enabled the impoundment of saltwater in the Bay under the terms of a temporary impoundment licence issued by the Environment Agency Wales. Work on other aspects of the project, in particular in relation to water quality issues, continues with the aim of creating the freshwater lake by March 2001. In addition, following the wind up of the Development Corporation on 31 March 2000, Cardiff County Council assumed responsibility for the operation, maintenance and management of the Barrage and the Bay and a new Harbour Authority, which is part of the County Council, is responsible for carrying out the necessary work.³²
20. Given this, we agree that the Assembly has a responsibility to ensure that the project to construct the Barrage and create the freshwater lake, which in effect the Assembly has inherited, is completed as satisfactorily as possible and in the most cost-effective way.³³

²⁹ Q44

³⁰ Q44

³¹ Q44

³² AGW Report *The Cardiff Bay Barrage* Part 2

³³ Q46

In particular we endorse the view that there is a particular responsibility on officials, and more generally on the Assembly, to ensure that during this period of transition, with the completion of the project and the transfer of the management of the Barrage and the Bay to the County Council, there is no loss of vigilance and that the Assembly has systems in place to ensure that the project is completed and managed satisfactorily thereafter.³⁴

21. Against this background, the Committee explored the key decisions around the successor arrangements put in place for managing and operating the Barrage and the Bay. The Committee also identified some key issues for the future management of the Bay and the Barrage.

Successor Arrangements

1. In examining the successor arrangements put in place for the Bay and the Barrage following the wind up of the Development Corporation, the Committee considered three separate but linked decisions. These were
 - the decision to give Cardiff County Council responsibility for the new Harbour Authority;
 - the decision not to proceed with the option of contracting out the facilities management of the Bay and the Barrage to Thames Water;
 - the decision to delay the dredging of the Bay and to delay freshwater impoundment in the Bay to March 2001.
2. The Committee noted the sequence of events that led to the decision to give Cardiff County Council responsibility for the Harbour Authority. Following the announcement of the wind up arrangements for the Development Corporation in March 1999, the Welsh Office and subsequently the Assembly was faced with a choice about the nature of the Harbour Authority, in essence whether it should be another Assembly sponsored body or whether it should be transferred to the local authority.³⁵ We were told that at this point in the process Cardiff County Council was not taking any interest in the Barrage.³⁶ During the summer of 1999, the Assembly became aware that the Council might be interested in taking on this responsibility and there then followed a period of intensive negotiation during

³⁴ Q46

³⁵ AGW Report *The Cardiff Bay Barrage* paragraph 1.13, Q89

late August and early September 1999.³⁷ This led to the announcement in October 1999 confirming that Cardiff County Council had agreed to assume responsibility for the operation, maintenance and management of the Bay and the Barrage and that the Harbour Authority would be part of the Council.³⁸

3. The Assembly and the County Council subsequently signed a Memorandum of Understanding which was presented to the Economic Development Committee.³⁹ This set out the principles underpinning the arrangements with the Council. These flowed through to the relevant agreements concluded with the Council on 27 March 2000⁴⁰. These agreements transferred to the Council ownership of relevant assets and responsibility for liabilities (including those associated with the Harbour Authority) under Section 165 of the Local Government and Planning Act 1980⁴¹. These agreements are referred to as the Section 165 Agreements. The principles set out in the Memorandum of Understanding now also flow through to the funding agreement with the Council⁴².
4. Clearly, the Assembly, the Corporation and the Council were all working to a very tight timetable to establish successor arrangements for the Barrage and the Bay that were fair to the Council but also adequately protected the Assembly's interests. We note that, given that the Assembly inherited this project, it could not simply lay off all the risks associated with it by handing it over to Cardiff County Council⁴³ and that, from the Council's perspective, there was a limit to what it could reasonably have been expected to take over from the Assembly in terms of its responsibilities for the project.⁴⁴ We await with interest the results of the review of the wind up arrangements which the Auditor General is currently undertaking to see his overall assessment of the arrangements agreed between the Assembly and Cardiff County Council.
5. The Auditor General's report on the Cardiff Bay Barrage set out the background to the competition run by the Development Corporation to select a contractor to provide a facilities management service for the Barrage and the Bay, the emergence of Thames Water from this process as the preferred bidder and the eventual decision not to proceed

³⁶ Q82

³⁷ Q84

³⁸ AGW Report *The Cardiff Bay Barrage* paragraphs 1.13 and 1.14

³⁹ Q84

⁴⁰ AGW Report *The Cardiff Bay Barrage* paragraph 3.13

⁴¹ AGW Report *The Cardiff Bay Barrage* paragraph 3.3

⁴² Q75

⁴³ Q112

with the Thames Water option. Instead the conclusion reached was that Cardiff County Council operating and maintaining the Barrage and the Bay without Thames Water would be the most cost effective option, saving the Assembly £3 million over three years, a figure which, as the Auditor General noted, Thames Water questioned.⁴⁵

6. This was an unusual process.⁴⁶ We noted that the Assembly had been surprised and concerned at the outcome of the tendering exercise and at the cost of the proposed Thames Water contract, which was outside the Corporation's delegated financial limits and so subject to Assembly approval. The market had been tested and produced a potential cost that was higher than the Assembly had expected. There was, therefore, a need to take stock and consider whether it represented the best value for money.⁴⁷ So when, as part of the discussions with Cardiff County Council of the successor arrangements, the Council argued that it could deliver comparable services to Thames Water more cost-effectively, the Assembly tested the position carefully and examined the figures in depth. On this basis it was satisfied that the Council could deliver these services and secure savings of £1 million a year over three years and the Council is now publicly and legally committed to doing so.⁴⁸
7. In his report, the Auditor General noted that the National Audit Office Wales would be examining all the relevant Section 165 Agreements concluded between the Development Corporation and the successor organisations, including Cardiff County Council as part of its review of the arrangements put in place for the wind up of the Development Corporation.⁴⁹ We await with interest the outcome of the Auditor General's review of the Section 165 Agreements. In taking this forward, we believe that it is essential that the Auditor General has full access to all the information that he needs and in particular we look to the Assembly and Cardiff County Council to co-operate fully with the Auditor General in exercising his right of access to the Harbour Authority.⁵⁰
8. On a separate issue, we also note the Assembly's view that although there may be some consultation between the Assembly and the County Council, it will be a matter for the County Council and Harbour Authority to decide on the skills and expertise needed to

⁴⁴ Q116

⁴⁵ AGW Report *The Cardiff Bay Barrage* paragraphs 3.10 to 3.15

⁴⁶ Q74

⁴⁷ Q74

⁴⁸ AGW Report *The Cardiff Bay Barrage* paragraph 3.14, Qs 50, 75

⁴⁹ AGW Report *The Cardiff Bay Barrage* paragraph 3.15

manage the Barrage and the Bay and in particular whether they employ in-house specialists or outsource them because of operational and cost advantages.⁵¹

9. We also considered the factors that gave rise to the decision to delay dredging the Bay and to defer freshwater impoundment to March 2001. We note the view taken by the Permanent Secretary as Accounting Officer that given the balance of risk and potential nugatory costs it was best to postpone dredging the Bay and to delay freshwater impoundment even allowing for the additional costs that would be involved in protecting the Barrage structure.⁵² These additional costs are estimated at some £1.1 million.⁵³
10. We were told that everything was on target to achieve freshwater impoundment by April 2001. There were though some continuing uncertainties, and it was not possible for us to be given an absolute assurance on all these matters at this stage.⁵⁴ We expect Assembly officials to exercise vigilant oversight of progress to meet the target of achieving freshwater impoundment by April 2001.

Key issues for the future management of the Barrage and the Bay

11. Looking to the longer term, we welcome the intention of the Assembly to ensure that there is proper but constructive pressure placed on Cardiff County Council and the Harbour Authority in achieving continuing value for money.⁵⁵ We believe this attitude is in line with the recommendation contained in the report by the Auditor General that the Assembly should ensure there is an adequate substitute for competitive tension in the contractual arrangements being put in place with Cardiff County Council.⁵⁶
12. We note that the arrangements which the Assembly is putting in place are for five years in the first instance. Thus there would be the opportunity, if the Assembly had any doubt about this matter, for the market to be tested after a five year period. The agreement also allows for either party to serve one year's notice of wanting to depart from existing arrangements. Accordingly, in the shorter term, if the Assembly was not satisfied that

⁵⁰ Q100

⁵¹ Qs 65, 66, 67

⁵² Q51

⁵³ AGW Report *The Cardiff Bay Barrage* paragraph 3.18

⁵⁴ Q62

⁵⁵ Q51

⁵⁶ AGW Report *The Cardiff Bay Barrage* paragraph 3.40

these arrangements were giving value for money, there would be the opportunity to seek an alternative way forward.⁵⁷

13. As, in the light of experience, the Assembly develops its thinking on the overall nature of the management arrangements which it has put in place for the Barrage and the Bay, we recommend that this area should remain a focus of attention within the Assembly's management structure.⁵⁸ We also recommend that the Assembly should not rule out the possibility of opting at some point in the future for an alternative management model such as the possibility of managing the Bay as a Private Finance Initiative project.⁵⁹
14. The forecast net cost of operating the Barrage and the Bay will be around £9 million a year.⁶⁰ This represents a significant cost to the Assembly. Accordingly we welcomed the assurance that the funding arrangements that are being put in place with Cardiff County Council will ensure that the Assembly can satisfy itself that the money going to the Council will only be used for expenditure associated with the Barrage and the Bay.⁶¹
15. In his report the Auditor General also referred to the need for the Assembly to ensure that there is scope for maximising the revenue which the new Bay environment will generate.⁶² We welcomed the recognition that the Assembly had a big interest in seeking to minimise the net cost of running the Bay. We also welcomed the assurance which we were given that, in their discussions with Cardiff County Council, officials were seeking constructively to agree a shared approach to how that revenue could be maximised.⁶³ We recommend that the Assembly actively encourages Cardiff County Council to develop soundly based initiatives for generating additional revenue from Cardiff Bay.

The arrangements in place to identify and manage potential liabilities and environmental obligations

1. Turning to the general question of the potential liabilities and environmental obligations associated with the construction of the Barrage and the creation of the freshwater lake, we acknowledge that there is a danger of being unduly alarmist at the position that the Assembly finds itself in. Nevertheless, as the Permanent Secretary recognised, if the

⁵⁷ Q51

⁵⁸ Q144

⁵⁹ Qs 120, 121

⁶⁰ AGW Report *The Cardiff Bay Barrage* paragraph 3.21, Q112

⁶¹ Q111

⁶² AGW Report *The Cardiff Bay Barrage* paragraph 3.40

worst came to the worst on a whole range of issues there would be substantial additional liabilities for the Assembly. However although this is a possibility it was not a strong one due to the manner in which the project had been discussed during deliberations on putting in place the funding agreements.

2. Against this background we looked in particular at potential liabilities and environmental obligations linked with
 - safety concerns;
 - water quality;
 - groundwater damage;
 - drainage schemes; and
 - the compensation provided for the lost Bay habitat by the Gwent Levels Wetland Reserve.
3. The report by the Auditor General referred to concerns about safety issues particularly while the Barrage operates in a tidal environment.⁶⁴ We welcomed the Permanent Secretary's comment that he was particularly concerned about safety aspects and he thought it in the public interest that the Barrage is completed and the freshwater lake created as quickly as possible. We noted that the Health and Safety Executive had been closely involved in the detailed discussions that took place around the transfer to Cardiff County Council of the management of the Bay in its present state.⁶⁵ We note that concern for health and safety is built into the management regime for the new Harbour Authority. We welcome the assurance that health and safety will continue to be a high priority.⁶⁶
4. The report by the Auditor General noted that the capital investment required to meet statutory water quality requirements in the Bay could be between £6 million and £7 million. In addition the Assembly retained liability should key measures intended to secure water quality fail.⁶⁷ We were told that Cardiff County Council, coming into this

⁶³ Q111

⁶⁴ AGW Report *The Cardiff Bay Barrage* paragraph 3.19

⁶⁵ Q59

⁶⁶ Q60

⁶⁷ AGW Report *The Cardiff Bay Barrage* paragraphs 2.16 and 3.24

process late, had doubts about the method that had been proposed by the Development Corporation for oxygenating the Bay and wanted the opportunity to consider alternatives.⁶⁸ At the time when we took evidence on the Auditor General's report, the Council had gone out to tender for aeration equipment and we were told that the outcome of this process would show how reasonable the estimate of £6 million to £7 million was.⁶⁹ We will be interested to learn the outcome of the County Council's exercise to purchase aeration equipment and whether the arrangements put in place as a result of this exercise will provide a cost effective water quality regime that meets statutory requirements.

5. In his report, the Auditor General referred to the possibility of Cardiff Bay being classified as a sensitive water under the European Union's Urban Waste Water Treatment Directive.⁷⁰ The Permanent Secretary subsequently informed us that the Environment Agency may recommend that the Cardiff Bay inland lake should be designated by the Assembly under the Urban Waste Water Treatment Regulations 1994 as a "Sensitive Area" as early as 2001 (the next review), though it could be 2005. Provision has already been made, ahead of designation, for the cost of nutrient stripping through Dwr Cymru's current five year environmental quality programme and the work will be undertaken at the waste water treatment plants by the company towards the end of the programme period. If formal designation is made it may be held that the Harbour Authority will be liable for the costs of nutrient stripping.⁷¹ The Auditor General's report indicated that the estimated cost of dealing with this is £4.5 million.⁷²
6. expectation that the measures which have been put in place will prove to be adequate. There is, however, no absolute assurance on this and the Assembly will have to wait until freshwater impoundment to see what the full effects are.⁷³
7. The report by the Auditor General notes that there is a liability in respect of groundwater damage for twenty years after impoundment.⁷⁴ The Permanent Secretary subsequently confirmed for the Committee where matters stand on the possibility of extending the twenty year groundwater protection period. He informed the Committee that the

⁶⁸ Q104

⁶⁹ Q105

⁷⁰ AGW Report *The Cardiff Bay Barrage* paragraph 3.27

⁷¹ Annex B

⁷² AGW Report *The Cardiff Bay Barrage* paragraph 3.27

⁷³ Q129

⁷⁴ AGW Report *The Cardiff Bay Barrage* paragraph 3.30

provisions of Schedule 7 to the Cardiff Bay Barrage Act 1993 set out the framework for the groundwater protection regime for potentially affected properties. Under paragraph 3(3) of Schedule 7 to the Barrage Act the date of commencement of impoundment was set by the Corporation as 4 November 1999. The groundwater protection scheme is now an inherited matter for the Harbour Authority. However, representations can be made to the Assembly to make regulations (under Section 21(2) to the Barrage Act) to amend the terms of the groundwater protection scheme set out in Schedule 7. In addition, in compliance with the Barrage Act, the office of the Independent Groundwater Complaints Administrator continues to exist and now reports to the Assembly. She is able to, and has, considered complaints about this matter.⁷⁵

8. On the drainage schemes, we welcomed the assurance that the contractual matters that were left unresolved on the wind up of the Development Corporation would now be quickly finalised.⁷⁶ We also welcomed the assurance that the Assembly is confident of recovering the amount of up to £4.3 million from Welsh Water within the timescale indicated by the Auditor General.⁷⁷
9. On the Gwent Levels Wetland Reserve, the Auditor General's report indicated that the final cost of the Reserve could be in excess of £10.4 million.⁷⁸ We note the assurance that this estimate of £10.4 million is robust and that the final outturn should be about this amount.⁷⁹ We also asked what the current position was on the Reserve being designated a Special Protection Area.⁸⁰ The Permanent Secretary subsequently told us that the Severn Estuary Special Protection Area had been designated in July 1995. The Gwent Levels Wetlands Reserve had been substantially completed in the autumn of 1999 and the Countryside Council for Wales had taken charge of the management of the Reserve at that time. The Countryside Council for Wales takes the view that the target date to qualify for Special Protection Area status, alongside or within an extended Severn Estuary Special Protection Area, is the winter of 2004-2005.⁸¹

⁷⁵ Annex B

⁷⁶ AGW Report *The Cardiff Bay Barrage* paragraph 3.34 Qs 132, 134

⁷⁷ AGW Report *The Cardiff Bay Barrage* paragraph 3.35 Q135

⁷⁸ AGW Report *The Cardiff Bay Barrage* paragraph 3.37

⁷⁹ Q141

⁸⁰ AGW Report *The Cardiff Bay Barrage* paragraph 3.38

⁸¹ Annex B

⁸² Q142 and 143

10. We found that the Reserve had been designed not to relocate species of birds which had been displaced by the impoundment of water in the Bay but to create a new habitat⁸². Indeed, those birds which were displaced had been found to have relocated to the Rumney Estuary rather than the Gwent Levels. The Levels were therefore a new opportunity for other species to make their habitats there,
11. In view of the scale and nature of the environmental obligations and potential liabilities associated with the construction of the Barrage and the creation of the freshwater lake, we recommend that Assembly officials continue to develop and operate effective risk management to keep to a minimum any unplanned or unforeseen demands on the public purse.

Summary of findings and conclusions

1. We set out below our main findings and conclusions.
 - (i) We expect the Assembly to maintain firm oversight of the remainder of the work needed to complete the construction of the Barrage and create the freshwater lake and so ensure that the current overall estimate of £220 million is not exceeded. In addition, we look to the Auditor General for Wales to monitor progress on the remainder of this project and to bring to this Committee's attention any concerns that he may have.
 - (ii) We expect the Assembly to ensure effective management arrangements are in place for all major capital projects which it oversees. We also expect the Assembly to be vigilant in its oversight to ensure all major capital projects are completed on target and within budget.
 - (iii) We endorse the Auditor General's conclusion that for major capital projects the Assembly should ensure that realistic provision is made to cover potential contingencies and that, for those projects which it oversees but does not directly control, the Assembly should ensure that there is clear accountability for the management and use of this provision. We also agree that the Assembly should explore the feasibility of developing some incentive for the organisation concerned to keep within this provision.
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- (iv) The Committee accepts that incentive arrangements have a role to play in major public contracts which the Assembly enters into. However, the Committee believes that it is essential that these arrangements are transparent and that it is clear that they provide the best possible value for the Assembly.
- (v) We agree that the Assembly will want to take a view on large scale capital schemes and that, in forming this view, any debate would need to be informed by the business case that had been undertaken and made available to Members so that the Assembly could consider collectively the wider issues that the Committee had identified.
- (vi) We await with interest the results of the review of the wind up arrangements which the Auditor General is currently undertaking to see his overall assessment of the arrangements agreed between the Assembly and Cardiff County Council.
- (vii) We await with interest the outcome of the Auditor General's review of the Section 165 Agreements. In taking this forward, we believe that it is essential that the Auditor General has full access to all the information that he needs and in particular we look to the Assembly and Cardiff County Council to co-operate fully with the Auditor General in exercising his right of access to the Harbour Authority.
- (viii) We expect Assembly officials to exercise vigilant oversight of progress to meet the target of achieving freshwater impoundment by April 2001.
- (ix) Looking to the longer term, we welcome the intention of the Assembly to ensure that there is proper but constructive pressure placed on Cardiff County Council and the Harbour Authority in achieving continuing value for money.
- (x) Accordingly we welcomed the assurance that the funding arrangements that are being put in place with Cardiff County Council will ensure that the Assembly can satisfy itself that the money going to the Council will only be used for expenditure associated with the Barrage and the Bay.
- (xi) We welcomed the recognition that the Assembly had a big interest in seeking to minimise the net cost of running the Bay. We also welcomed the

assurance which we were given that, in their discussions with Cardiff County Council, officials were seeking constructively to agree a shared approach to how that revenue could be maximised.

- (xii) We welcome the assurance that health and safety will continue to be a high priority.
- (xiii) We will be interested to learn what the outcome was of the County Council's exercise to purchase aeration equipment and whether the arrangements put in place as a result of this exercise will provide a cost effective water quality regime that meets statutory requirements.

Summary of recommendations

1. We set out below our main recommendations.
 - (i) We recommend that the Assembly gives priority to commissioning an economic appraisal of developments in Cardiff Bay, including the impact of the Barrage and the freshwater lake, making use as appropriate of the earlier work undertaken by the Cardiff Bay Development Corporation.
 - (ii) We endorse the lessons that have been drawn so far from the project to construct the Barrage and create the freshwater lake and we recommend that the Assembly takes full account of them as it puts in place management arrangements for other projects that involve the investment of significant amounts of public money.
 - (iii) As, in the light of experience, the Assembly develops its thinking on the overall nature of the management arrangements which it has put in place for the Barrage and the Bay, we recommend that this area should remain a focus of attention within the Assembly's management structure. We also recommend that the Assembly should not rule out the possibility of opting at some point in the future for an alternative management model such as the possibility of managing the Bay as a Private Finance Initiative project.

- (iv) We recommend that the Assembly actively encourages Cardiff County Council to develop soundly based initiatives for generating additional revenue from Cardiff Bay.

- (v) In view of the scale and nature of the environmental obligations and potential liabilities associated with the construction of the Barrage and the creation of the freshwater lake, we recommend that Assembly officials to continue to develop and operate effective risk management to keep to a minimum any unplanned or unforeseen demands on the public purse.

Concluding Remarks

The construction of the Cardiff Bay Barrage has been a major project achieved against a background of significant political and public pressure. Whilst we acknowledge that its completion has been a memorable achievement, there are still a number of issues whose impact has yet to be assessed or indeed felt. The Barrage has brought a high volume of inward investment and other development to the South Cardiff area, but we should not lose sight of the fact that there may still be further impacts on the area which are far less predictable and which may be much less welcome to residents in the immediate vicinity of Cardiff Bay and wildlife in the South Wales area. The impoundment of the freshwater lake, the effect on housing in the area, the role and performance of the Harbour Authority, the completion of the Gwent Wetlands Reserve and the management controls exercised by the National Assembly for Wales on similar projects in the future are all areas in which the Audit Committee will take a great deal of interest in the future.

ANNEX A



**Cynulliad Cenedlaethol Cymru
Pwyllgor Archwilio**

**The National Assembly for Wales
Audit Committee**

**Morglawdd Bae Caerdydd
Cardiff Bay Barrage**

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

**Dydd Iau 13 Gorffennaf 2000
Thursday 13 July 2000**

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Lorraine Barrett, Jane Davidson, Geraint Davies, Glyn Davies, Brian Gibbons, Jenny Randerson, Dafydd Wigley.

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

Tystion: Michael Boyce, cyn Brif Weithredwr, Corfforaeth Datblygu Bae Caerdydd; Steven Phillips, Pennaeth Is-adran Polisi Economaidd y Cynulliad; Jon Shortridge, Ysgrifennydd Parhaol Cynulliad Cenedlaethol Cymru.

Assembly Members present: Janet Davies (Chair), Lorraine Barrett, Jane Davidson, Geraint Davies, Glyn Davies, Brian Gibbons, Jenny Randerson, Dafydd Wigley.

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

Witnesses: Michael Boyce, former Chief Executive of Cardiff Bay Development Corporation; Steven Phillips, Head of Economic Policy Division, National Assembly for Wales; Jon Shortridge, Permanent Secretary of the National Assembly for Wales.

Dechreuodd y cyfarfod am 9.33 a.m.

The meeting began at 9.33 a.m.

[1] Janet Davies: I welcome everyone to the last Audit Committee meeting of this Assembly year. The purpose of this meeting is to take evidence in connection with the National Audit Office's report for the Auditor General for Wales, *Cardiff Bay Barrage*.

[1] Janet Davies: Croeso i bawb i gyfarfod olaf y Pwyllgor Archwilio eleni. Pwrpas y cyfarfod hwn yw cymryd tystiolaeth mewn cysylltiad ag adroddiad y Swyddfa Archwilio Genedlaethol ar gyfer Archwilydd Cyffredinol Cymru, *Morglawdd Bae Caerdydd*.

[2] Jenny Randerson: I declare an interest as a Cardiff councillor. However, I am not a member of Cardiff City and County Council's cabinet, nor a member of the new Harbour Authority board. Therefore I have no information about this issue other than that which is publicly available.

[2] Jenny Randerson: Yr wyf yn datgan buddiant fel cynghorydd yng Nghaerdydd. Fodd bynnag, nid wyf yn aelod o gabinet Cyngor Dinas a Sir Caerdydd, nac yn aelod o fwrdd yr Awdurdod Harbwr newydd. Felly nid oes gennyf unrhyw wybodaeth am y mater hwn oni bai am yr hyn sydd ar gael i'r cyhoedd.

[3] Jane Davidson: I declare a previous interest, as one of the objectors to the Cardiff Bay Barrage, who objected to the Cardiff Bay Barrage Bill throughout its parliamentary process. I did so as the councillor for Riverside in Cardiff at that time.

[4] Lorraine Barrett: I think that I am required to declare an interest, because in my previous job I worked for the Member of Parliament for Cardiff South and Penarth, who was very involved with the Cardiff Bay Barrage Bill. I did not have a direct interest, but I would feel more comfortable to declare that I worked for that MP for 12 years. I took advice and felt that I should put that on record.

[5] Dafydd Wigley: Do I need to declare an interest as I voted on the Bill in the House of Commons? If I do, I do so.

[6] Janet Davies: I ask the witnesses to introduce themselves.

Mr Phillips: I am Steve Phillips, Head of the Assembly's Economic Policy Division, which sponsored Cardiff Bay Development Corporation until its wind-up and dissolution.

Mr Shortridge: I am Jon Shortridge, the Assembly's Permanent Secretary.

Mr Boyce: I am Michael Boyce, currently unemployed but formerly chief executive of the Cardiff Bay Development Corporation.

[7] Janet Davies: Welcome to all of you. You may address the meeting in either Welsh or English and translation equipment is available. We will break for coffee at about 10.45 a.m.

[3] Jane Davidson: Yr wyf yn datgan buddiant blaenorol, fel un o wrthwynebwyr Morglawdd Bae Caerdydd, a wrthwynebodd Fesur Morglawdd Bae Caerdydd drwy gydol ei daith drwy'r senedd. Gwneuthum hyn fel y cynghorydd dros Llan yr Afon yng Nghaerdydd ar y pryd.

[4] Lorraine Barrett: Credaf bod gofyn imi ddatgan buddiant, oherwydd yn fy swydd flaenorol yr oeddwn yn gweithio i'r Aelod Seneddol ar gyfer De Caerdydd a Phenarth, a oedd yn ymwneud yn fawr â Mesur Morglawdd Bae Caerdydd. Nid oedd gennyf fuddiant uniongyrchol ond byddwn yn teimlo'n fwy cyfforddus o ddatgan y bûm yn gweithio i'r AS hwnnw am 12 mlynedd. Cymerais gyngor ac yr oeddwn o'r farn y dylwn gofnodi hynny.

[5] Dafydd Wigley: A oes angen i mi ddatgan buddiant oherwydd imi bleidleisio ar y Mesur yn Nhy'r Cyffredin. Os oes angen, gwnaf hynny.

[6] Janet Davies: Gofynnaf i'r tystion gyflwyno eu hunain.

Mr Phillips: Steve Phillips wyf fi, Pennaeth Is-adran Polisi Economaidd y Cynulliad, a oedd yn noddi Corfforaeth Datblygu Bae Caerdydd nes iddi ddod i ben a chael ei diddymu.

Mr Shortridge: Jon Shortridge wyf fi, Ysgrifennydd Parhaol y Cynulliad.

Mr Boyce: Michael Boyce wyf fi; yr wyf yn ddi-waith ar hyn o bryd ond yn gyn brif weithredwr Corfforaeth Datblygu Bae Caerdydd.

[7] Janet Davies: Croeso i bawb ohonoch. Gallwch annerch y cyfarfod naill ai yn Gymraeg neu yn Saesneg ac mae offer cyfieithu ar gael. Byddwn yn cael egwyl goffi tua 10.45 a.m.

My first question is to Jon Shortridge. The Auditor General's report shows that the final cost of building the barrage and completing the other work needed to create the freshwater lake in Cardiff Bay may be as much as £220 million. The report also notes, in paragraph 1.9, CBDC's assessment of the economic benefits derived from the regeneration of Cardiff Bay. How much of that would have been achieved anyway, without the barrage and the lake?

Y mae fy nghwestiwn cyntaf i Jon Shortridge. Y mae adroddiad yr Archwilydd Cyffredinol yn dangos y gallai cost derfynol adeiladu'r morglawdd a chwblhau'r gwaith arall yr oedd ei angen i greu'r llyn dwr croyw ym Mae Caerdydd fod cymaint â £220 miliwn. Mae'r adroddiad hefyd yn nodi, ym mharagraff 1.9, asesiad CDDBC o'r manteision economaidd sydd yn deillio o adfywio Bae Caerdydd. Faint o hynny fyddai wedi ei gyflawni beth bynnag, heb y morglawdd a'r llyn?

Mr Shortridge: I think that Michael Boyce can give a more informed answer to that than I can. However, my impression is that comparatively little would have been achieved without the barrage and the lake and without the enormous focus on south Cardiff that was given by CBDC's establishment, bearing in mind that the barrage and the lake were the key elements in the corporation's development strategy.

Mr Shortridge: Credaf y gall Michael Boyce roi ateb mwy hyddysg i hynny nag y gallaf i. Fodd bynnag, yr argraff a gefais i yw mai cymharol ychydig fyddai wedi'i gyflawni heb y morglawdd a'r llyn a heb y ffocws enfawr a roddwyd ar dde Caerdydd drwy sefydlu CDDBC, o gofio mai'r morglawdd a'r llyn oedd yr elfennau allweddol yn strategaeth datblygu'r gorfforaeth.

[8] Janet Davies: Do you have any evidence to back that up?

[8] Janet Davies: A oes gennych unrhyw dystiolaeth i gefnogi hynny?

Mr Shortridge: No, not with me personally. However, Mr Boyce might be able to help you.

Mr Shortridge: Nac oes, nid gyda mi yn bersonol. Fodd bynnag, efallai y gall Mr Boyce eich helpu

[9] Janet Davies: Mr Boyce?

[9] Janet Davies: Mr Boyce?

Mr Boyce: I do not have any evidence with me. I do not have anything, actually, in my current circumstances. The £170 million, which we calculated in the spring, was a serious underestimate, because we knew that it might be subject to critical analysis. Therefore, we calculated the figure and, more or less, halved it. So the true figure, the true return to the public purse, is way in excess of £170 million a year. So the barrage has already been paid for and an enormous sum of money is being repaid to the taxpayers of the United Kingdom and Wales on an annual basis.

It was always our judgment that the redevelopment of south Cardiff needed something special and distinctive to make it work. That something special and distinctive was the barrage. I think that without the barrage, there would have been a very ordinary, very routine, very mundane, very bland, very grey, long-term redevelopment process, which would have brought none of the benefits that our analysis has demonstrated.

[10] Janet Davies: Do you feel, therefore, that value for money has been achieved from this?

Mr Boyce: Nid oes gennyf unrhyw dystiolaeth gyda mi. Nid oes gennyf unrhyw beth, a dweud y gwir, yn fy amgylchiadau presennol. Yr oedd y £170 miliwn, a gyfrifwyd gennym yn y gwanwyn, yn danamcangyfrif difrifol, oherwydd yr oeddem yn gwybod y gallai fod yn destun dadansoddiad beirniadol. Felly, cyfrifwyd y ffigur gennym, a'i haneru, mwy neu lai. Felly mae'r ffigur gwirioneddol, yr elw gwirioneddol i'r coffrau cyhoeddus, yn llawer mwy na £170 miliwn y flwyddyn. Felly talwyd am y morglawdd eisoes ac mae swm anferth o arian yn cael ei ad-dalu i drethdalwyr y Deyrnas Unedig a Chymru yn flynyddol.

Ein barn ni bob amser oedd bod angen rhywbeth arbennig a nodweddiadol er mwyn sicrhau y byddai ailddatblygu de Caerdydd yn gweithio. Y morglawdd oedd y peth arbennig a nodweddiadol hwnnw. Heb y morglawdd, yr wyf o'r farn y byddai'r broses ailddatblygu tymor hir wedi bod yn un gyffredin iawn, arferol iawn, diflas iawn, digyffro iawn, a di-liw iawn, a fyddai wedi parhau am gyfnod hir iawn, ac na fyddai wedi dod ag unrhyw un o'r manteision a ddangoswyd gan ein dadansoddiad.

[10] Janet Davies: A ydych o'r farn, felly, y cyflawnwyd gwerth am arian o hyn?

Mr Boyce: Well, the cost of the barrage was repaid almost by one single inward investment by Nippon Electric Glass Company Limited, which came to Ocean Park. It has brought £200 million into the bay alone, but probably something like £3 million into the United Kingdom economy. It was attracted to its location by the total package of Cardiff Bay. I think that the company looked at something like 179 locations all over Europe for the investment. At the end of the day, I think that most sites can say 'we have a good labour force, we have grants, we have good communications'. They all tend to level each other out. What we were able to offer to NEG was something special that gave it added value. That added value was created by the barrage, and NEG's investment in Ocean Park alone was greater than the cost of constructing the barrage. So leaving aside the £170 million a year that is being returned to the United Kingdom economy, one single investment paid for that barrage.

[11] Janet Davies: Did the company say that it felt that it was the barrage that made the difference?

Mr Boyce: Wel, ad-dalwyd cost y morglawdd bron gan un mewnfuddsoddiad gan Nippon Electric Glass Company Limited, a ddaeth i Ocean Park. Daeth â £200 miliwn i'r bae ei hun, ond mae'n debyg iddo ddod â thua £3 miliwn i economi'r Deyrnas Unedig. Cafodd ei ddenu i'w leoliad gan becyn cyfan Bae Caerdydd. Credaf i'r cwmni edrych ar tua 179 o leoliadau ledled Ewrop ar gyfer y buddsoddiad. Ar ddiwedd y dydd, credaf y gall y rhan fwyaf o safleoedd ddweud 'mae gennym weithlu da, mae gennym grantiau, mae gennym gyfathrebu da'. Maent i gyd yn dueddol o fod yn gyfartal. Yr oeddem yn gallu cynnig rhywbeth arbennig i NEG a roddodd werth ychwanegol iddo. Crewyd y gwerth ychwanegol hwnnw gan y morglawdd, ac yr oedd buddsoddiad NEG yn Ocean Park ynddo'i hun yn fwy na chost adeiladu'r morglawdd. Felly, gan roi'r £170 miliwn y flwyddyn sydd yn dychwelyd i economi'r Deyrnas Unedig i'r naill ochr, talodd un buddsoddiad unigol am y morglawdd hwnnw.

[11] Janet Davies: A ddywedodd y cwmni ei fod o'r farn mai'r morglawdd a wnaeth y gwahaniaeth?

Mr Boyce: It was the Cardiff Bay product that made the difference, at the heart of which is the barrage. The company bought its proximity to an inner harbour, to what it then expected to be an opera house—which will now be the Wales Millennium Centre—to a mixture of industry, residential, retail and commercial attractions, to leisure attractions such as Techniquet and to five-star hotels such as Rocco Forte's. It bought the total package, and the package would not have been possible without the barrage. What all waterfront cities require is water and without a barrage Cardiff did not have water for 18 hours a day. The only way that Cardiff can take its place as one of the major waterfront cities is to have some water there and the only way that that has been produced is by the construction of the barrage.

[12] Brian Gibbons: This is to Mr Boyce, and for Mr Shortridge to give his opinion on a piffling £8 million. What do you feel is the basis for the difference in the original estimates of building the barrage of £199 million by the Cardiff Bay Development Corporation and £191 million by the Welsh Office?

Mr Boyce: My recollection is that it was not an estimate. It was a financial capping imposed on the cost by the then Secretary of State for Wales, Mr John Redwood. He made a political judgment that the acceptable figure would be £191 million. At that time, we estimated that the cost would be £199 million and therefore we had to effect savings to get from our genuine pre-estimate of the cost down to the political capping.

[13] Brian Gibbons: Mr Shortridge, how could the Welsh Office at that time justify undercutting such a well-established case as that Mr Boyce has put forward?

Mr Boyce: Cynnyrch Bae Caerdydd a oedd yn gyfrifol am y gwahaniaeth, ac wrth wraidd hynny mae'r morglawdd. Prynodd y cwmni leoliad a oedd yn agos i harbwr mewnol, i'r hyn y disgwyliwyd iddo fod bryd hynny yn dy opera—a fydd bellach yn Ganolfan Mileniwm Cymru—i gymysgedd o atyniadau diwydiannol, preswyl, manwerthu a masnachol, i atyniadau hamdden megis Techniquet a gwestai pum seren megis un Rocco Forte. Prynodd y pecyn cyfan ac ni fyddai'r pecyn wedi bod yn bosibl heb y morglawdd. Yr hyn y mae pob dinas ar lan y dwr ei angen yw dwr, a heb forglawdd nid oedd gan Gaerdydd ddwr am 18 awr y dydd. Yr unig ffordd y gall Caerdydd gymryd ei le fel un o brif ddinasoedd glan y dwr yw drwy gael rhywfaint o ddwr yno a'r unig ffordd y gwnaethpwyd hyn oedd drwy adeiladu morglawdd.

[12] Brian Gibbons: Mae'r cwestiwn hwn i Mr Boyce, ac i Mr Shortridge roi ei farn ar swm pitw o £8 miliwn. Beth, yn eich barn chi, yw'r sail ar gyfer y gwahaniaeth yn amcangyfrifon gwreiddiol adeiladu'r morglawdd o £199 miliwn gan Gorfforaeth Datblygu Bae Caerdydd a £191 miliwn gan y Swyddfa Gymreig?

Mr Boyce: Yn ôl yr hyn a gofiau, nid amcangyfrif ydoedd. Yr oedd hwn yn derfyn ariannol a roddwyd ar y gost gan Ysgrifennydd Gwladol Cymru ar y pryd, Mr John Redwood. Lluniodd farn wleidyddol mai £191 fyddai'r ffigur derbyniol. Ar y pryd, amcangyfrifwyd y byddai'r gost yn £199 miliwn ac felly yr oedd yn rhaid inni wneud arbedion i symud o'n cynamcangyfrif dilys o'r gost i'r terfyn ariannol gwleidyddol.

[13] Brian Gibbons: Mr Shortridge, sut gallai'r Swyddfa Gymreig ar y pryd gyfiawnhau rhoi pris mor isel ar achos mor gadarn â'r un a gyflwynwyd gan Mr Boyce?

Mr Shortridge: My understanding is that the figure of £191 million was, in 1995, the figure that was regarded as sufficiently compatible with that which Parliament had been given when the Cardiff Bay Barrage Act 1993 was passed. Ministers at the time were keen to ensure that the cost of the barrage should be kept at that level if at all possible. Following a review or discussion of the costs that had taken place at that time, the Cardiff Bay Development Corporation, in response to correspondence, said that the cost of the barrage as envisaged at the time, building in estimates for inflation and contingencies, would be £199 million. The response at the time to that was a request that it should get it back down to £191 million. In response to that, the CBDC said that it could achieve that by making certain savings to the overall investment package and that is what happened.

[14] Brian Gibbons: We have heard a few times in this Committee that estimates are drawn up on where savings will be made or costs incurred. I am trying to work out on what kind of foundation you came to this conclusion of £191 million. Why not pick £195 million or £185 million? What is the foundation for or the robustness of these estimates?

Mr Shortridge: My understanding is, as I said, that the foundation was that the overall cost of the barrage should be comparable with the cost that Parliament had been told it should be at the time of the Cardiff Bay Barrage Act 1993. That was the peg that we were seeking to continue to impose and we invited the CBDC to bring its costs back down to that level. It indicated to us that it could do so.

[15] Brian Gibbons: Yes, but why did Parliament decide on £191 million? Why did it not pick on £180 million or even £50 million?

Mr Shortridge: Yr wyf ar ddeall bod y ffigur o £191 milliwn, yn 1995, yn ffigur yr ystyrir ei fod yn cydweddu'n ddigonol â'r un a roddwyd gan y Senedd pan basiwyd Deddf Morglawdd Bae Caerdydd 1993. Yr oedd gweinidogion ar y pryd yn awyddus i sicrhau y dylid cadw cost y morglawdd ar y lefel hwnnw os yn bosibl. Yn dilyn arolwg neu drafodaeth o'r costau a gynhaliwyd ar y pryd, dywedodd Corfforaeth Datblygu Bae Caerdydd, mewn ymateb i ohebiaeth, y byddai cost y morglawdd fel y'i rhagwelir ar y pryd, gan gynnwys amcangyfrifon ar gyfer chwyddiant a threuliau, yn £199 miliwn. Yr ymateb ar y pryd i hynny oedd cais y dylai ddod yn ôl i lawr i £191 miliwn. Fel ymateb i hynny, dywedodd CDBC y gallai gyflawni hynny drwy wneud arbedion penodol i'r pecyn buddsoddi cyffredinol a dyna a ddigwyddodd.

[14] Brian Gibbons: Yr ydym wedi clywed sawl gwaith yn y Pwyllgor hwn y caiff amcangyfrifon eu llunio yn seiliedig ar ble y gwneir arbedion neu ble y bydd costau. Yr wyf yn ceisio gweithio allan ar ba sail y daethoch i'r casgliad hwn o £191 miliwn. Pam na ddewiswyd £195 miliwn neu £185 miliwn? Beth yw sail neu gadernid yr amcangyfrifon hyn?

Mr Shortridge: Yr wyf ar ddeall, fel y dywedais, mai'r sail oedd y dylai cost cyffredinol y morglawdd gymharu â'r gost y dywedwyd wrth y Senedd y dylai fod ar adeg Deddf Morglawdd Bae Caerdydd 1993. Dyna'r nod yr oeddem yn ymdrechu i barhau i'w osod a gwahoddwyd CDBC i ostwng ei chostau yn ôl i'r lefel honno. Dangosodd inni y gallai wneud hynny.

[15] Brian Gibbons: Ie, ond pam y penderfynodd y Senedd ar £191 miliwn? Pam na ddewisodd £180 miliwn neu hyd yn oed £50 miliwn?

Mr Shortridge: That is what Parliament was told by the Welsh Office and the Secretary of State for Wales at the time.

[16] Brian Gibbons: That is correct, but what is the basis for that figure?

Mr Shortridge: I imagine that it was the best estimate that could be made at the time bearing in mind that detailed designs or detailed contracts were not in place. Inevitably, this was the best estimate that could be made by Government at the time. Parliament was informed of that. It considered the Cardiff Bay Barrage Act 1993 on the basis of that information. It is reasonable for Government departments in those circumstances to seek to ensure, insofar as they can, that costs do not go beyond what Parliament has been told about.

[17] Brian Gibbons: Therefore it would be reasonable to say that this was a fairly rough and ready estimate and that once it was enacted or included in the legislation we were stuck with it. However, £191 million was pretty much a ball-park figure rather than an exact science?

Mr Shortridge: It was the best informed figure at the time. However, I agree that it would not be an exact science.

[18] Brian Gibbons: What do you think the likely final cost of the project will be?

Mr Shortridge: The figure in this report is £220 million. In part, it depends on how you define the project as to whether additional costs go in or some costs come out. However, I am happy to agree with what is in this report: that the best estimate of the final outturn for the barrage, and certain associated works like the bird reserve, is £220 million.

Mr Shortridge: Dyna beth ddywedodd y Swyddfa Gymreig ac Ysgrifennydd Gwladol Cymru ar y pryd wrth y Senedd.

[16] Brian Gibbons: Mae hynny'n gywir, ond beth yw'r sail ar gyfer y ffigur hwnnw?

Mr Shortridge: Dychmygaf mai hwnnw oedd yr amcangyfrif gorau y gellid ei wneud ar y pryd o ystyried nad oedd cynlluniau manwl na chontractau manwl wedi'u trefnu. Mae'n anochel mai hwn oedd yr amcangyfrif gorau y gallai'r Llywodraeth ei wneud ar y pryd. Yr oedd yn ystyried Deddf Morglawdd Bae Caerdydd 1993 ar sail y wybodaeth honno. Mae'n rhesymol bod adrannau'r Llywodraeth mewn amgylchiadau o'r fath yn sicrhau, cyhyd ag y gallant, nad yw costau yn mynd y tu hwnt i'r hyn y dywedwyd wrth y Senedd amdano.

[17] Brian Gibbons: Felly byddai'n rhesymol dweud mai amcangyfrif gweddol fras oedd hwn ac unwaith y'i gweithredwyd neu y cafodd ei gynnwys yn y ddeddfwriaeth yr oedd yn rhaid i ni gadw ato. Fodd bynnag, ffigur bras oedd £191 miliwn yn hytrach na ffigur penodol?

Mr Shortridge: Hwn oedd y ffigur cytbwys gorau ar y pryd. Fodd bynnag, cytunaf nad yw'n ffigur penodol.

[18] Brian Gibbons: Beth fydd cost terfynol tebygol y prosiect yn eich barn chi?

Mr Shortridge: Y ffigur yn yr adroddiad hwn yw £220 miliwn. Yn rhannol, mae'r mater o roi costau ychwanegol i mewn neu dynnu rhai costau allan yn dibynnu ar sut y diffiniwch y prosiect. Fodd bynnag, yr wyf yn hapus i gytuno gyda'r hyn sydd yn yr adroddiad hwn: mai £220 miliwn yw'r amcangyfrif gorau ar gyfer alldro terfynol y morglawdd, a rhai gweithiau cysylltiedig megis y warchodfa adar.

[19] Brian Gibbons: In view of the fact that we have already accepted that £191 million was a rough and ready estimate, how robust do you think this estimate is?

Mr Shortridge: This is clearly a much more robust estimate. Most of these costs have been met and paid for, as the report indicates. There are comparatively few areas of uncertainty left which could have an effect on the final cost.

[20] Brian Gibbons: Are you in a position to quantify what the outer limits of those figures might be?

Mr Shortridge: I would prefer not to commit myself to anything off the cuff. However, the report indicates, in paragraph 2.17, the main areas of continuing uncertainty. The information there helps to give a pretty firm indication of the likely variation. I am working to a figure of £220 million and I hope that that will be achieved.

[21] Brian Gibbons: It obviously seems to be a fairly inexact science.

Mr Shortridge: No. With the barrage virtually complete, it is much more of an exact science. I think that £220 million is a very reasonable figure for this report to contain and one for us to be seeking to achieve.

[22] Brian Gibbons: So if I picked a figure out of the air, which I am actually doing, and said it ended up being £235 million, would it be reasonable to say that you would be absolutely shocked?

Mr Shortridge: Yes.

[19] Brian Gibbons: Yng ngoleuni'r ffaith ein bod wedi derbyn eisoes bod £191 miliwn yn amcangyfrif bras, pa mor gadarn yw'r amcangyfrif hwn yn eich barn chi?

Mr Shortridge: Mae'n amlwg bod hwn yn amcangyfrif llawer mwy cadarn. Cyrhaeddwyd a thalwyd am y rhan fwyaf o'r costau hyn, fel y mae'r adroddiad yn nodi. Cymharol ychydig o feysydd o ansicrwydd sydd ar ôl a allai effeithio ar y gost derfynol.

[20] Brian Gibbons: A ydych chi mewn sefyllfa i gyfrifo yr hyn y gallai terfynau eithaf y ffigurau hynny fod?

Mr Shortridge: Byddai'n well gennyf beidio ag ymrwymo i unrhyw beth yn fyrfyfyr. Fodd bynnag, mae'r adroddiad yn nodi, ym mharagraff 2.17, y prif feysydd o ansicrwydd sydd yn parhau. Mae'r wybodaeth hon yn helpu i roi dangosiad gweddol gadarn o'r amrywiaeth tebygol. Yr wyf yn anelu at ffigur o £220 miliwn a gobeithiaf y cyflawnir hynny.

[21] Brian Gibbons: Mae'n amlwg ei fod yn ymddangos yn ffigur nad yw'n fanwl gywir.

Mr Shortridge: Nac ydyw. Gyda'r morglawdd bron yn gyflawn, mae'n ffigur llawer mwy penodol. Credaf fod £220 miliwn yn ffigur rhesymol iawn i'w gynnwys yn yr adroddiad hwn ac yn un y dylem geisio ei gyflawni.

[22] Brian Gibbons: Felly, petawn yn penderfynu ar ffigur ar hap, sef yr hyn yr wyf yn ei wneud yn awr, ac yn dweud mai £235 miliwn yw'r ateb, a fyddai'n rhesymol dweud y byddai hynny'n eich dychryn?

Mr Shortridge: Byddai.

[23] Brian Gibbons: **Finally, in your view, what are the lessons that the Assembly can learn from the budgeting for this project as a whole and also the way it was managed and controlled, bearing in mind that we may have other ‘expensive projects’ in mind ourselves?**

Mr Shortridge: **As a major capital project undertaken in a very difficult maritime environment, this was a generally well-managed project, as this report indicates. Paragraph 9 states that this was a sound performance on the part of the corporation, and paragraph 1.8 states that the construction of the barrage in these circumstances was a creditable achievement despite the cost overrun. So that is its background.**

Building on that, the main lessons are that where you have major investments of this nature, the public sector should do all it can to transfer as much of the risk as it can to the private sector. To the extent that it cannot do that, it needs to have arrangements in place to manage the risk. The corporation, in appointing its project management contractors, Bechtel Limited, had in place a highly professional team of people who managed that risk. In addition, again as the report indicates, there was a team approach between the contractors and the corporation to manage and build this project. It was not an adversarial relationship.

[23] Brian Gibbons: **Yn olaf, yn eich barn chi, beth yw'r gwersi y gall y Cynulliad eu dysgu o'r cyllido ar gyfer y prosiect hwn yn gyffredinol a hefyd y ffordd y'i rheolwyd, o goffio efallai fod gennym ‘brosiectau drud’ eraill ar y gweill ein hunain?**

Mr Shortridge: **Fel prosiect cyfalaf mawr a gynhaliwyd mewn awyrgylch morol anodd iawn, yr oedd hwn yn brosiect a reolwyd yn dda yn gyffredinol, fel y noda'r adroddiad hwn. Mae paragraff 9 yn nodi bod hwn yn berfformiad cadarn ar ran y gorfforaeth, ac mae paragraff 1.8 yn nodi bod adeiladu'r morglawdd yn yr amgylchiadau hyn yn gyflawniad cymeradwy er gwaethaf y gor-gostau. Felly dyna'r cefndir.**

Gan adeiladu ar hynny, y prif wersi yw lle ceir buddsoddiadau mawr o'r natur hwn, dylai'r sector cyhoeddus wneud cymaint ag y gall i drosglwyddo cymaint o'r risg ag y gall i'r sector preifat. I'r graddau na all wneud hynny, mae angen bod ganddo drefniadau wrth law i reoli'r risg. Yr oedd gan y gorfforaeth, wrth benodi ei chontractwyr rheoli prosiect, Bechtel Limited, dîm proffesiynol iawn o bobl a oedd yn rheoli'r risg hwnnw. Yn ogystal, eto fel y noda'r adroddiad, yr oedd ymagwedd tîm rhwng y contractwyr a'r gorfforaeth i reoli ac adeiladu'r prosiect hwn. Nid oedd yn berthynas niweidiol.

Finally, as the Welsh Office, we sought to impose a very firm financial discipline on the project by having the cap that we were talking about earlier. That cap was in place to send a very strong message not just to the corporation but to its contractors, that this was not a soft project. This was a hard-edged project and the expectation was that all those concerned would deliver within the cost envelope. I recognise that there is a conflict between on the one hand wanting a firm cap and on the other hand wanting an adequate contingency reserve. What we sought to do was to err on the side of the cap rather than a generous contingency. We thought the cap was best fitted to deliver an output rather than an indication that you could have a rolling contingency reserve.

[24] Brian Gibbons: Therefore, to be reasonable, if one had a project on terra firma that was costing about £27 million, we would have learned adequate lessons to ensure that that is likely to come in on budget and so forth?

Mr Shortridge: That is always the aspiration. If you look at what the cost overruns are on major construction schemes in the public sector, you will find that the average cost overrun is probably slightly more than the 15 per cent we are talking about.

[25] Brian Gibbons: You are talking about the barrage?

Mr Shortridge: Yes, compared to major road schemes and the like.

[26] Janet Davies: Glyn, you wanted to enlarge on this?

Yn olaf, fel y Swyddfa Gymreig, ceisiwyd gosod disgyblaeth ariannol gadarn iawn ar y prosiect drwy gael y terfyn ariannol yr oeddem yn ei drafod yn gynharach. Yr oedd y terfyn hwnnw wedi'i osod i anfon neges gref iawn nid yn unig i'r gorfforaeth ond i'w chontractwyr, nad oedd hwn yn brosiect hawdd. Yr oedd yn brosiect caled a'r disgwyliad oedd y byddai pawb dan sylw yn cyflwyno o fewn yr un amlen gost. Deallaf fod gwrthdaro rhwng, ar y naill law, cael terfyn cadarn ac ar y llaw arall cael cronfa ddigonol wrth gefn. Yr hyn y ceisiwyd ei wneud oedd bod yn fwy o blaid y terfyn na chronfa hael wrth gefn. Yr oeddem yn teimlo bod y terfyn yn fwy addas i gyflwyno allbwn yn hytrach nag argymhelliad y gallech gael cronfa wrth gefn dreigl.

[24] Brian Gibbons: Felly, i fod yn rhesymol, pe bai yna brosiect ar dir sych oedd yn costio tua £27 miliwn, byddem wedi dysgu gwersi digonol i sicrhau ei fod yn debygol o fod o fewn y gyllideb ac ati?

Mr Shortridge: Dyna'r dyhead bob amser. Os edrychwch ar y gor-gostau mewn cynlluniau adeiladu mawr yn y sector cyhoeddus, fe welwch bod cyfartaledd y gor-gostau ychydig yn uwch na'r 15 y cant a drafodwyd gennym fwy na thebyg.

[25] Brian Gibbons: A ydych yn siarad am y morglawdd?

Mr Shortridge: Ydwyf, o gymharu â chynlluniau ffordd mawr a phethau cyffelyb.

[26] Janet Davies: Glyn, yr oeddech am ymhelaethu ar hyn?

[27] Glyn Davies: Yes, on the very last point that Jon Shortridge made. We have the 1995 position where there was a political judgment on the calculated cost, the cap, to send out a message of £191 million. You then had the best estimated cost that the corporation was making, which was £199 million. You now have a current position of about £220 million. However, whatever figures we take, we are talking about a 10 to 15 per cent cost overrun. A fair part of that results from the changed requirements by Parliament to do with environmental compensation. Comparing this project with other building projects such as the proposed new Assembly building, to which Brian referred, the Millennium Stadium, the new buildings in London for Parliament and the Scottish Parliament, are we talking about the type of cost overrun that you would have thought almost to be expected in such a complex operation? This is an unusually complex development.

Mr Shortridge: As Accounting Officer, I do not like to talk about expected cost overrun.

[28] Glyn Davies: I was hesitant in asking that question.

[27] Glyn Davies: Oeddwn, ar y pwynt olaf a wnaethpwyd gan Jon Shortridge. Mae gennym sefyllfa 1995 lle yr oedd barn wleidyddol ar y gost a gyfrifiwyd, y terfyn, i anfon neges o £191 miliwn. Wedyn yr oedd gennych yr amcangyfrif cost gorau yr oedd y gorfforaeth hon yn ei gwneud, sef £199 miliwn. Yn awr mae gennych sefyllfa bresennol o tua £220 miliwn. Fodd bynnag, pa ffigurau bynnag a gymerwn, byddwn yn sôn am tua 10 i 15 y cant o orwario. Mae rhan sylweddol o hwn yn deillio o'r gofynion diwygiedig gan y Senedd yn ymwneud ag iawndal amgylcheddol. O gymharu'r prosiect hwn â phrosiectau adeiladu eraill megis adeilad newydd arfaethedig y Cynulliad, y cyfeiriodd Brian ato, Stadiwm y Mileniwm, yr adeiladau newydd yn Llundain ar gyfer y Senedd a Senedd yr Alban, a ydym yn sôn am y math o orwario y byddech bron yn ei ddisgwyl mewn gweithrediad mor gymhleth? Mae hwn yn ddatblygiad anarferol o gymhleth.

Mr Shortridge: Fel Swyddog Cyfrifo, nid wyf yn hoff o drafod gor-gostau disgwylidig.

[28] Glyn Davies: Yr oeddwn yn betrusgar cyn gofyn y cwestiwn hwnnw.

Mr Shortridge: **I expect projects to be properly managed and to come in on budget. Having said that, the reality is that if you consider comparable schemes, for example, in 1992 the National Audit Office produced a report on road schemes and for 120 contracts of schemes with a total cost of £1.5 billion, the cost overrun was 27 per cent. That was back in 1992. However, our Highways Directorate aims to keep outturn costs within 15 per cent of budget. That is because you are seeking to manage and put pressure down on costs and because you know that, in terms of the way that the risk is being managed, claims will be coming in subsequently. We are dealing here with very complex project management arrangements and large sums of money in difficult environments. It would be unreasonable to expect all such projects to be absolutely on target.**

[29] Glyn Davies: **What contingency is the Assembly allowing in the new building project that it plans?**

Mr Shortridge: **That is set out clearly in the Turner and Townsend report.**

[30] Glyn Davies: **It is around 15 per cent, is it not?**

Mr Shortridge: Around that, but I think that the Turner and Townsend report addressed it differently to the way that we addressed this earlier. It has analysed and quantified the risks very carefully so that it is not simply a matter of applying 15 per cent. It has built up the various elements that could result in additional unanticipated expenditure.

[31] Janet Davies: **As this is such an important part of the evidence, I will allow other Members to ask questions so that we can make everything clear.**

Mr Shortridge: **Yr wyf yn disgwyl i brosiectau gael eu rheoli'n gywir ac aros o fewn y gyllideb. Wedi dweud hynny, y realiti yw os ystyriwch gynlluniau y gellir eu cymharu, er enghraifft, yn 1992 cynhyrchodd y Swyddfa Archwilio Genedlaethol adroddiad ar gynlluniau ffyrdd ac ar gyfer 120 contract o gynlluniau gyda chyfanswm cost o £1.5 biliwn, yr oedd y gor-gostau yn 27 y cant. Yr oedd hynny yn ôl yn 1992. Fodd bynnag, nod ein Cyfarwyddiaeth Priffyrdd yw cadw gor-gostau o fewn 15 y cant o'r gyllideb. Mae hynny oherwydd eich bod yn ceisio rheoli a rhoi pwysau ar gostau ac oherwydd eich bod yn gwybod, yn nhermau'r modd y rheolir y risg, y daw ceisiadau i law o ganlyniad. Yr ydym yn ymdrin yma â threfniadau rheoli prosiect cymhleth iawn a symiau mawr o arian mewn amgylchiadau anodd. Byddai'n afresymol disgwyl i bob brosiect o'r fath gyrraedd y targed i'r dim.**

[29] Glyn Davies: **Faint o gronfa wrth gefn y mae'r Cynulliad yn ei ganiatáu yn y prosiect adeilad newydd y mae'n ei gynllunio?**

Mr Shortridge: **Caiff hynny ei nodi'n glir yn adroddiad Turner a Townsend.**

[30] Glyn Davies: **Mae tua 15 y cant, onid yw?**

Mr Shortridge: Tua hynny, ond credaf fod adroddiad Turner a Townsend wedi ymdrin ag ef mewn ffordd wahanol i'r ffordd yr ymdriniwyd â hwn gennym yn gynharach. Mae wedi dadansoddi a meintioli'r risgiau yn ofalus fel nad mater o gynnwys 15 y cant yn unig ydyw. Mae wedi adeiladu'r elfennau amrywiol a allai arwain at wariant ychwanegol nas disgwylwyd.

[31] Janet Davies: **Gan fod hyn yn rhan mor bwysig o'r dystiolaeth, caniatâf i Aelodau eraill ofyn cwestiynau fel y gallwn wneud popeth yn glir.**

[32] Jane Davidson: **If we can return to the matter in hand, I am particularly interested in paragraph 2.12, which states that**

‘the main factor influencing the change in the cost of constructing the Barrage was the unforeseen ground conditions’.

If my memory serves me well, for those of us who were involved in this at the time, they were unforeseen by the Cardiff Bay Development Corporation but not by anyone else. I would be grateful to hear Michael Boyce’s and Jon Shortridge’s comments on the degree of change, in terms of the modelling on the ground conditions on which the original and subsequent barrage costs were based.

Mr Shortridge: For detail, I would want to turn to Michael Boyce on this. My understanding is that the estimates were based on certain bore hole information that was available to Bechtel Limited. In practice, that bore hole information was too generalised to enable accurate estimates to be derived. That was the basic position, but Mr Boyce was probably closer to it than me.

Mr Boyce: This is about ground conditions at the base of the barrage, not ground conditions in south Cardiff generally, of course. The corporation had commissioned experienced consultants to undertake necessary studies on ground conditions. The last paragraph of the National Audit Office report explains that, in the event, those turned out to be inaccurate, in particular with regard to the precise level at which the sands and gravels were considered suitable to support the barrage structure. Of course, it was not until Balfour Beatty-Costain had begun to construct the barrage that the inadequacy of those particular surveys became apparent. That inaccuracy had to be addressed, and that cost money in terms of payments to the contractors.

[32] Jane Davidson: **Os gallwn ddychwelyd at y mater dan sylw, mae gennyf ddiddordeb mawr ym mharagraff 2.12, sydd yn nodi mai**

‘y prif ffactor a oedd yn dylanwadu ar y newid yng nghost adeiladu’r Morglawdd oedd cyflwr annisgwyl y tir’.

Os cofiaf yn iawn, ar gyfer y rhai ohonom oedd yn ymwneud â hyn ar y pryd, nis rhagwelwyd hwy gan Gorfforaeth Datblygu Bae Caerdydd, yn wahanol i bawb arall. Byddwn yn ddiolchgar o glywed sylwadau Michael Boyce a Jon Shortridge ar faint y newid, yn nhermau’r modelu ar gyflwr y tir y seiliwyd costau gwreiddiol a dilynol y morglawdd arnynt.

Mr Shortridge: I fanylu, hoffwn droi at Michael Boyce ar gyfer hyn. Yr wyf ar ddeall y seiliwyd yr amcangyfrifon ar wybodaeth am dyllau turio penodol a oedd ar gael i Bechtel Limited. Yn ymarferol, yr oedd y wybodaeth honno ar dyllau turio yn rhy gyffredinol i alluogi i amcangyfrifon cywir gael eu llunio. Dyna oedd y sefyllfa sylfaenol, ond mae’n debyg bod Mr Boyce yn agosach ati na mi.

Mr Boyce: Mae hyn yn ymwneud â chyflwr y tir ger sylfaen y morglawdd, nid cyflwr y tir yn ne Caerdydd yn gyffredinol, wrth gwrs. Yr oedd y gorfforaeth wedi comisiynu ymgynghorwyr profiadol i gynnal yr astudiaethau angenrheidiol ar gyflwr y tir. Mae paragraff olaf adroddiad y Swyddfa Archwilio Genedlaethol yn esbonio bod y rhain, fel y digwyddodd pethau, yn anghywir, yn arbennig mewn perthynas â’r union lefel yr ystyriwyd bod y tywod a’r graean yn addas i gynnal strwythur y morglawdd. Wrth gwrs, ni chanfuwyd bod yr arolygon penodol hynny yn annigonol nes i Balfour Beatty-Costain ddechrau adeiladu’r morglawdd. Yr oedd yn rhaid ymdrin â’r anghywirdeb hwnnw, ac fe gostiodd hynny arian o ran taliadau i’r contractwyr.

It is not entirely unexpected because—although I am not an engineer and I do not have any engineering support—the process in very basic lay terms is that people go across the line of the barrage and drill bore holes. You do not drill a bore hole every inch; you drill one every so many meters. Therefore, it is self-evident that something can exist between successive bore holes. That was what happened here. There were circumstances where bore holes were not drilled that did not become apparent until the contractors started work.

[33] Jane Davidson: I return to the issue of cost. I was looking at the change between the original estimate, based on the original flawed data, and the subsequent estimate, based on the far more persuasive data when Bechtel Limited took the contract.

Mr Boyce: I do not have those figures, I am afraid.

Nid yw hyn yn hollol annisgwyl oherwydd—er nad wyf yn beiriannydd ac nad oes gennyf gymorth peirianyddol—y broses mewn termau lleyg sylfaenol iawn yw bod pobl yn mynd ar hyd llinell y morglawdd ac yn drilio tyllau turio. Nid fesul modfedd y caiff twll turio ei ddrilio; ond fesul hyn a hyn o fetrau. Felly, mae'n amlwg y gall rhywbeth fodoli rhwng tyllau turio dilynol. Dyna beth ddigwyddodd yma. Yr oedd amgylchiadau lle na chafodd tyllau turio eu drilio ac ni ddaeth hyn i'r amlwg nes i'r contractwyr ddechrau ar y gwaith.

[33] Jane Davidson: Yr wyf am ddychwelyd at y gost. Yr oeddwn yn edrych ar y newid rhwng yr amcangyfrif gwreiddiol, sydd yn seiliedig ar y data diffygiol gwreiddiol, a'r amcangyfrif dilynol, yn seiliedig ar y data llawer mwy perswadiol pan ymgymerodd Bechtel Limited â'r contract.

Mr Boyce: Nid yw'r ffigurau hynny gennyf, yn anffodus.

[34] Jenny Randerson: My point is along similar lines. Table 1 on page 14 sets out how the figure of £191 million was reached in considerable detail. Therefore, it obviously was not an off-the-cuff guess; it was reached in some detail. Apart from the bird reserve—and I understand the reasons why the variation on the bird reserve is so considerable; it is basically a different reserve and it was a Parliamentary decision that led to that—the major variation comes in the barrage structure. There are the ground conditions, which Jane dealt with, but there is also, I recollect, the question of the third lock, which was taken out and put back in again. I would be grateful if you could provide us with some details as to what that process was and why it was undertaken, why it was taken out and then put back in again at considerable additional cost. Also, in addition to those two, are there any other factors that led to that big increase in barrage structure costs?

Mr Boyce: Those are the big factors, I think. You will appreciate that I do not have any access to any information or any support. All this information is now with Cardiff City and County Council, if you need to get into the detail of it. I am not able to help you on the detail.

[34] Jenny Randerson: Mae fy mhwynt i yn un tebyg. Mae tabl 1 ar dudalen 14 yn nodi sut y cyrhaeddwyd y ffigur o £191 miliwn yn eithaf manwl. Felly, mae'n amlwg nad dyfalu a wnaethpwyd; cyrhaeddwyd y ffigur mewn peth manylder. Ar wahân i'r warchodfa adar—ac yr wyf yn deall pam y mae'r amrywiad o ran y warchodfa adar mor sylweddol; mae'n warchodfa wahanol mewn gwirionedd a phenderfyniad Seneddol a arweiniodd at hynny—strwythur y morglawdd sydd yn amrywio fwyaf. Ceir amodau'r tir yr oedd Jane yn ymdrin â hwy, ond hefyd, mi gofiau, ceir mater y trydydd loc, a dynnwyd allan ac a roddwyd yn ôl i mewn. Byddwn yn ddiolchgar pe gallech roi manylion inni ar beth oedd y broses honno a pham y'i cynhaliwyd, pam y'i tynnwyd allan a'i ailosod ato am gost ychwanegol sylweddol. Hefyd, yn ogystal â'r ddau hynny, a oes unrhyw ffactorau eraill a arweiniodd at y cynnydd mawr hwnnw yng nghostau strwythur y morglawdd?

Mr Boyce: Mae'r rheini'n ffactorau mawr, fe gredaf. Byddwch yn gwerthfawrogi nad oes gennyf unrhyw fynediad i unrhyw wybodaeth na chymorth. Mae'r wybodaeth hon i gyd bellach gan Gyngor Dinas a Sir Caerdydd, os oes angen y manylion arnoch. Ni allaf eich helpu gyda'r manylion.

The challenge that the corporation had was to reduce the real figure of £199 million down to the capped figure of £191 million. One of the issues looked at was changing the nature of the construction in order to make it less expensive to build. That included removing one of the locks. That would have provided a significant saving. However, of course, as soon as you decide to change a project that has already been designed and costed, you are into spending money immediately, even on finding savings, as you may understand in other circumstances.

Then it transpired that, having spent money seeking to take out the third lock, we were required by yachting interests to reinstate it. Therefore, we went through a fairly sterile process of spending money on taking out a lock and then spending money on putting it back in again. However, that was done to try to address the imperative of reducing a budget from £199 million to the capped figure of £191 million. In the end, trying to do that actually cost us money.

[35] Jenny Randerson: I have a supplementary question. You said that you were required to reinstate the lock by yachting interests. Was that because of the legal requirements of the situation? There were agreements with, or assurances to, Cardiff Yacht Club in the original legislation, were there not? Or was it simply because of public opinion, shall we say, in the wider sense of the term?

Y sialens a gafodd y gorfforaeth oedd gostwng y ffigur gwirioneddol o £199 miliwn i lawr i'r ffigur terfyn o £191 miliwn. Un o'r materion yr edrychwyd arno oedd newid natur yr adeiladwaith er mwyn ei wneud yn llai drud i'w adeiladu. Yr oedd hyn yn cynnwys tynnu un o'r lociau. Byddai hyn wedi arbed arian sylweddol. Fodd bynnag, wrth gwrs, cyn gynted ag y byddwch yn penderfynu newid prosiect a gynlluniwyd ac a gostiwyd eisoes, byddwch yn gwario arian ar unwaith, hyd yn oed wrth ddod o hyd i arbedion, fel y byddwch efallai'n deall mewn amgylchiadau eraill.

Yna daeth i'r amlwg, wedi inni wario arian i geisio tynnu'r trydydd loc, bod gofyn inni ei adfer oherwydd y rhai â buddiant mewn hwylio iotiau. Felly, aethom drwy broses weddol ddi-fudd o wario arian ar dynnu loc ac yna gwario arian ar ei ailosod eto. Fodd bynnag, gwnaethpwyd hynny i geisio ymdrin â'r gorchymyn o leihau cyllideb o £199 miliwn i'r ffigur terfyn o £191 miliwn. Yn y pen draw, fe wnaeth ceisio gwneud hynny gostio arian inni mewn gwirionedd.

[35] Jenny Randerson: Y mae gennyf gwestiwn atodol. Fe ddywedasoeh y gofynnwyd i chi adfer y loc gan rai â buddiant mewn hwylio iotiau. A oedd hynny oherwydd gofynion cyfreithiol y sefyllfa? Yr oedd cytundebau â Chlwb Iotiau Caerdydd, neu sicrwydd iddo, yn y ddeddfwriaeth wreiddiol, onid oedd? Neu a oedd hyn oherwydd y farn gyhoeddus, dyweder, yn ystyr ehangach y term?

Mr Boyce: There were yachting associations pursuing their interests with a degree of enthusiasm and very robustly. It was a mixture of legal obligation and strong persuasion and lobbying. Many of the arrangements with the yachting associations were on understandings delivered to Parliament, rather than on any legally binding arrangements. That cocktail of persuasion and legal argument persuaded the corporation that it was right to reinstate the lock. The process of taking it out and putting it back, sadly, but inevitably, cost money.

[36] Geraint Davies: Returning to the groundwork and the survey, can you confirm that there was no evidence of any negligence by the consultants that you engaged? Were the bore holes drilled at a reasonable distance or should they have been more frequent? If there was negligence, are there grounds for claiming compensation?

Mr Boyce: I understand that the drilling of the bore holes was conducted in accordance with normal civil engineering practice.

[37] Geraint Davies: Was this normal civil engineering though, because this was the first time that you had done something of this nature?

Mr Boyce: Drilling bore holes underwater is not common, but there is sufficient experience of it around the world. The consultant engineers employed by the corporation to drill the bore holes followed what was, certainly at the time, standard engineering practice in that process. It missed items.

Mr Boyce: Yr oedd cymdeithasau iotiau yn hyrwyddo eu buddiannau â pheth brwdfrydedd ac yn gadarn iawn. Yr oedd yn gymysgedd o reidrwydd cyfreithiol a pherswâd a lobïo cryf. Yr oedd llawer o'r trefniadau â'r cymdeithasau iotiau ar ddealltwriaeth a gyflwynwyd i'r Senedd, yn hytrach nag ar unrhyw drefniadau a oedd yn gyfreithiol rwymol. Perswadiwyd y gorfforaeth gan y cymysgedd hwnnw o berswâd a dadl gyfreithiol ei bod yn briodol ailosod y loc. Yr oedd y broses o'i dynnu allan a'i ailosod, yn anffodus, ond yn anochel, yn costio arian.

[36] Geraint Davies: Gan ddychwelyd at y sylfaeni a'r arolwg, a allwch gadarnhau nad oedd tystiolaeth o unrhyw esgeulustod gan yr ymgynghorwyr a ddefnyddiwyd gennych? A oedd pellter rhesymol rhwng y tyllau turio a ddriliwyd neu a ddylid bod wedi gwneud rhagor ohonynt? Os oedd esgeulustod, a oes rhesymau dros hawlio iawndal?

Mr Boyce: Yr wyf ar ddeall y driliwyd y tyllau turio yn unol â'r drefn arferol mewn peirianeg sifil.

[37] Geraint Davies: Ond a oedd hyn yn beirianeg sifil cyffredin, oherwydd hwn oedd y tro cyntaf i chi wneud rhywbeth o'r natur hwn?

Mr Boyce: Nid yw drilio tyllau turio o dan y dwr yn arferol, ond mae digon o brofiad o wneud hynny ledled y byd. Dilynodd y peirianwyr ymgynghorol a ddefnyddiwyd gan y gorfforaeth i ddrilio'r tyllau turio yr hyn a oedd, yn sicr bryd hynny, yn arfer peirianegol safonol yn y broses honno. Methwyd â darganfod rhai pethau.

[38] Janet Davies: I will also ask a question on paragraph 2.12, Mr Boyce. On pages 14 and 15 an incentive clause, which saved the corporation £720,000, is mentioned. Presumably, its purpose was also to save the contractors money. What was the split between the contractor and the corporation?

Mr Boyce: The purpose of the clause was not to save the contractors money. It was to ensure that they did not make too much money at the public's expense. Our concern had been that, in so many civil engineering contracts, all of which turned out to be much more expensive than the barrage, there is always a risk of a conflict of interest between the engineer to the contract, the employing public sector body and the contractor. We wanted to separate that out and ensure that there was someone who was shouting for the public sector, not being an honest broker sitting in the middle and trying to come to some agreement between the contractor and the public sector organisation. We did not want that because it usually leads to compromise and a more expensive contract.

[38] Janet Davies: Fe ofynnaf innau hefyd gwestiwn ar baragraff 2.12, Mr Boyce. Ar dudalennau 14 a 15, sonnir am gymal cymhelliad, a arbedodd £720,000 i'r gorfforaeth. Yn ôl pob tebyg, ei bwrpas oedd arbed arian i'r contractwyr hefyd. Beth oedd y rhaniad rhwng y contractwr a'r gorfforaeth?

Mr Boyce: Nid arbed arian i'r contractwyr oedd pwrpas y cymal. Ei bwrpas oedd sicrhau nad oeddent yn ennill gormod o arian ar draul y cyhoedd. Ein pryder oedd, mewn cymaint o gontractau peirianeg sifil, a phob un ohonynt yn y pen draw yn llawer drutach na'r morglawdd, bod risg o hyd bod gwrthdaro rhwng peiriannydd y contract, y corff sector cyhoeddus sydd yn cyflogi a'r contractwr. Yr oeddem am wahanu hynny a sicrhau bod rhywun oedd yn lleisio barn y sector cyhoeddus, heb fod yn gyfryngwr yn y canol a cheisio dod i ryw fath o gytundeb rhwng y contractwr a'r sefydliad sector cyhoeddus. Nid oeddem eisiau hynny oherwydd ei fod fel arfer yn arwain at gyfaddawd a chontract drutach.

Therefore, we devised a system with Bechtel whereby it was obliged, on behalf of the corporation, to bring this project in as close as possible to cost. One thing that we did not insist on was that it should be brought in at any particular time. It was not like building the Millennium Stadium. There was no World Cup to be played. It did not really matter whether it was completed in August 1998 or November 1999, providing that the delay did not cost money but, in fact, helped the cost plan to be managed more effectively. We always placed our emphasis on the cost, never on the time. We therefore had a bonus or an incentive scheme with Bechtel, on a sliding scale obviously, that the closer that it got the contract to the authorised figure, the more chance there was for it to earn a bonus. It could end up earning nothing if it failed, but if it succeeded beyond everyone's wildest dreams it would earn much more money. In the event, you can see the figure that it earned for keeping this contract, we would say, without any cost overrun. That is a matter of semantics; it is a matter of accounting. We said that it would cost £199 million in 1995. If you add on to that all of the things that were completely outside the corporation's control—the Gwent Levels Wetland Reserve, the construction design management regulations, the landfill tax; all of which had nothing to do with the corporation and no one contemplated in 1995—the figure comes pretty close to £220 million. We think, and Bechtel would say, that we brought this contract in almost exactly to the figure which we were required to do so. As a result, Bechtel, which was on a bonus scheme, shared the benefit for that remarkable achievement with the public sector.

[39] Janet Davies: Therefore, if Bechtel and the public sector shared it, was it a total of £720,000?

Felly, dyfeisiasom system gyda Bechtel lle yr oedd yn ofynnol iddo, ar ran y gorfforaeth, gyflawni'r prosiect mor agos â phosibl at y gost. Un peth na wnaethom ei fynnu oedd y dylid ei gyflawni erbyn rhyw amser penodol. Nid oedd fel adeiladu Stadiwm y Mileniwm. Nid oedd Cwpan y Byd i'w chwarae. Nid oedd o bwys mawr pa un a fyddai'n cael ei gwblhau ym mis Awst 1998 neu ym mis Tachwedd 1999, ar yr amod nad oedd yr oedi yn costio arian ond, mewn gwirionedd, yn helpu i reoli'r cynllun cost yn fwy effeithiol. Yr oedd ein pwyslais ar y gost bob amser, yn hytrach nag ar yr amser. Felly yr oedd gennym gynllun bonws neu gynllun gyda Bechtel, ar raddfa symudol yn amlwg, sef po agosaf y byddai'n dod â'r contract at y ffigur a awdurdodwyd, y mwyaf fyddai'r cyfle iddo ennill bonws. Mae'n bosibl na fyddai'n ennill dim pe bai'n methu, ond pe bai'n llwyddo y tu hwnt i ddisgwyliadau eithaf pawb byddai'n ennill llawer mwy o arian. Pe byddai hyn yn digwydd, gallwch weld y ffigur a enillodd ar gyfer cadw'r contract hwn, fe ddywedem ni, heb unrhyw orwario. Mae hynny'n fater o semanteg; mae'n fater o gyfrifo. Dywedasom y byddai'n costio £199 miliwn yn 1995. Os ychwanegwch at hynny yr holl bethau a oedd y tu hwnt i reolaeth y gorfforaeth yn llwyr—

Gwarchodfa Gwlyptir Gwastadeddau Gwent, rheoliadau rheoli cynlluniau adeiladu, y dreth tirlenwi; nad oedd a wnelo'r un ohonynt ddim â'r gorfforaeth ac nad oedd neb wedi'u rhagweld yn 1995—daw'r ffigur yn agos iawn at £220 miliwn. Credwn, a byddai Bechtel yn cytuno, ein bod wedi cyflawni'r contract hwn bron yn union yn ôl y ffigur y gofynnwyd inni wneud. O ganlyniad, rhannodd Bechtel, a oedd ar gynllun bonws, y budd o'r cyflawniad nodedig hwnnw gyda'r sector cyhoeddus.

[39] Janet Davies: Felly, os rhannwyd ef rhwng Bechtel a'r sector cyhoeddus, a oedd yn gyfanswm o £720,000?

Mr Boyce: That is what went to Bechtel. That was its share of it. The public sector saving is untold millions of pounds.

[40] Janet Davies: What I am reading states that the incentive clause proved very successful and produced savings for the corporation that amounted to £720,000. I may be being very stupid about this, but I am getting slightly confused. I am asking about this because it does not seem to me to be a very great amount on such a large contract.

Mr Boyce: This is a very short report on a very complicated contract. The exceedingly complicated arrangement with Bechtel is not really the subject of this NAO report at all. I do not think that, without reference to those complicated contracts and side agreements, I can take you further than what the NAO report states and what I say, which is that the bonus scheme was to ensure that Bechtel got paid something for good performance, the beneficiary of which was the public sector.

[41] Janet Davies: I accept that you do not have the figures and the papers, and that this is a quite complex issue. I do not know whether Mr Shortridge can expand on it at all.

Mr Shortridge: No. Only to say that I fully support having incentive arrangements like this in major public contracts.

[42] Janet Davies: They are fairly usual these days and I also support them. However, the concern stays with me that £720,000 does not seem as much as you would normally expect from a contract of this size. We must leave it there—

Mr Boyce: Dyna'r swm a aeth i Bechtel. Dyna oedd ei ran ef ohono. Mae'r arbediad i'r sector cyhoeddus yn filiynau dirifedi o bunnoedd.

[40] Janet Davies: Mae'r hyn yr wyf yn ei ddarllen yn nodi bod y cymal cymhelliad yn llwyddiannus iawn a'i fod wedi cynhyrchu arbedion o £720,000 i'r gorfforaeth. Efallai fy mod yn bod yn dwp iawn ynglyn â hyn, ond yr wyf wedi drysu braidd. Gofynnaf am hyn oherwydd nad yw'n ymddangos yn swm mawr iawn i mi ar gontract mor fawr.

Mr Boyce: Adroddiad byr iawn yw hwn ar gontract cymhleth iawn. Mewn gwirionedd nid y trefniant hynod gymhleth gyda Bechtel yw pwnc yr adroddiad hwn gan y Swyddfa Archwilio Genedlaethol. Ni chredaf, heb gyfeirio at y contractau cymhleth a'r trefniadau ochr, y gallaf ymhelaethu ymhellach na'r hyn a nodir yn adroddiad y Swyddfa Archwilio Genedlaethol a'r hyn a ddywedaf i, sef mai pwrpas y cynllun bonws oedd sicrhau bod Bechtel yn cael rhywfaint o dâl am berfformiad da, y derbyniodd y sector cyhoeddus fudd ohono.

[41] Janet Davies: Derbyniaf nad yw'r ffigurau a'r papurau gennyh, a bod hwn yn fater eithaf cymhleth. Ni wn a all Mr Shortridge ymhelaethu arno o gwbl.

Mr Shortridge: Na allaf. Dim ond i ddweud fy mod yn llwyr gefnogi cael trefniadau cymhelliad fel hyn mewn contractau cyhoeddus mawr.

[42] Janet Davies: Maent yn weddol gyffredin y dyddiau hyn ac yr wyf innau'n eu cefnogi hefyd. Fodd bynnag, yr wyf yn dal i bryderu nad yw £720,000 yn ymddangos yn gymaint ag y byddech yn ei ddisgwyl o gontract o'r maint hwn. Rhaid inni ei gadael hi yn y fan hon—

Mr Boyce: I think that the Assembly would need to carry out a value for money study to make some sort of calculation as to what the contract might have been had Bechtel not been working on an incentivised management scheme. I am not sure whether that calculation has been made or whether it can be easily made. I am picking figures out of the air by saying that, having got it to what we would judge to be no cost overrun, we believe that there would certainly have been a serious cost overrun without it. We have seen the normal Welsh average on the Brynglas tunnels and the Conway tunnel, which had cost overruns of 50 to 80 per cent. If that is the experience in the past and we have not done that, then we must have done something right in the scheme that we had with Bechtel.

[43] Janet Davies: It is certainly a great relief that this project is not in that order of overrun. However, I still think that we must ensure that we have the best possible value. Dafydd Wigley wants to ask questions about managing the project.

[44] Dafydd Wigley: Cyn imi symud ymlaen at hynny, hoffwn ddweud fy mod yn gwerthfawrogi'r ffaith fod Mr Boyce wedi dod yma i'n cynorthwyo heddiw, er nad yw'n gweithio i'w gyn-gyflogwr bellach. Yr ydym fel Pwyllgor yn ystyried hyn o safbwynt y gwersi y gallwn eu dysgu. Mae'r cymorth y gallwch ei roi inni i ddysgu'r gwersi hynny yn allweddol.

Mr Boyce: Credaf y byddai angen i'r Cynulliad gynnal astudiaeth gwerth am arian i wneud rhyw fath o gyfrifiad i ganfod beth fyddai'r contract wedi bod pe na byddai Bechtel wedi bod yn gweithio ar gynllun rheoli cymelliadol. Nid wyf yn siwr a wnaethpwyd y cyfrifiad hwnnw neu a ellir gwneud un yn hawdd. Yr wyf yn dyfalu ffigurau gan ddweud, wedi inni lwyddo i gyrraedd sefyllfa lle na fyddai gor-gostau yn ein barn ni, credwn y byddai gor-gostau difrifol yn sicr hebddo. Yr ydym wedi gweld cyfartaledd arferol Cymru ar dwneli Brynglas a thwnel Conwy, gyda gor-gostau o rhwng 50 ac 80 y cant. Os mai dyna'r profiad yn y gorffennol ac nad ydym wedi gwneud hynny, yna mae'n rhaid ein bod wedi gwneud rhywbeth yn iawn yn y cynllun a oedd gennym gyda Bechtel.

[43] Janet Davies: Yn bendant mae'n rhyddhad mawr na fu gor-gostau i'r graddau hynny yn y prosiect hwn. Fodd bynnag, credaf o hyd bod yn rhaid inni sicrhau ein bod yn cael y gwerth gorau posibl. Mae Dafydd Wigley eisiau gofyn cwestiynau yn am reoli'r prosiect.

[44] Dafydd Wigley: Before I move on to that, I would like to say that I appreciate the fact that Mr Boyce has come here to assist us today, even though he no longer works for his former employer. As a Committee, we are considering this from the point of view of the lessons that we can learn. The assistance that you can give to us in learning those lessons is crucial.

Cyn gofyn cwestiynau penodol ynglyn â rheoli, a gaf ymhelaethu ar bwynt a wnaethpwyd beth amser yn ôl, pan oedd Mr Boyce yn cyfeirio at y manteision a'r enillion i Gaerdydd o'r datblygiadau hyn—cannoedd o filiynau o bunnoedd? Byddai'n dipyn o broblem i'r Cynulliad yn y dyfodol pe byddai cwestiwn tebyg yn codi eto lle bo angen rhoi tua £200 miliwn a fyddai, o bosibl, wedi gallu mynd tuag at addysg, iechyd neu unrhyw faes arall y dymunem, i brosiect fel hwn a ddaw â manteision mawr i ardal benodol, ond nad yw'n dychwelyd y manteision trethiannol y cyfeiriodd Mr Boyce atynt i'r Cynulliad.

Hoffwn ofyn i Jon Shortridge, pan fyddwn yn gorfod asesu yn y dyfodol a ydym am wario symiau aruthrol fel hyn ar brosiectau—nid symiau bach lleol ond symiau aruthrol sydd yn ystumio'r holl raglen wariant a allai fod gan y Cynulliad—sut y gallwn sicrhau y daw mantais yn ôl inni y gellid ei ailgyfeirio wedyn i rannau eraill o Gymru o fuddsoddiad o'r math hwn?

Mr Shortridge: Whenever we undertake a project of this nature, there has to be a hard-edged business case that will look at all the best estimates of all the costs and all the benefits to see whether it will deliver a reasonable rate of return. That is what happened on this occasion. That would certainly continue to happen under the Assembly, and I think that it would be for you as Members to decide how you involved yourselves in that. However, I could well imagine that, if there were a scheme of this scale, it would be a matter for the Assembly to take a view on. In taking that view, any debate would need to be informed by the business case that had been undertaken and made available to Members so that it could be a collective consideration of these wider issues to which you refer.

Before asking specific questions relating to management, may I expand on a point that was made some time ago, when Mr Boyce referred to the advantages and gains to Cardiff of these developments—hundreds of thousands of pounds? It would be quite a problem for the Assembly in future if a similar question arose again where we needed to give about £200 million that could, possibly, have gone towards education, health or any other area that we wished, towards a project such as this one that brings many advantages to a specific area, but does not return the taxation benefits, to which Mr Boyce referred, to the Assembly.

I would like to ask Jon Shortridge, when we have to assess in future whether we will spend huge sums like this on projects—not small local sums but huge sums that distort the whole expenditure programme that the Assembly may have—how can we ensure that benefit from this kind of investment, which can then be redirected to other parts of Wales, will return to us?

Mr Shortridge: Pryd bynnag y byddwn yn ymgymryd â phrosiect o'r math hwn, mae'n rhaid cael achos busnes cystadleuol a fydd yn edrych ar yr holl amcangyfrifon gorau o'r holl gostau a'r holl fanteision i weld a fydd yn cyflwyno cyfradd elw resymol. Dyna ddigwyddodd y tro hwn. Byddai hynny'n sicr o barhau o dan y Cynulliad, a chredaf mai chi fel Aelodau a ddylai benderfynu sut i gymryd rhan yn hynny. Fodd bynnag, gallaf ddychmygu, pe bai cynllun ar y raddfa hon, byddai'n fater i'r Cynulliad ffurfio barn arno. Wrth roi'r farn honno, byddai angen i unrhyw drafodaeth gael ei goleuo gan yr achos busnes a fyddai wedi'i baratoi ac a fyddai ar gael i Aelodau fel y gallai fod yn ystyriaeth ar y cyd o'r materion ehangach hyn y cyfeiriwch atynt.

[45] Dafydd Wigley: Mae hynny yn rhywbeth y bydd yn rhaid i ni fel Cynulliad ei ystyried rywbryd—sut yr ydym yn asesu pethau o'r fath. Mae gwersi i'w dysgu o hynny.

Trof at reoli'r prosiect. Mae paragraff 2.20 adroddiad yr Archwilydd Cyffredinol yn gosod allan rai o'r gwersi ar gyfer y dyfodol sydd i'w dysgu o'r modd y mae'r gorfforaeth wedi rheoli'r prosiect. Mr Boyce, beth ydych chi'n ei deimlo yw'r gwersi, a pha rai o'r gwersi hynny y teimlwch y dylai'r Cynulliad dalu'r mwyaf o sylw iddynt pe baem yn wynebu prosiect arall o faint a chymhlethdod cyffelyb i'r prosiect hwn?

Mr Boyce: I think that it would probably be a bit presumptuous of me to give the Assembly lessons. I think that what we found helpful first of all, although we wriggled and shouted about it, was the cap, which put great pressure on us to look very closely at every single cost. The fact that a cap was imposed, that it was very visible, and had a high profile—everybody could trip this cap figure off in all sorts of arenas—was a great discipline. I found that having that cap was a great discipline—it was always in our minds. We always regarded it as unreasonable and could always demonstrate why it was unreasonable. Nevertheless, its very presence, the strong political presence that lay behind it, I think helped in the end in the overall management of the project.

[45] Dafydd Wigley: That is something that we as an Assembly should consider sometime—how we assess such things. There are lessons to be learnt from that.

I turn to the project's management. Paragraph 2.20 of the Auditor General's report sets out some of the lessons for the future that are to be learned from the way that the corporation has managed the project. Mr Boyce, what do you feel are the lessons, and which of those lessons do you feel that the Assembly should pay most attention to if we were to face another project of similar size and complexity to this project?

Mr Boyce: Credaf y byddai braidd yn hyf imi roi gwersi i'r Cynulliad. Credaf mai'r hyn a gawsom yn ddefnyddiol i ddechrau, er ein bod wedi gwingo a phrotestio ynglyn ag ef, oedd y terfyn ariannol, a roddodd bwysau mawr arnom i edrych yn ofalus iawn ar bob cost unigol. Yr oedd y ffaith fod terfyn wedi'i osod, ei fod yn weladwy iawn, a bod ganddo broffil uchel—gallai pawb ddyfynnu'r ffigur terfyn hwn ym mhob math o feysydd—yn ddisgyblaeth wych. Canfyddais fod cael y terfyn hwnnw yn ddisgyblaeth wych—cadwem ef mewn cof bob amser. Yr oeddem bob amser yn ystyried ei fod yn afresymol a gallem ddangos pam ei fod yn afresymol o hyd. Er hynny, credaf fod ei bresenoldeb ynddo'i hun, y presenoldeb gwleidyddol cryf a oedd y tu ôl iddo, wedi helpu yn y pen draw o ran rheolaeth gyffredinol y prosiect.

A second lesson, and we have rehearsed it already, of course, is to ensure that there is, alongside the contract, people who have the public sector's interest at heart and are not acting as the brokers' men or mediators between one side or the other, but are beyond peradventure on the side of those who are paying, and there being no ambiguity about that. I think that we were helped by not having a time imperative. There seems to be a great obsession, particularly in the media, about projects being late—well, late for what? Unless there is some very specific reason for a project being open on a particular date, I think that people should try to get away from the obsession that time is important. What is important, it seems to me, is the value that is derived from the project and the cost of the project. Unless there is some specific time imperative and you pay for that, you should not start getting worried about people saying that it is late, because it is not usually late for anything. It is simply a point that people want to use as a mechanism for being critical perhaps.

Within the organisation, we tried to deal very closely with the contractors, with the consultants, with staff, with board members and with the Welsh Office, and then the Assembly, very much on a team basis, so there was not a 'them' and 'us'. It was not a question of who is being supervised and who is the supplicant. It was a question of us all having a responsibility to deliver this project professionally and with pride, and we strove in all our management mechanisms to emphasise that everyone's role was as important as everyone else's in achieving this. The team role was so important in doing that.

Ail wers, ac yr ydym wedi ei hymarfer eisoes, wrth gwrs, yw sicrhau y ceir, ochr yn ochr â'r contract, bobl sydd yn meddwl am les y sector cyhoeddus ac nad ydynt yn gweithredu fel cyfryngwyr rhwng un ochr â'r llall, ond sydd y tu hwnt i bob amheuaeth ar ochr y rhai sydd yn talu, ac nad oes unrhyw amwysedd ynglyn â hynny. Credaf y bu i'r ffaith nad oedd gennym derfyn amser ein helpu. Ymddengys bod obsesiwn mawr, yn enwedig yn y cyfryngau, ynglyn â phrosiectau hwyr—wel, hwyr ar gyfer beth? Oni bai bod rheswm penodol iawn dros agor prosiect ar ddyddiad penodol, credaf y dylai pobl geisio anghofio'r obsesiwn bod amser yn bwysig. Ymddengys i mi mai'r hyn sydd yn bwysig yw'r gwerth a geir o'r prosiect a chost y prosiect. Oni bai bod terfyn amser penodol a'ch bod yn talu am hynny, ni ddylech ddechrau poeni ynglyn â phobl yn dweud ei fod yn hwyr, oherwydd fel arfer nid yw'n hwyr ar gyfer unrhyw beth. Efallai mai dim ond pwynt y mae pobl am ei ddefnyddio fel dull o fod yn feirniadol ydyw.

O fewn y sefydliad, ceisiasom weithio'n agos iawn â'r contractwyr, yr ymgynghorwyr, staff, aelodau'r bwrdd a'r Swyddfa Gymreig, ac yna'r Cynulliad, ar sail tîm yn bendant, fel nad oedd 'nhw' a 'ni'. Nid oedd yn gwestiwn o bwy sydd yn cael ei oruchwyllo a phwy yw'r deisyfydd. Yr oedd yn ymwneud â'r ffaith fod gennym oll gyfrifoldeb i gyflwyno'r prosiect hwn yn broffesiynol a chyda balchder, ac ymdrechasom yn ein holl ddulliau rheoli i bwysleisio bod rôl pawb cyn bwysiced â'i gilydd o ran cyflawni hyn. Yr oedd rôl y tîm mor bwysig wrth wneud hynny.

Finally, there is an issue raised in the report about contingency. It is important that there is a realistic contingency allowance that is allowed to survive with projects. It is an easy target for savings, which of course may turn out to be false savings—they look good on paper, but in reality they do not amount to anything. In this case, they actually did amount to something. It is not addressed in the report, but we cut the contingency allowance when we were reducing the £199 million to £191 million. We did not do so in a cavalier way or by saying, ‘this is going to be easy and we can put it all back in afterwards’ because there was a very substantial sum of money within that contingency allowance for dealing with environmental protestors.

It was a very significant sum of money because, had they known how, or had the enthusiasm, to do so, they could have caused considerable disruption, which would have been exceedingly expensive to the public. In 1995, we judged that either they would not be clever enough or they would not be continually enthusiastic enough to cause that disruption. Therefore, against the advice of consultants who have less of an ear to local issues on matters such as that, we took out of the contingency all the sums of money that had been provided for environmental protests and the consequences of environmental protests.

Therefore there was a special case for why we reduced our contingency allowance. However, I agree with the National Audit Office’s conclusion that, in normal circumstances, you would be cautious about cutting contingencies as a mechanism for making savings. I also agree that one of the lessons is to make sure that there is a realistic contingency sum maintained in contracts and that it is preserved when other pressures are brought to bear upon it.

Yn olaf, caiff mater ei godi yn yr adroddiad ynglyn â chronfa wrth gefn. Mae’n bwysig cael lwfans realistig wrth gefn y caniateir iddo oroesi gyda phrosiectau. Mae’n darged hawdd ar gyfer arbedion, a allai wrth gwrs fod yn arbedion ffug yn y diwedd—maent yn edrych yn dda ar bapur, ond mewn gwirionedd nid ydynt yn werth dim. Yn yr achos hwn, yr oeddent yn werth rhywbeth. Ni chyfeirir ato yn yr adroddiad, ond torrwyd y lwfans wrth gefn pan oeddem yn lleihau’r £199 miliwn i £191 miliwn. Ni wnaethom hyn mewn ffordd ddiseremoni na thrwy ddweud, ‘mae hyn yn mynd i fod yn hawdd a gallwn ei roi i gyd yn ôl wedyn’ oherwydd yr oedd swm sylweddol o arian o fewn y lwfans wrth gefn hwnnw ar gyfer ymdrin â phrotestwyr amgylcheddol.

Yr oedd yn swm sylweddol iawn o arian oherwydd, pe baent yn gwybod sut, neu pe bai ganddynt y brwdfrydedd, i wneud hynny, gallent fod wedi amharu’n sylweddol ar bethau, a fyddai wedi bod yn ddrud iawn i’r cyhoedd. Yn 1995, yr oeddem o’r farn na fyddent yn ddigon deallus neu na fyddent yn ddigon brwdfrydig yn barhaus i achosi’r amhariad hwnnw. Felly, yn groes i gyngor ymgynghorwyr sydd yn llai ymwybodol o faterion lleol ar bynciau o’r fath, tynasom o’r gronfa wrth gefn bob swm o arian a ddarparwyd ar gyfer protestiadau amgylcheddol a chanlyniadau protestiadau amgylcheddol.

Felly yr oedd gennym achos dros leihau ein lwfans wrth gefn. Fodd bynnag, yr wyf yn cytuno â chasgliad y Swyddfa Archwilio Genedlaethol y byddai rhywun, mewn amgylchiadau arferol, yn bryderus ynglyn â thorri cronfeydd wrth gefn fel dull o wneud arbedion. Yr wyf hefyd yn cytuno mai un o’r gwersi yw sicrhau bod swm realistig wrth gefn yn cael ei gynnal mewn contractau ac y caiff hwn ei gadw pan roddir pwysau eraill arno.

[46] Dafydd Wigley: Diolch am yr ateb cynhwysfawr hwnnw. Hoffwn roi sylwadau cyn symud ymlaen at gwestiwn i Jon Shortridge. Os oes manteision yn dod o brosiect, fel y dywedodd Mr Boyce ar ddechrau'r sesiwn hwn, o gannoedd o filiynau o bunnoedd, cymeraf fod mantais o gael y manteision hynny drwodd yn gynharach yn hytrach nag yn hwyrach. Felly, mae rhyw ystyriaeth o amserlen os yw rhywun yn teimlo bod y prosiect yn werth ei wneud. Felly, cymeraf fod yn rhaid chwilio am gydbwysedd rhwng cael y manteision hynny yn gynt a'r gost, sydd yn ychwanegol weithiau, o gadw at amserlen rhy gaeth. Credaf efallai fod gwersi i ni fel Cynulliad yno.

Trof at Jon Shortridge. O safbwynt y Cynulliad ac o'ch safbwynt chi a gweinyddiaeth y Cynulliad, beth yr ydych chi'n eu gweld fel y gwersi sydd wedi eu dysgu o'r prosiect?

[46] Dafydd Wigley: Thank you for that comprehensive answer. I would like to make comments before moving on to a question to Jon Shortridge. If advantages come from a project, as Mr Boyce said at the beginning of this session, of hundreds of millions of pounds, I assume that there is an advantage from getting those advantages through earlier rather than later. Therefore, there is some consideration of timetable if one feels that the project is worth doing. Therefore, I assume that a balance must be found between having those advantages more quickly and the cost, which is sometimes additional, of keeping to a timetable that is too rigid. I believe that there are lessons for us as an Assembly there.

I turn to Jon Shortridge. As far as the Assembly is concerned and as far as you and the Assembly's administration is concerned, what do you see as the lessons that have been learned from the project?

Mr Shortridge: In terms of the detailed lessons, I do not think that I have much that I would want to add to what Michael has just said and to what I said earlier. I think that perhaps, standing back from it, the lesson for the Assembly is that this is a project that it has inherited from Government and it has a responsibility to ensure that it is completed as satisfactorily as it can be and in the most cost-effective way. That means that a particular responsibility is placed on me, certainly, and on the Assembly more generally, to ensure that at this critical stage when we are going through a transition with the completion of the works, and the management of the bay and the barrage itself having been transferred to the council, there is no loss of vigilance and that we have systems in place to ensure that the project is not only completed but managed satisfactorily thereafter. Up until now, I have been able to depend on Michael, as accounting officer, to exercise all those responsibilities. We are in a period of change now and, therefore—and this is no reflection on Cardiff City and County Council—there must be additional risk until you get the new systems properly bedded down and tested. That, I think, is the main lesson for us as an Assembly in the present circumstances.

[47] Dafydd Wigley: Yr oeddech yn cyfeirio at y ffaith ein bod ni wedi etifeddu'r prosiect hwn gan Lywodraeth—wrth gwrs, o hyn allan, ni yw'r Llywodraeth. Pe baem yn mynd ati o'r newydd ar brosiect o'r math hwn, a fydddech yn dilyn yn union yr un patrwm â'r hyn a welsom yma?

Mr Shortridge: Yn nhermau'r gwersi manwl, nid wyf yn credu bod gennyf lawer i'w ychwanegu at yr hyn a ddywedodd Michael ac at yr hyn a ddywedais yn gynharach. Credaf efallai, o sefyll yn ôl, mai'r wers ar gyfer y Cynulliad yw bod hwn yn brosiect a etifeddwyd gan y Llywodraeth a bod ganddo gyfrifoldeb i sicrhau y caiff ei gwblhau mor foddhaol â phosibl ac yn y ffordd fwyaf cost effeithiol. Mae hynny'n golygu bod cyfrifoldeb penodol arnaf i, yn bendant, ac ar y Cynulliad yn fwy cyffredinol, i sicrhau yn ystod y cam hanfodol hwn wrth inni fynd drwy gyfnod trosiannol gyda chwblhau'r gwaith, a rheoli'r bae a'r morglawdd ei hun wedi'i drosglwyddo i'r cyngor, na chollir unrhyw wylidwusrwydd a bod gennym systemau mewn grym i sicrhau nid yn unig y caiff y prosiect ei gwblhau ond y caiff ei reoli'n foddhaol o hynny ymlaen. Hyd yn hyn, yr wyf wedi gallu dibynnu ar Michael, fel swyddog cyfrifo, i gynnal yr holl gyfrifoldebau hynny. Yr ydym mewn cyfnod o newid yn awr ac, felly—ac nid yw hyn yn adlewyrchiad o gwbl ar Gyngor Dinas a Sir Caerdydd—mae'n rhaid bod risg ychwanegol nes ichi sefydlu a phrofi'r systemau newydd yn briodol. Yn fy marn i, dyna yw'r brif wers i ni fel Cynulliad yn yr amgylchiadau presennol.

[47] Dafydd Wigley: You referred to the fact that we have inherited this project from Government—of course, from now on, we are the Government. If we were to start on this sort of project again, would you follow exactly the same pattern as that which we have seen here?

Mr Shortridge: Yes, I would. I think that this would be a project that would require another agency apart from the Assembly to manage and operate it. It would be a decision for the Assembly whether that would actually be a sponsored body or the local authority. However, this would be a project that we, as the Assembly, would be funding, and we would need to make sure that there were proper arrangements in place to control the management of the project. The arrangements that we have discussed this morning, which Michael Boyce and his predecessors put in place for controlling the management of the project, have largely proved successful and I would not want to change them.

[48] Janet Davies: I turn to the issue of bringing the barrage into operation and the succession arrangements that were put in place for Cardiff Bay following the wind-up of Cardiff Bay Development Corporation. Paragraph 3.11 of the Auditor General's report states that CBDC planned to contract out the management arrangements. How did CBDC envisage this working in practice?

Mr Shortridge: Byddwn. Credaf y byddai hwn yn brosiect a fyddai angen asiantaeth arall ar wahân i'r Cynulliad i'w reoli a'i weithredu. Penderfyniad y Cynulliad fyddai pa un ai corff a noddir neu awdurdod lleol fyddai hynny. Fodd bynnag, byddai hwn yn brosiect y byddem ni, fel y Cynulliad, yn ei ariannu, a byddai angen inni sicrhau bod trefniadau cywir ar waith i reoli'r prosiect hwn. Bu'r trefniadau a drafodwyd y bore yma, a sefydlwyd gan Michael Boyce a'i ragflaenwyr ar gyfer rheoli'r prosiect hwn, yn llwyddiannus ar y cyfan ac ni fyddwn am eu newid.

[48] Janet Davies: Trof at fater rhoi'r morglawdd ar waith a'r trefniadau olynol a sefydlwyd ar gyfer Bae Caerdydd yn dilyn diddymu Corfforaeth Datblygu Bae Caerdydd. Noda paragraff 3.11 adroddiad yr Archwilydd Cyffredinol bod CDBC yn bwriadu contractio'r trefniadau rheoli. Sut oedd CDBC yn rhagweld hyn yn gweithio'n ymarferol?

Mr Boyce: As a straightforward facilities contract. We recognised and judged that CBDC had no experience in running a barrage and that there were no resources available to Cardiff Bay Development Corporation to run and manage a barrage, and that perhaps it would take three to five years of operational experience to have some understanding of the issues involved in such an exercise. Therefore, our judgment was that we should go to the marketplace and find an operator to be employed by CBDC. There were some misleading reports in the paper about handing it over to the private sector. In fact, it was being managed by the public sector by it employing those who had experience in managing water areas around the world. We followed the normal practice of advertising in the Official Journal of the European Communities for people who would offer their expertise in managing and operating the barrage for an initial three to five year period, which would give the public sector some experience upon which to make a long-term judgment as to the right way to undertake this. As the report demonstrates, we carried out that exercise and selected an organisation that we thought would perform that function in a value for money and efficient way on behalf of the public sector.

[49] Janet Davies: Therefore, the main factor was that Thames Water had this worldwide experience?

Mr Boyce: Fel contract cyfleusterau syml. Yr oeddem yn sylweddoli ac yn barnu nad oedd gan CDBC unrhyw brofiad o weithredu morglawdd ac nad oedd adnoddau ar gael i Gorfforaeth Datblygu Bae Caerdydd i weithredu a rheoli morglawdd, ac y byddai efallai'n cymryd tair i bum mlynedd o brofiad gweithredol i gael rhywfaint o ddealltwriaeth o'r materion sydd yn ymwneud ag ymarfer o'r fath. Felly, ein barn oedd y dylem fynd i'r farchnad a chanfod gweithredydd i'r Gorfforaeth ei gyflogi. Yr oedd rhai adroddiadau camarweiniol yn y papur ynglyn â'i drosglwyddo i'r sector preifat. Yn wir, yr oedd yn cael ei reoli gan y sector cyhoeddus gan ei fod yn cyflogi rhai oedd â phrofiad mewn rheoli ardaloedd dwr ledled y byd. Dilynwyd yr arfer cyffredin o hysbysebu yng Nghylchgrawn Swyddogol y Cymunedau Ewropeaidd ar gyfer pobl a fyddai'n cynnig eu harbenigedd o ran rheoli a gweithredu'r morglawdd ar gyfer cyfnod cychwynnol o dair i bum mlynedd, a fyddai'n rhoi rhywfaint o brofiad i'r sector cyhoeddus ar roi barn hir dymor ar y ffordd gywir i ymdrin â hyn. Fel y dengys yr adroddiad, cynhaliwyd yr ymarfer hwnnw a dewiswyd sefydliad y credem y byddai'n cyflawni'r swyddogaeth honno ar ran y sector cyhoeddus mewn modd effeithlon gwerth am arian ac effeithlon.

[49] Janet Davies: Felly, y prif ffactor oedd bod gan Thames Water brofiad byd-eang?

Mr Boyce: Yes. We advertised for anyone in Europe to come forward with proposals, and Thames Water's was the best proposal in terms of cost, experience and value to the public sector. I suppose that we will get there but there was no question of that being in competition with any other public sector agency, because at the time when we advertised in Europe and when we came forward with our preferred bidder, no other public sector organisation was in the frame. We had to leave the barrage managed and operated and we had to ensure that that would be done efficiently and effectively. In September 1999, the only way that we could guarantee and ensure that for the benefit of the public sector was to leave a binding contract with a private firm to do it, which CBDC's successor would inherit.

[50] Janet Davies: Mr Shortridge, given CBDC's view on this matter, what was the basis of the First Secretary's decision not to proceed with the Thames Water option?

Mr Boyce: Ie. Rhoddasom hysbyseb yn gwahodd unrhyw un yn Ewrop i gyflwyno cynigion, a chynnig Thames Water oedd yr un gorau yn nhermau cost, profiad a gwerth i'r sector cyhoeddus. Mae'n debyg y cyrhaeddwn y fan honno ond nid oedd unrhyw gwestiwn y byddai hynny mewn cystadleuaeth ag unrhyw asiantaeth sector cyhoeddus arall, oherwydd ar yr adeg yr oeddem yn hysbysebu yn Ewrop a phan benderfynasom pa gynigiwr i'w ddewis, nid oedd unrhyw sefydliad sector cyhoeddus arall yn agos ati. Yr oedd yn rhaid inni adael y morglawdd yn cael ei reoli a'i weithredu ac yr oedd yn rhaid inni sicrhau y byddai hynny'n cael ei wneud yn effeithlon ac yn effeithiol. Ym mis Medi 1999, yr unig ffordd y gallem warantu a sicrhau hynny er budd y sector cyhoeddus oedd gadael contract ymrwymol i gwmni preifat wneud hynny, y byddai olynnydd CDDBC yn ei etifeddu.

[50] Janet Davies: Mr Shortridge, o wybod barn CDDBC ar y mater hwn, beth oedd sail penderfyniad y Prif Ysgrifennydd i beidio â pharhau ag opsiwn Thames Water?

Mr Shortridge: This must be understood in the context of discussions that were taking place at the time about who would acquire the responsibility for operating the barrage. During those discussions, it became clear that Cardiff City and County Council was interested in managing the barrage itself, which, while it had been discussed in the past, had not crystallised in those terms. Therefore, it became clear that it was interested in taking over this responsibility and, in addition, it said that it would be able, in its view, to do it at a substantially lower price. In those circumstances one needs to test that position carefully, particularly as the council said that it would be able to incur savings of £1 million a year. Intensive discussions took place with the council to see to what extent we could be satisfied that it could deliver on all of that. In the end, as you know, we were satisfied. So the £1 million saving played an important part.

The other thing that was happening at the same time was the issue of whether it would be feasible to move to freshwater impoundment by April 2000. The view that we came to—for a range of reasons—was that it would be very high risk to assume, around November last year, that it would be possible to do everything that needed to be done by way of dredging and having assurances about the operation of the barrage in freshwater conditions. So that, in turn, meant that there was no need to move to the full operation of the barrage in the timescale envisaged in the prospective Thames Water contract.

So for those two related reasons, it came back to the conclusion that it would be best to go with the Cardiff council proposal.

Mr Shortridge: Rhaid deall hyn o fewn cydestun trafodaethau a oedd yn cael eu cynnal ar y pryd ynglyn â phwy fyddai'n cael y cyfrifoldeb o weithredu'r morglawdd. Yn ystod y trafodaethau hynny, daeth yn glir bod gan Gyngor Dinas a Sir Caerdydd ddiddordeb mewn rheoli'r morglawdd ei hun, ac er iddo gael ei drafod yn y gorffennol, nid oedd wedi'i grisialu yn y termau hynny. Felly, daeth yn glir bod ganddo ddiddordeb mewn cymryd y cyfrifoldeb hwn ac, yn ogystal, dywedodd y byddai'n gallu, yn ei farn ef, ei wneud am bris sylweddol is. Yn yr amgylchiadau hynny mae angen i berson brofi'r sefyllfa'n ofalus, yn enwedig gan fod y cyngor wedi dweud y byddai'n gallu gwneud arbedion o £1 miliwn y flwyddyn. Cynhaliwyd trafodaethau dwys gyda'r cyngor i weld i ba raddau y gallem fod yn fodlon y gallai gyflawni hynny i gyd. Yn y diwedd, fel y gwyddoch, yr oeddem yn fodlon. Felly chwaraeodd yr arbediad o £1 miliwn ran bwysig.

Y peth arall oedd yn digwydd yr un pryd oedd y mater yn ymwneud â ph'un a fyddai'n ymarferol symud i gronni dwr croyw erbyn mis Ebrill 2000. Daethom i'r farn—am nifer o resymau—y byddai'n risg uchel iawn tybio, tua mis Tachwedd y llynedd, y byddai'n bosibl gwneud popeth oedd yn rhaid ei wneud drwy garthu a chael sicrwydd am weithrediad y morglawdd mewn amodau dwr croyw. Felly, yn ei dro, yr oedd hynny'n golygu nad oedd angen symud i weithredu'r morglawdd yn llawn yn yr amser a ragwelwyd yng nghontract arfaethedig Thames Water.

Felly am y ddau reswm cysylltiedig hwnnw, daeth yn ôl i'r casgliad y byddai'n well derbyn cynnig cyngor Caerdydd.

[51] Janet Davies: So you felt satisfied that that represented value for money. Could you tell me how you will ensure that the arrangements that have been put into place with the council will continue to represent value for money in the future?

Mr Shortridge: I can answer that in general terms. If you want greater detail, I will bring in Steven Phillips. The main way in which we will ensure value for money in the short term is by the funding agreement, which we are in the process of putting in place. This will set out, very clearly, the relevant responsibilities of the local authority and of the Assembly in ensuring that the operation of the barrage and the bay is managed to best effect. That is the most immediate instrument that we will be using.

In the longer term we will want to ensure that there is proper, but constructive, pressure placed on the council and the Harbour Authority, in terms of getting continuing value for money. The arrangements that we are putting in place are for five years in the first instance, so there would be the opportunity, if the Assembly had any doubt about this matter, for the market to be tested after a five-year period. The agreement also allows for either party to serve one year's notice of wanting to depart from the existing arrangements. So, again, if the Assembly in the much shorter term was not satisfied that the arrangements were giving value for money, that opportunity exists to seek an alternative way forward.

[52] Janet Davies: So the one-year notice is for as far as can be foreseen at present?

Mr Shortridge: It is a five-year agreement that can be terminated at one year's notice, yes.

[51] Janet Davies: Felly yr oeddech yn teimlo'n fodlon bod hynny'n cynrychioli gwerth am arian. A allech chi ddweud wrthyf sut y byddwch yn sicrhau bod y trefniadau a roddwyd ar waith gyda'r cyngor yn parhau i gynrychioli gwerth am arian yn y dyfodol?

Mr Shortridge: Gallaf ateb hynny mewn termau cyffredinol. Os hoffech fwy o fanylion, gofynnaf i Steven Phillips gyfrannu. Y brif ffordd y byddwn yn sicrhau gwerth am arian yn y tymor byr yw drwy'r trefniant ariannu, yr ydym yn y broses o'i sefydlu. Bydd hwn yn nodi, yn glir iawn, gyfrifoldebau perthnasol yr awdurdod lleol a'r Cynulliad o ran sicrhau y caiff gweithrediad y morglawdd a'r bae ei reoli yn y modd gorau. Hwn yw'r offeryn mwyaf uniongyrchol y byddwn yn ei ddefnyddio.

Yn y tymor hwy byddwn am sicrhau y caiff pwysau gwirioneddol, ond adeiladol, ei roi ar y cyngor ac Awdurdod yr Harbwr, yn nhermau cael gwerth am arian parhaus. Mae'r trefniadau yr ydym yn eu rhoi ar waith am gyfnod o bum mlynedd yn y lle cyntaf, felly byddai cyfle, pe bai gan y Cynulliad unrhyw amheuaeth am y mater hwn, i brofi'r farchnad ar ôl cyfnod o bum mlynedd. Mae'r trefniant hefyd yn caniatáu i'r naill barti neu'r llall roi blwyddyn o rybudd o'u dymuniad i ddod â'r trefniadau presennol i ben. Felly, eto, os nad oedd y Cynulliad yn y tymor llawer byrrach yn fodlon bod y trefniadau yn rhoi gwerth am arian, mae'r cyfle hwnnw'n bodoli i chwilio am ffordd amgen ymlaen.

[52] Janet Davies: Felly mae'r rhybudd blwyddyn ar gyfer cyhyd ag y gellir ei ragweld ar hyn o bryd?

Mr Shortridge: Mae'n gytundeb pum mlynedd y gellir ei ddwyn i ben gyda rhybudd o flwyddyn, ydyw.

[53] Janet Davies: **What is the situation after the five years?**

Mr Shortridge: **I think that everyone's expectation is that this is a rolling five-year contract but, nevertheless, the fact that there is this break clause at five years means that there is an opportunity for the position to be reviewed.**

[54] Janet Davies: **Thank you. It was not clear whether it was just one five-year period, or whether it was ongoing. Geraint would like to ask about bringing the barrage into service.**

[55] Geraint Davies: **I would like to go back to the position with regard to Thames Water. Do you envisage possible compensation claims from Thames Water given the way in which it has been dealt with in this unusual procedure as regards contracts?**

Mr Shortridge: **No.**

[56] Geraint Davies: **You do not envisage that at all. We were talking about time earlier on, and about time not making a difference, but I think, in this instance, that it has made a difference. In general terms, what was the corporation's assessment of the implications of moving the target date for freshwater impoundment to March 2001?**

Mr Shortridge: **The corporation was certainly disappointed. There are no two ways about that. It remained hopeful that it would be possible to achieve freshwater impoundment by April 2000. I think that there was just a difference of view on that. However, Mr Boyce may want to comment further.**

[53] Janet Davies: **Beth yw'r sefyllfa ar ôl pum mlynedd?**

Mr Shortridge: **Credaf fod pawb yn disgwyl bod hwn yn gontract treigl pum mlynedd ond, serch hynny, mae'r ffaith y ceir cymal toriad ar ôl pum mlynedd yn golygu bod cyfle i arolygu'r sefyllfa.**

[54] Janet Davies: **Diolch. Nid oedd yn glir ai dim ond ar gyfer un cyfnod pum mlynedd yr oedd hynny, neu a oedd yn barhaol. Hoffai Geraint ofyn cwestiwn ynglyn â rhoi'r morglawdd ar waith.**

[55] Geraint Davies: **Hoffwn fynd yn ôl i'r sefyllfa yn ymwneud â Thames Water. A ydych yn rhagweld ceisiadau posibl am iawndal gan Thames Water o weld y ffordd yr ymdriniwyd ag ef yn y weithdrefn anarferol hon yn ymwneud â chontractau?**

Mr Shortridge: **Nac ydw.**

[56] Geraint Davies: **Nid ydych yn rhagweld hynny o gwbl. Yr oeddem yn trafod amser yn gynharach, a'r ffaith nad yw amser yn gwneud gwahaniaeth, ond credaf, yn yr achos hwn, ei fod wedi gwneud gwahaniaeth. Yn gyffredinol, beth oedd asesiad CDBC o oblygiadau symud y dyddiad targed ar gyfer cronni dwr croyw i fis Mawrth 2001?**

Mr Shortridge: **Yr oedd y gorfforaeth yn sicr yn siomedig. Does dim dwywaith am hynny. Yr oedd yn dal yn obeithiol y byddai'n bosibl cyflawni cronni dwr croyw erbyn mis Ebrill 2000. Credaf fod gwahaniaeth barn ynglyn â hynny. Fodd bynnag, efallai y bydd Mr Boyce am roi sylwadau pellach.**

Mr Boyce: Yes. The corporation remained satisfied right up until the decision was made at, I think, the beginning of December that the freshwater impoundment should be delayed. The corporation remained satisfied that it could have achieved it by the spring of this year. In fact, the corporation was wound up on 31 March 2000 still believing that had it been allowed to do so, we would have already achieved freshwater impoundment by now. That is a view well known to the National Assembly for Wales.

[57] Geraint Davies: It is said that the Cardiff deal would save £3 million but you have incurred costs of £1.1 million by delaying impoundment. Is that £3 million the net saving or is it reduced by £1.1 million because of the costs involved in delaying the freshwater impoundment?

Mr Shortridge: I am not quite sure to which £1.1 million you refer. There are costs associated with protecting the barrage as it continues to operate on a tidal basis. Therefore, that is an estimate of the cost. There are certainly additional costs involved, which in the wider scheme of things, need to be netted off the £1 million a year. However, there were other factors which concerned me. To move to a freshwater impoundment, the bay needed to be dredged. Dredging costs are very substantial; they could be of the order of £5 million or so. Dredging the bay at really quite short notice might well have required 24-hour operation, which would have been a particularly expensive way of doing it.

Mr Boyce: Ydw. Parhaodd y gorfforaeth yn fodlon hyd at yr adeg y gwnaethpwyd y penderfyniad ddechrau mis Rhagfyr, fe gredaf, y dylid oedi cyn cronni dwr croyw. Parhaodd y gorfforaeth yn fodlon y gallai gyflawni hyn erbyn tymor y gwanwyn eleni. Mewn gwirionedd, diddymwyd y gorfforaeth ar 31 Mawrth 2000 gan ddal i gredu pe bai wedi cael caniatâd i wneud hynny, y byddem wedi cyflawni cronni dwr croyw erbyn hyn. Mae hon yn farn sydd yn hysbys iawn i Gynulliad Cenedlaethol Cymru.

[57] Geraint Davies: Dywedwyd y byddai'r fargen â Chaerdydd yn arbed £3 miliwn ond yr ydych wedi creu costau o £1.1 miliwn drwy oedi cyn cronni. Ai arbediad net yw'r £3 miliwn hwnnw neu a gaiff ei leihau £1.1 miliwn oherwydd y costau sydd yn ymwneud ag oedi'r broses o gronni dwr croyw?

Mr Shortridge: Nid wyf yn siwr iawn at ba £1.1 miliwn yr ydych yn cyfeirio. Mae yna gostau sydd yn gysylltiedig â diogelu'r morglawdd wrth iddo barhau i weithredu ar sail llanw a thrai. Felly, mae hynny'n amcangyfrif o'r gost. Yn sicr, mae costau ychwanegol yn gysylltiedig, ac o ran y cynllun ehangach, mae angen eu tynnu oddi ar y £1 miliwn y flwyddyn. Fodd bynnag, yr oedd ffactorau eraill a oedd yn achos pryder i mi. Er mwyn symud at gronni dwr croyw, yr oedd angen carthu'r bae. Mae costau carthu yn sylweddol iawn; gallent fod tua £5 miliwn. Gallai carthu'r bae ar fyr rybudd fod wedi gofyn am weithrediad 24 awr, a fyddai wedi bod yn ffordd arbennig o ddrud o'i wneud.

If the material were to be piped out into the estuary, a licence would have been needed from the Department of the Environment, Transport and the Regions. That was not in place at the time. If we had gone ahead with the dredging, and for whatever reason it had not been possible to have freshwater impoundment in April, bearing in mind that there were still concerns about the automated operation of the barrage, and the bay was being flushed through the summer, to some extent—and I do not know how significantly, but potentially to a significant extent—the material that had been dredged out of the bay in the early part of the year could have been flowing back in during the summer.

I took the view as Accounting Officer that that was a significant risk that needed to be taken into account in deciding whether it was really essential to go for freshwater impoundment in April of this year, bearing in mind what has already been said about the relative importance of completing things by a particular time on the one hand, and seeking to manage risk and minimise cost on the other. The view I took as Accounting Officer was that the nature of the risks and the potential nugatory costs involved in the dredging were such that it was best to delay the freshwater impoundment, bearing in mind that there would be some additional costs involved in protecting the structure and so on.

[58] Geraint Davies: Do we know how much those are yet? What are the latest figures and are they likely to increase?

Mr Shortridge: I do not have a particular figure. Steven Phillips may be able to help you with that.

Pe bai'r deunydd yn cael ei bibellu allan i'r moryd, byddai angen trwydded gan Adran yr Amgylchedd, Trafnidiaeth a'r Rhanbarthau. Nid oedd hynny mewn grym ar y pryd. Pe baem wedi parhau â'r carthu, ac am ba reswm bynnag na fyddai wedi bod yn bosibl cronni dwr croyw ym mis Ebrill, o ystyried bod rhai pryderon o hyd ynglyn â gweithrediad awtomataidd y morglawdd, a bod y bae yn cael ei lifolchi drwy'r haf, i ryw raddau—ac ni wn pa mor sylweddol, ond o bosibl i raddau sylweddol—gallai'r deunydd a garthwyd allan o'r bae yn rhan gynnar yn y flwyddyn fod wedi bod yn llifo'n ôl yn ystod yr haf.

Cymerais y farn fel Swyddog Cyfrifo bod hynny'n risg sylweddol yr oedd angen ei hystyried wrth benderfynu a oedd yn hollol hanfodol cronni dwr croyw ym mis Ebrill eleni, o ystyried yr hyn a ddywedwyd eisoes am bwysigrwydd perthynol cwblhau pethau erbyn amser penodol ar y naill law, a cheisio rheoli risg a lleihau'r gost i'r eithaf ar y llaw arall. Y farn a gymerais fel Swyddog Cyfrifo oedd bod natur y risgiau a'r costau pitw posibl a oedd yn ymwneud â'r carthu yn golygu y byddai'n well oedi cyn cronni'r dwr croyw, o ystyried y byddai rhai costau ychwanegol yn gysylltiedig â diogelu'r strwythur ac ati.**

[58] Geraint Davies: A wyddom faint yw'r rheini eto? Beth yw'r ffigurau diweddaraf ac a ydynt yn debygol o gynyddu?

Mr Shortridge: Nid oes gennyf ffigur penodol. Efallai y gall Steven Phillips eich helpu â hynny.

Mr Phillips: Essentially, the £3 million saving that was identified in the comparison between the Thames Water contract and the alternative arrangements for Cardiff City and County Council, included factors that they were net—to borrow your phrase. They included factors that we played into the equation as a consequence of the delay to freshwater impoundment. That is basically the position. There are other costs that may arise, which are known about but cannot be quantified at the moment or are unknown, but would have essentially arisen anyway.

[59] Geraint Davies: Paragraph 3.19 refers to concerns about safety. Could you elaborate on safety as regards this issue? What is being done to address these safety concerns?

Mr Shortridge: I will answer in general terms and then hand over for specifics. I was particularly concerned about the safety aspects. Those of you who have stood on the barrage when it is being flushed will have seen the strength of the currents running through the lock gates. I think that it is definitely in the public interest that the barrage is completed and the freshwater lake created as quickly as possible. That is a concern shared by everyone involved and the Health and Safety Executive was closely involved in the detailed discussions that took place around the transfer of the management of the bay in its present state to Cardiff council. If you want more detail on precisely how the safety issue is being managed, I would have to hand you over to Michael Boyce or to Steven Phillips.

[60] Geraint Davies: Mr Boyce?

Mr Boyce: I do not know how it is being managed.

Mr Phillips: Yn ei hanfod, yr oedd y £3 miliwn o arbedion a nodwyd yn y gymhariaeth rhwng contract Thames Water a'r trefniadau amgen ar gyfer Cyngor Dinas a Sir Caerdydd, yn cynnwys ffactorau eu bod yn net—i ddefnyddio eich geiriau chi. Yr oeddent yn cynnwys ffactorau a dynnwyd i mewn i'r mater o ganlyniad i oedi o ran cronni'r dwr croyw. Dyna'r sefyllfa yn y bôn. Mae costau eraill a allai godi, sydd yn hysbys ond na ellir eu meintoli ar hyn o bryd neu nad ydynt yn hysbys, ond a fyddai wedi codi beth bynnag.

[59] Geraint Davies: Mae paragraff 3.19 yn cyfeirio at bryderon ynglyn â diogelwch. A allwch chi ymhelaethu ar ddiogelwch o ran y mater hwn? Beth sydd yn cael ei wneud i ymdrin â'r pryderon diogelwch hyn?

Mr Shortridge: Fe atebaf yn gyffredinol ac yna trosglwyddo i eraill ar gyfer y manylion. Yr oeddwn yn pryderu'n arbennig am yr agweddau diogelwch. Bydd y rhai ohonoch sydd wedi sefyll ar y morglawdd pan mae'n cael ei lifolchi wedi gweld cryfder y llif sydd yn rhedeg drwy gatiâu'r loc. Credaf ei bod yn sicr o fudd i'r cyhoedd bod y morglawdd yn cael ei gwblhau a bod y llyn dwr croyw yn cael ei greu cyn gynted â phosibl. Mae hwn yn bryder a gaiff ei rannu gan bawb sydd yn gysylltiedig ac yr oedd yr Awdurdod Gweithredol Iechyd a Diogelwch yn ymwneud yn agos iawn â'r trafodaethau manwl a gynhaliwyd ynghylch trosglwyddo rheolaeth y bae yn ei gyflwr presennol i gyngor Caerdydd. Os ydych am gael mwy o fanylion ar sut yn union y caiff y mater diogelwch ei reoli, bydd yn rhaid i mi eich trosglwyddo i Michael Boyce neu Steven Phillips.

[60] Geraint Davies: Mr Boyce?

Mr Boyce: Ni wn sut y mae'n cael ei reoli.

Mr Phillips: As the Permanent Secretary has said, health and safety was at this time, and continues to be, a major priority. Since they acquired responsibility for the management of the bay, Cardiff council and the Harbour Authority have conducted studies on various aspects, including those mentioned by Jon Shortridge. That is built into the management regime for the Harbour Authority. There are other aspects to this. I mentioned the health aspects in addition to the safety ones. They will continue to be a high priority.

[61] Geraint Davies: So there is the water quality aspect as well?

Mr Phillips: Yes, the water quality regime also has health and safety aspects in terms of removing algae, litter and animal infestation and so on. That is all part of the equation.

[62] Geraint Davies: How confident are you that you will achieve freshwater impoundment by March 2001?

Mr Phillips: Fel y dywedodd yr Ysgrifennydd Parhaol, yr oedd iechyd a diogelwch ar y pryd yn brif flaenoriaeth, ac mae'n parhau felly. Ers iddynt gael cyfrifoldeb dros reoli'r bae, mae cyngor Caerdydd ac Awdurdod yr Harbwr wedi cynnal astudiaethau ar amrywiol ymagweddau, gan gynnwys y rhai a nodwyd gan Jon Shortridge. Caiff hynny ei gynnwys yn rhan o'r drefn reoli ar gyfer Awdurdod yr Harbwr. Mae agweddau eraill ar hyn. Soniais am y materion iechyd yn ogystal â'r materion diogelwch. Byddant yn parhau i fod yn flaenoriaeth uchel.

[61] Geraint Davies: Felly mae agwedd sydd yn ymwneud ag ansawdd y dwr hefyd?

Mr Phillips: Oes, mae gan y system ansawdd dwr agweddau ar iechyd a diogelwch yn nhermau cael gwared ar algâu, sbwriel a phla anifeiliaid ac ati. Mae hyn i gyd yn rhan o'r darlun cyfan.

[62] Geraint Davies: Pa mor hyderus ydych chi y gallwch gronni dwr croyw erbyn mis Mawrth 2001?

Mr Shortridge: As I understand it, everything is currently on target, so my expectation remains that we will have freshwater impoundment by April 2001. Clearly, there are some continuing uncertainties. The Harbour Authority—the council—has gone out to tender both on the oxygenation arrangements and on the dredging. Those tenders are due in later this month. Provided that nothing unexpected emerges from that, that means that that aspect of it should all be taken care of. My understanding also is that there is still work being done on aspects of the operation of the barrage. However, I would certainly hope that any residual problems with that could be resolved in the time available. I do not think that anyone, in the present circumstances, could give an absolute assurance on all these matters at this stage.

[63] Geraint Davies: Are there cost implications if you fail to meet that target?

Mr Shortridge: No more than the nature of the cost implications that we have had to manage over the course of this financial year. As I say, I think that it is most unlikely that we would be in a position to contemplate that.

[64] Geraint Davies: Paragraph 3.9 of the report refers to the fact that Cardiff City and County Council was using Crest Nicholson Marinas Limited to service various aspects of the barrage 'for a limited period'. How long will that period be?

Mr Shortridge: Yr wyf ar ddeall fod popeth ar y trywydd iawn ar hyn o bryd, felly yr wyf yn dal i ddisgwyl y byddwn wedi cronni'r dwr croyw erbyn mis Ebrill 2001. Yn amlwg, mae rhai ffactorau ansicr yn parhau. Mae Awdurdod yr Harbwr—y cyngor—wedi cyflwyno'r trefniadau ocsigenu a'r carthu i dendr. Disgwylir derbyn y tendrau hynny yn ddiweddarach y mis hwn. A bwrw na fydd unrhyw beth annisgwyl yn codi o hynny, mae hyn yn golygu y dylai'r agwedd honno fod dan reolaeth. Yr wyf hefyd ar ddeall bod gwaith yn dal i gael ei wneud ar agweddau ar weithrediad y morglawdd. Fodd bynnag, yr wyf yn mawr obeithio y gellir datrys unrhyw broblemau sydd yn weddill ynglyn â hynny o fewn yr amser sydd ar gael. Ni chredaf y gallai unrhyw un, yn yr amgylchiadau presennol, roi sicrwydd pendant ar bob un o'r materion hyn ar yr adeg hon.

[63] Geraint Davies: A oes goblygiadau o ran cost os byddwch yn methu â chwrrd â'r targed hwnnw?

Mr Shortridge: Dim mwy na natur y goblygiadau o ran cost y bu'n rhaid eu rheoli yn ystod y flwyddyn ariannol hon. Fel y dywedais, credaf ei bod yn annhebygol iawn y byddwn mewn sefyllfa i ystyried hynny.

[64] Geraint Davies: Mae paragraff 3.9 yr adroddiad yn cyfeirio at y ffaith fod Cyngor Dinas a Sir Caerdydd yn defnyddio Crest Nicholson Marinas Limited i wasanaethu agweddau amrywiol ar y morglawdd 'am gyfnod cyfyngedig'. Beth fydd hyd y cyfnod hwnnw?

Mr Phillips: I am not sure. Crest Nicholson was operating the barrage on the behalf of Cardiff Bay Development Corporation. That arrangement was extended for a minimum period, as I recall, of at least three months. I know that the Harbour Authority is looking at ways of possibly continuing to work with Crest Nicholson, or alternative arrangements, but that, essentially, is a matter for it.

[65] Geraint Davies: So are we talking about months or years?

Mr Phillips: I am not sure. The original timescale envisaged was a fairly short one. There was a negotiation between Crest Nicholson and the council on what that should be and they reached a mutually satisfactory agreement to see them through the immediate transition period following the wind-up of the corporation and the council's acquiring of responsibility for the barrage on 1 April. How the council chooses to pursue the arrangements for the future is essentially a matter for it, provided, of course, that serious cost implications do not arise from that decision.

[66] Geraint Davies: Do you think that the council could have sufficient skills within it?

Mr Phillips: I think that the council believes that it would need a mixture of external expertise, which it could match to in-house resources. I am not an expert, but I would imagine that the operation of the barrage would require fairly specialist operators and people who are well trained. It will be for the Harbour Authority and Cardiff council to take a judgment on whether they can employ these specialists in-house, or whether outsourcing them offers a more cost-effective and better operational solution.

Mr Phillips: Nid wyf yn siwr. Yr oedd Crest Nicholson yn gweithredu'r morglawdd ar ran Corfforaeth Datblygu Bae Caerdydd. Estynwyd y trefniant hwnnw am gyfnod, yn ôl yr hyn a gofiau, o dri mis o leiaf. Gwn fod Awdurdod yr Harbwr yn edrych ar ffyrdd posibl o barhau i weithio â Crest Nicholson, neu drefniadau amgen, ond mater iddo ef yw hynny.

[65] Geraint Davies: Felly a ydym yn sôn am fisoedd neu flynyddoedd?

Mr Phillips: Nid wyf yn siwr. Yr oedd y terfyn amser a ragwelwyd yn un gweddol fyr. Cafwyd trafodaeth rhwng Crest Nicholson a'r cyngor ar yr hyn y dylai hwnnw fod a daethant i gytundeb a oedd yn foddhaol i'r ddwy ochr, i fynd â hwy drwy'r cyfnod trawsnewid uniongyrchol yn dilyn dod â'r gorfforaeth i ben a'r cyngor yn cymryd cyfrifoldeb dros y morglawdd ar 1 Ebrill. Mater i'r cyngor yw sut y bydd yn dewis ymdrin â'r trefniadau ar gyfer y dyfodol, ar yr amod, wrth gwrs, nad oes goblygiadau cost difrifol yn codi o'r penderfyniad hwnnw.

[66] Geraint Davies: A ydych yn credu y byddai sgiliau digonol o fewn y cyngor?

Mr Phillips: Credaf fod y cyngor o'r farn y byddai angen cymysgedd o arbenigedd allanol arno, y gallai ei gyfateb ag adnoddau mewnol. Nid wyf yn arbenigwr, ond gallaf ddychmygu y byddai gweithredu'r morglawdd yn gofyn am weithredwyr gweddol arbenigol a phobl wedi'u hyfforddi'n dda. Lle Awdurdod yr Harbwr a chyngor Caerdydd fydd ffurfio barn ar ba un a allant gyflogi'r arbenigwyr hyn yn fewnol, ynteu a yw cael yr adnoddau'n allanol yn cynnig ateb mwy cost effeithiol sydd yn well o ran gweithrediad.

[67] Geraint Davies: **So do you think that things have changed, then? This was to be for a limited period, but because things have changed it will be extended, is that it?**

Mr Phillips: **I do not know what the council's intention is for the long term. I know that it has had discussions with Crest Nicholson. The immediate focus was on ensuring that the barrage was operated properly and safely during the transition from the corporation to the Harbour Authority. That has been achieved. The council will no doubt consult us on the arrangements that it proposes to put in place in the medium to long term but, essentially, this is a matter for it to determine.**

[68] Brian Gibbons: **Was Cardiff council part of the original tendering process?**

Mr Shortridge: **No.**

[69] Brian Gibbons: **Was it open to it?**

Mr Boyce: **It was not relevant. We went to the market, as it were, towards the end of 1998 and during 1999 and we put our proposals for Thames Water plc to have the contract before the Assembly in September 1999. It was not until October 1999 that the First Secretary announced that Cardiff City and County Council was going to be the harbour authority. So the work that we had done was in advance of Cardiff council being involved in the barrage at all. I think that it is important to understand that.**

[67] Geraint Davies: **Felly a ydych o'r farn fod pethau wedi newid? Am gyfnod cyfyngedig yr oedd hyn i fod, ond oherwydd bod pethau wedi newid bydd yn cael ei ymestyn; ai dyna'r sefyllfa?**

Mr Phillips: **Ni wn beth yw bwriad y cyngor yn yr hir dymor. Gwn ei fod wedi cael trafodaethau â Crest Nicholson. Yr oedd y ffocws uniongyrchol ar sicrhau bod y morglawdd yn cael ei weithredu'n gywir ac yn ddiogel yn ystod y trosglwyddo o'r gorfforaeth i Awdurdod yr Harbwr. Cyflawnwyd hynny. Heb os, bydd y cyngor yn ymgynghori â ni ynglyn â'r trefniadau y bwriada eu sefydlu yn y tymor canolig i'r tymor hir, ond, yn y bôn, mater iddo ef benderfynu arno yw hwn.**

[68] Brian Gibbons: **A oedd cyngor Caerdydd yn rhan o'r broses dendro wreiddiol?**

Mr Shortridge: **Nac oedd.**

[69] Brian Gibbons: **A oedd yn agored i hynny?**

Mr Boyce: **Nid oedd yn berthnasol. Aethom i'r farchnad, fel petai, tuag at ddiwedd 1998 ac yn ystod 1999 a rhoddasom ein hargymhellion y dylai Thames Water plc gael y contract gerbron y Cynulliad ym mis Medi 1999. Ni ddatganodd y Prif Ysgrifennydd tan fis Hydref 1999 mai Cyngor Dinas a Sir Caerdydd fyddai awdurdod yr harbwr. Felly gwnaethpwyd y gwaith yr oeddem wedi ei wneud cyn i gyngor Caerdydd ddod yn gysylltiedig â'r morglawdd o gwbl. Credaf ei bod yn bwysig deall hynny.**

When we went forward in September 1999 for approval for Thames Water, the expectation, as far as the Assembly was concerned, was that a harbour authority would succeed the corporation. It was not until 18 or 19 October, I think, that the First Secretary announced that the harbour authority would in fact be Cardiff council. So the council came into the frame in a serious and official way after we had already secured the bid from Thames Water and put it before the Assembly for approval.

[70] Brian Gibbons: When you advertised, I think that you said that it was in the Official Journal of the European Communities?

Mr Boyce: It is for all those interested in—

[71] Brian Gibbons: Was there any reason—?

Mr Boyce: No. No one was excluded.

[72] Brian Gibbons: So it would have been entirely legitimate for Cardiff council, when you placed the advertisement in the journal, to have expressed its interest at that stage and to have submitted a bid like anyone else?

Mr Boyce: It would not have been expected, because Cardiff council was stubbornly resisting anything to do with the barrage until the late summer and autumn of last year. There would have been no interest on its part in even reading the advertisement at the time that we put it in.

[73] Brian Gibbons: So that whatever the process involved, there was a political change of heart or some change of heart?

Mr Boyce: Yes.

Pan aethom ymlaen ym mis Medi 1999 i gael cymeradwyaeth i Thames Water, y disgwyliad, cyn belled ag yr oedd y Cynulliad yn y cwestiwn, oedd y byddai awdurdod harbwr yn olynnydd i'r gorfforaeth. Ni chyhoeddodd y Prif Ysgrifennydd tan 18 neu 19 Hydref, fe gredaf, mai cyngor Caerdydd fyddai awdurdod yr harbwr. Felly daeth y cyngor i'r darlun o ddifrif ac yn swyddogol ar ôl inni sicrhau cynnig Thames Water a'i roi gerbron y Cynulliad i'w gymeradwyo.

[70] Brian Gibbons: Pan wnaethoch hysbysebu, credaf ichi ddweud mai yng Nghylchgrawn Swyddogol y Cymunedau Ewropeaidd yr oedd hynny?

Mr Boyce: Mae ar gyfer pawb sydd â diddordeb yn—

[71] Brian Gibbons: A oedd unrhyw reswm dros—?

Mr Boyce: Nac oedd. Ni eithriwyd neb.

[72] Brian Gibbons: Felly byddai wedi bod yn hollol ddilys i gyngor Caerdydd, pan roddasoch yr hysbyseb yn y cylchgrawn, i fod wedi mynegi diddordeb bryd hynny a chyflwyno cynnig fel pawb arall?

Mr Boyce: Ni fyddai disgwyl i hynny ddigwydd, oherwydd yn bendant yr oedd cyngor Caerdydd yn gwrthod yn bendant bod yn gysylliedig â'r morglawdd mewn unrhyw fodd tan ddiwedd yr haf a hydref y llynedd. Ni fyddai ganddo unrhyw ddiddordeb hyd yn oed mewn darllen yr hysbyseb yr adeg y cyhoeddassom hi.

[73] Brian Gibbons: Felly beth bynnag oedd y broses dan sylw, cafwyd newid meddwl gwleidyddol neu ryw fath o newid meddwl?

Mr Boyce: Do.

[74] Brian Gibbons: Mr Shortridge, how common is it that after a tendering process has been completed, somebody arrives offstage to express an interest in running the contract more cheaply? How often has that happened previously in your experience?

Mr Shortridge: It has not happened in my experience and I do not suppose that it happens very often. However, I think that it is important to remember that we were all surprised and very concerned at the outcome of this tendering process and the cost of the Thames Water contract. The Assembly had to approve it because it was outside Cardiff Bay Development Corporation's delegated limits. The market had been tested and we ended up with a figure that was higher than we expected and certainly higher than we wanted. There was a need therefore to take stock and to consider whether it represented the best way forward and the best value for money.

[75] Brian Gibbons: If you are on an interview board and you do not think that the candidates are up to the mark, you do not make an appointment. I do not understand the legalities, but it seems that you made an appointment and then said that you had changed your mind. Is that a reasonable analogy? Where would that analogy break down?

[74] Brian Gibbons: Mr Shortridge, pa mor gyffredin yw ar ôl cwblhau proses dendro, bod rhywun yn cyrraedd o'r tu ôl i'r llenni i fynegi diddordeb mewn gweithredu'r contract yn rhatach? Pa mor aml y mae hynny wedi digwydd o'r blaen o'ch profiad chi?

Mr Shortridge: Nid yw wedi digwydd yn fy mhrofiad i ac nid wyf yn tybio ei fod yn digwydd yn aml iawn. Fodd bynnag, credaf ei bod yn bwysig cofio ein bod i gyd wedi'n synnu ac yn bryderus iawn am ganlyniad y broses dendro hon a chost contract Thames Water. Yr oedd yn rhaid i'r Cynulliad ei gymeradwyo oherwydd ei fod y tu hwnt i derfynau dirprwyedig Corfforaeth Datblygu Bae Caerdydd. Profwyd y farchnad a chawsom ffigur oedd yn uwch na'r hyn a ddisgwyliwyd ac yn sicr yn uwch na'r hyn yr oeddem ei eisiau. Felly yr oedd angen cymryd stoc ac ystyried a oedd yn cynrychioli'r ffordd orau ymlaen a'r gwerth gorau am arian.

[75] Brian Gibbons: Os ydych ar fwrdd cyfworld ac nad ydych yn credu bod yr ymgeiswyr yn ddigon da, nid ydych yn penodi neb. Nid wyf yn deall yr ochr gyfreithiol, ond ymddengys ichi benodi rhywun ac yna dweud eich bod wedi newid eich meddwl. A yw honno'n gyfatebiaeth resymol? Ble byddai'r gyfatebiaeth honno yn methu?

Mr Phillips: I think that there is an important distinction here between the role that was envisaged for Thames Water and the role that Cardiff council took on. As Michael Boyce said, the advertisement, or the tendering process, was for a facilities management contract. As the harbour authority, Cardiff council assumed responsibility for the management of the barrage and the bay. Those two functions are not identical. In other words, there could have been a situation, in theory, in which Cardiff council could have assumed responsibility for the bay and the barrage as the harbour authority and employed Thames Water to run a facilities management contract. That did not happen, but eventually, Cardiff council, through a political change of heart, or however you wish to describe it, reappeared on the scene. The memorandum of understanding with Cardiff council set out the principles which subsequently flowed through to the section 165 agreements and now to the funding agreement. As part of that consideration, the council came to us and argued that it could deliver comparable services to Thames Water more cost-effectively. We looked at those figures in great depth and concluded that it could do so and the council is publicly and legally committed to doing so.

[76] Brian Gibbons: I do not know whether Mr Boyce was surprised that the Assembly came to the opinion that the invisible hand of the market had not provided a good value for money contract for managing the barrage and so on. The conclusion is almost that the tendering process failed to give good value for money and therefore we would not proceed with it. Did you feel that that was a reasonable conclusion?

Mr Phillips: Credaf fod gwahaniaeth pwysig yma rhwng y rôl a ragwelwyd ar gyfer Thames Water a'r rôl a gymerodd cyngor Caerdydd. Fel y dywedodd Michael Boyce, yr oedd yr hysbyseb, neu'r broses dendro, ar gyfer contract rheoli cyfleusterau. Fel awdurdod yr harbwr, cymerodd cyngor Caerdydd gyfrifoldeb dros reoli'r morglawdd a'r bae. Nid oedd y ddwy swyddogaeth yn union yr un fath. Mewn geiriau eraill, gallai fod sefyllfa, yn ddamcaniaethol, lle gallai cyngor Caerdydd fod wedi cymryd cyfrifoldeb dros y bae a'r morglawdd fel awdurdod yr harbwr a chyflogi Thames Water i weithredu contract rheoli cyfleusterau. Ni ddigwyddodd hynny, ond yn y pen draw, ailymddangosodd cyngor Caerdydd, ar ôl newid meddwl gwleidyddol, neu sut bynnag yr hoffech ei ddisgrifio. Mae'r memorandwm dealltwriaeth â chyngor Caerdydd yn nodi'r egwyddorion a lifodd o ganlyniad drwy gytundebau adran 165 ac yn awr i'r cytundeb ariannu. Fel rhan o'r ystyriaeth honno, cysylltodd y cyngor â ni a dadlau y gallai gyflwyno gwasanaethau y gellid eu cymharu â Thames Water yn fwy cost effeithiol. Edrychwyd ar y ffigurau hyn yn fanwl iawn a daethom i'r canlyniad y gallai wneud hynny a bod y cyngor yn ymrwymedig yn gyhoeddus ac yn gyfreithiol i wneud hynny.

[76] Brian Gibbons: Ni wn a oedd Mr Boyce yn synnu bod y Cynulliad wedi dod i'r farn nad oedd llaw anweledig y farchnad wedi darparu contract gwerth da am arian ar gyfer rheoli'r morglawdd ac ati. Y casgliad bron yw bod y broses dendro wedi methu â rhoi gwerth da am arian ac felly na fyddem yn parhau â hyn. A oeddech o'r farn fod hynny'n gasgliad rhesymol?

Mr Boyce: We took the view that it was a contract that we could put before the National Assembly for approval with confidence, otherwise we would not have submitted it to the National Assembly. As accounting officer for the corporation, it was my responsibility to ensure that the proposals that were put forward were reasonable and demonstrated value for money. That was the judgment that we made of the Thames Water contract when we put it forward. We would have been happier had it been less costly but our judgment was that it would have delivered a good service at a good price for the public sector and the management and operation of the bay. However, circumstances overtook that judgment and other judgments overtook that judgment, which, quite properly, the Assembly follows and is entitled to follow.

[77] Brian Gibbons: So, you were happy that the Thames Water contract agreed at that time was a pretty good deal? That is what you seem to be saying.

Mr Boyce: It was a deal that demonstrated value for money for the public sector, it was the best deal that demonstrated value for money for the public sector and it went forward for approval with the confidence of the corporation.

[78] Brian Gibbons: It may have been the best deal on offer, but it may not have been the best deal.

Mr Boyce: It was the best deal because the market had been tested and it was the best deal that the market had produced.

Mr Boyce: Yr oeddem o'r farn ei fod yn contract y gallem ei roi gerbron y Cynulliad Cenedlaethol i'w gymeradwyo yn hyderus, neu ni fyddem wedi ei gyflwyno i'r Cynulliad Cenedlaethol. Fel swyddog cyfrifo i'r gorfforaeth, fy nghyfrifoldeb i oedd sicrhau bod y cynigion a gyflwynwyd yn rhesymol ac yn dangos gwerth am arian. Dyna oedd y farn a ffurfiwyd gennym am contract Thames Water pan gafodd ei gyflwyno gennym. Byddem wedi bod yn hapusach pe bai wedi bod yn llai costus ond yn ein barn ni, ni fyddai wedi cyflwyno gwasanaeth da am bris da i'r sector cyhoeddus a rheolaeth a gweithrediad y bae. Fodd bynnag, aeth amgylchiadau yn drech na'r farn honno ac aeth barnau eraill yn drech na'r farn honno, ac y mae'r Cynulliad, yn eithaf priodol, yn eu dilyn ac mae ganddo hawl i'w dilyn.

[77] Brian Gibbons: Felly a oeddech yn fodlon bod contract Thames Water y cytunwyd arno bryd hynny yn fargen dda? Ymddengys i mi mai dyma'r hyn a ddwywedwch.

Mr Boyce: Yr oedd yn fargen oedd yn dangos gwerth am arian ar gyfer y sector cyhoeddus; hon oedd y fargen orau a oedd yn dangos gwerth am arian ar gyfer y sector cyhoeddus ac aeth ymlaen i'w gymeradwyo gyda chefnogaeth y gorfforaeth.

[78] Brian Gibbons: Efallai mai hon oedd y fargen orau a oedd ar gael, ond efallai nad hon oedd y fargen orau.

Mr Boyce: Hon oedd y fargen orau oherwydd profwyd y farchnad a hon oedd y fargen orau a gynhyrchwyd gan y farchnad.

[79] Brian Gibbons: So, it was down to perfections or imperfections of the market. Do you think that the tendering process in general for major projects has been harmed by Cardiff council gazumping Thames Water? Why would anyone bother to enter into the tendering process if someone were to suddenly appear offstage?

Mr Shortridge: I do not think that, as a public sector body, one should be obliged to always take the best tender that comes back from the private sector. I think that you have a responsibility to see whether, now that you have tested the market and know what the best that it can do is, there are better ways for the public sector to operate it to get better value for money.

[80] Janet Davies: We will break for coffee for 15 minutes.

[Cafwyd egwyl goffi rhwng 10.53 a.m. ac 11.08 a.m.]

[A coffee break was held between 10.53 a.m. and 11.08 a.m.]

[81] Janet Davies: We shall resume on the same lines as when we broke up. Glyn Davies has a few questions that he wants to pursue on this issue.

[79] Brian Gibbons: Felly, perffeithrwydd neu amherffeithrwydd y farchnad a oedd yn gyfrifol. A ydych o'r farn fod y broses dendro yn gyffredinol ar gyfer prosiectau mawr wedi'i niweidio gan gyngor Caerdydd yn gasympio Thames Water? Pam y byddai unrhyw un am drafferthu ymgymryd â'r broses dendro pe bai rhywun yn debygol o ymddangos yn sydyn o'r tu ôl i'r llenni?

Mr Shortridge: Ni chredaf, fel corff sector cyhoeddus, y dylem deimlo rheidrwydd bob amser i dderbyn y tendr gorau a ddaw yn ôl o'r sector preifat. Credaf fod gennych gyfrifoldeb i weld, yn awr eich bod wedi profi'r farchnad ac yn gwybod beth yw'r gorau y gall ei wneud, a oes ffyrdd gwell i'r sector cyhoeddus weithredu i gael gwerth gwell am arian.

[80] Janet Davies: Cymerwn egwyl goffi am 15 munud.

[81] Janet Davies: Byddwn yn parhau ar yr un pwnc â chyn yr egwyl goffi. Mae gan Glyn Davies ychydig o gwestiynau yr hoffai eu gofyn ar y mater hwn.

[82] Glyn Davies: I want to come back to what seems to me to be a very strange decision. The circumstances surrounding it seem quite strange. There are one or two different messages coming through from the two people who are speaking to us. I start with the question of time. This is a hugely complicated project. We know that. How long did Cardiff Bay Development Corporation take to assess who its preferred management agent would be through the advertising process and the investigations? How long did that take? I was quite alarmed to hear some of the timings to which Michael Boyce referred. Related to that, how long did the Assembly then take to decide that this was a matter for Cardiff council to take over? What are the two relative time periods in assessing the suitability of who was going to take over this major project?

Mr Boyce: From our position, we started the process in August 1998 and submitted our proposals for approval in September 1999. Between those dates was the time when people made expressions of interest in the work, when contractors actually tendered for the work, when we analysed those tenders, had discussions with a preferred bidder, did our own analysis of that bid and sent our recommendation on the basis of that analysis. So the timetable, as far as the corporation was concerned, was just over 12 months from beginning to end, from August 1998 to September 1999. As I said earlier, throughout that period—although you have not asked about this, it is worth emphasising it—Cardiff council was taking no interest in the barrage at all.

[82] Glyn Davies: Hoffwn ddychwelyd at yr hyn sydd yn ymddangos i mi yn benderfyniad rhyfedd iawn. Mae'r amgylchiadau yn eithaf rhyfedd. Mae un neu ddau o negeseuon gwahanol yn cael eu cyfleu gan y ddau berson sydd yn siarad â ni. Dechreuaf gyda mater yr amser. Mae hwn yn brosiect cymhleth iawn. Gwyddom hynny. Faint o amser a gymerodd Corfforaeth Datblygu Bae Caerdydd i asesu pwy y byddai'n ei ddewis fel asiant rheoli drwy'r broses hysbysebu a'r ymchwiliadau? Faint o amser a gymerodd hyn? Cefais fraw o glywed rhai o'r amseroedd yr oedd Michael Boyce yn cyfeirio atynt. Yn gysylltiedig â hynny, faint o amser wedyn a gymerodd y Cynulliad i benderfynu bod hyn yn fater i gyngor Caerdydd ymgymryd ag ef? Beth yw'r ddau gyfnod perthynol wrth asesu addasrwydd pwy bynnag oedd yn mynd i ymgymryd â'r prosiect mawr hwn?

Mr Boyce: O'n sefyllfa ni, dechreuwyd ar y prosiect ym mis Awst 1998 a chyflwynwyd ein cynigion i'w cymeradwyo ym mis Medi 1999. Rhwng y dyddiadau hynny oedd yr amser pan fynegodd pobl ddiddordeb yn y gwaith, pan dendrodd contractwyr ar gyfer y gwaith, pan ddadansoddwyd y tendrau hynny, pan gawsom drafodaethau â'r cynigiwr dewisol, pan wnaethom ein dadansoddiad ein hunain o'r cynnig hwnnw ac anfon ein hargymhellion ar sail y dadansoddiad hwnnw. Felly yr oedd yr amserlen, o ran y gorfforaeth, ychydig dros 12 mis o'i dechrau i'w diwedd, o fis Awst 1998 i fis Medi 1999. Fel y dywedais yn gynharach, drwy gydol y cyfnod hwnnw—er nad ydych wedi gofyn llawer am hyn, mae'n werth ei phwysleisio—nid oedd cyngor Caerdydd yn cymryd dim diddordeb yn y morglawdd.

[83] Glyn Davies: I accept that. I took that from a question you answered earlier; that up until, it seems to me, very little short of the date that the announcement was made before the Assembly, Cardiff council seemed to be taking no interest in this. How long were the discussions involving its bid?

Mr Shortridge: Steve Phillips was closer to this than I was, so I will ask him to give the precise answer. However, essentially, the decision that Cardiff council should become the harbour authority was announced to the Assembly in October. I cannot recall offhand how long the discussions leading up to that decision took.

Mr Phillips: The first important milestone here is an announcement that was made on 31 March 1999 by the then Secretary of State for Wales, which outlined the succession arrangements to Cardiff Bay Development Corporation as a whole. That said that there would be a harbour authority. It did not specify who would be that harbour authority or what form it would take.

[84] Glyn Davies: That does not seem relevant to the question.

[83] Glyn Davies: Derbyniaf hynny. Deallais hynny o gwestiwn a atebasoch yn gynharach; tan, fe ymddengys i mi, yn union cyn y dyddiad y gwnaethpwyd y cyhoeddiad gerbron y Cynulliad, nid ymddengys i gyngor Caerdydd gymryd unrhyw ddiddordeb yn hyn. Pa mor hir oedd y trafodaethau a oedd yn ymwneud â'i gynnig?

Mr Shortridge: Yr oedd Steve Phillips yn ymwneud yn agosach â hyn na mi, felly gofynnaf iddo roi'r ateb cywir. Fodd bynnag, mewn gwirionedd, cafodd y penderfyniad mai cyngor Caerdydd a ddylai ddod yn awdurdod harbwr ei gyhoeddi i'r Cynulliad ym mis Hydref. Ni allaf gofio pa mor hir a gymerodd y trafodaethau a arweiniodd at y penderfyniad hwnnw.

Mr Phillips: Y garreg filltir bwysig gyntaf yma yw cyhoeddiad a wnaethpwyd ar 31 Mawrth 1999 gan Ysgrifennydd Gwladol Cymru ar y pryd, a amlinellodd y trefniadau ar gyfer olynnydd Corfforaeth Datblygu Bae Caerdydd yn gyfan. Datganai hwnnw y byddai awdurdod harbwr. Nid oedd yn nodi pwy fyddai'r awdurdod harbwr hwnnw na'i ffurf.

[84] Glyn Davies: Nid yw hynny'n ymddangos yn berthnasol i'r cwestiwn.

Mr Phillips: It is relevant in the sense that, as Michael Boyce said, at that stage Cardiff council was not interested. We became aware that it might be interested in taking on this function in about July or August of last year. There was a period of very intensive negotiations with them during late August and early September last year, which led to the announcement to which the Permanent Secretary referred and to the signature of the memorandum of understanding, which is in the Library and has been presented to the Economic Development Committee. Cardiff Bay Development Corporation, as Michael said, presented the Thames Water proposal to us in September. That was assessed during October and November against the background that I have just described of the negotiations with Cardiff council on the harbour authority. The decision was announced in early December, as I recall.

[85] Glyn Davies: The assessment took place after it was announced to the Assembly, in other words?

Mr Phillips: No. This goes back to the point that I was making in response to Brian Gibbons's question earlier, that we were looking at two closely linked but essentially separate issues at the time; one was the establishment of a harbour authority and the other was who would discharge the facilities management role. The timing was in one sense unfortunate because it meant that the issue could not be looked at as a whole. In another sense it was fortunate because we were able to take one decision in anticipation of the other.

Mr Phillips: Mae'n berthnasol yn yr ystyr, fel y dywedodd Michael Boyce, nad oedd gan gyngor Caerdydd ddiddordeb bryd hynny. Daethom yn ymwybodol y byddai ganddo ddiddordeb efallai mewn ymgymryd â'r swyddogaeth hon tua mis Gorffennaf neu Awst y llynedd. Cafwyd cyfnod o drafodaethau dwys gyda hwy ddiwedd mis Awst a dechrau mis Medi y llynedd, a arweiniodd at y cyhoeddiad y cyfeiriodd yr Ysgrifennydd Parhaol ato ac at lofnodi'r memorandwm dealltwriaeth, sydd yn y Llyfrgell ac a gyflwynwyd i'r Pwyllgor Datblygu Economaidd. Cyflwynodd Corfforaeth Datblygu Bae Caerdydd, fel y dywedodd Michael, gynnig Thames Water inni ym mis Medi. Aseswyd hwnnw yn ystod Hydref a Thachwedd yn erbyn y cefndir a ddisgrifiais o'r cyd-drafodaethau â chyngor Caerdydd ar awdurdod yr harbwr. Cyhoeddwyd y penderfyniad ddechrau mis Rhagfyr, os cofiaf yn iawn.

[85] Glyn Davies: Cynhaliwyd yr asesiad wedi iddo gael ei gyhoeddi i'r Cynulliad, mewn geiriau eraill?

Mr Phillips: Naddo. Mae hyn yn dychwelyd at y pwynt a wneuthum wrth ymateb i gwestiwn Brian Gibbons yn gynharach, sef ein bod yn edrych ar ddau fater sydd yn agos iawn i'w gilydd ond sydd yn faterion ar wahân ar yr un pryd; y cyntaf oedd sefydlu awdurdod harbwr a'r ail oedd pwy fyddai'n ymgymryd â rôl rheoli cyfleusterau. Yr oedd yr amseru'n anffodus ar un llaw oherwydd yr oedd yn golygu na ellid edrych ar y mater yn gyffredinol. Ar y llaw arall yr oedd yn ffodus oherwydd yr oeddem yn gallu gwneud un penderfyniad drwy ragweld y llall.

[86] Glyn Davies: Just so that I get this clear, because to me this is quite an important point, right up until, it must have been around August or September, as far as the corporation was concerned there was no interest at all from Cardiff council. It seems, from what you are saying, that there were some discussions between you and Cardiff council, which, apparently, Michael Boyce did not know about. Sometime in September—you tell me when I am wrong—it was announced in the Assembly that Cardiff council would become the harbour authority. After that you made some assessment on whether it was the proper authority to do it and then a memorandum was signed some time later.

Mr Phillips: Not quite. There were expressions of interest at the political level, let us say, around July or August last year from Cardiff council—

[87] Glyn Davies: That is what I said, is it not? I said that Michael Boyce did not know about it.

Mr Phillips: I do not know whether he knew about it at the time, but discussions were going on. Those discussions intensified at official level, as I said, in September last year, which led to the production of the memorandum of understanding in October. That debate was going on about the harbour authority. The issue of who would discharge the facilities management role was a separate issue.

[88] Glyn Davies: Whose decision was it? Was it just the Secretary of State for Wales at the time who took this decision? Were you, as Accounting Officer, involved? What expertise did you employ to advise you within the Assembly that this was a proper decision to take, bearing in mind the very short timescales?

[86] Glyn Davies: Er mwyn i mi gael hyn yn glir, oherwydd i mi mae hyn yn bwynt eithaf pwysig, hyd at tua mis Awst neu fis Medi, cyn belled ag yr oedd y gorfforaeth dan sylw ni ddangosodd cyngor Caerdydd ddiddordeb o gwbl. Ymddengys, o'r hyn yr ydych yn ei ddweud, nad oedd Michael Boyce, yn ôl pob sôn, yn gwybod am rai trafodaethau rhyngoch chi a chyngor Caerdydd. Rywbryd ym mis Medi—dywedwch wrthyf os byddaf yn anghywir—cyhoeddwyd yn y Cynulliad mai cyngor Caerdydd fyddai awdurdod yr harbwr. Wedi hynny buoch yn asesu ai hwn oedd yr awdurdod cywir i wneud hynny ac yna llofnodwyd memorandwm beth amser yn ddiweddarach.

Mr Phillips: Nid yn union. Mynegodd cyngor Caerdydd ddiddordeb ar y lefel wleidyddol, dyweder, tua mis Gorffennaf neu fis Awst y llynedd—

[87] Glyn Davies: Dyna beth a ddywedais, onid e? Dywedais nad oedd Michael Boyce yn gwybod amdano.

Mr Phillips: Ni wn a oedd yn gwybod amdano ar y pryd, ond yr oedd trafodaethau'n mynd rhagddynt. Dwysaodd y trafodaethau hynny ar lefel swyddogol, fel y dywedais, ym mis Medi y llynedd, ac arweiniodd hynny at gynhyrchu'r memorandwm dealltwriaeth ym mis Hydref. Yr oedd y drafodaeth honno'n ymwneud ag awdurdod yr harbwr. Mater ar wahân oedd pwy fyddai'n ymgymryd â'r rôl o reoli'r cyfleusterau.

[88] Glyn Davies: Penderfyniad pwy oedd hyn? Ai dim ond yr Ysgrifennydd Gwladol Cymru ar y pryd a wnaeth y penderfyniad? A oeddech chi, fel Swyddog Cyfrifo, yn gysylltiedig â hyn? Pa arbenigedd a ddefnyddiwyd gennych i'ch cynghori o fewn y Cynulliad bod hwn yn benderfyniad cywir i'w wneud, o ystyried y terfynau amser byr iawn?

Mr Shortridge: Are we talking about the decision on who should become the harbour authority?

[89] Glyn Davies: Yes.

Mr Shortridge: That was a decision taken by Alun Michael in consultation with colleagues. The issue that we had to address following the announcement of the wind-up arrangements was that 'Yes, there should be a harbour authority, but what should that harbour authority be?' Should it in effect be a shrunk-down version of Cardiff Bay Development Corporation, in other words, another Assembly sponsored body, or was this something that should be transferred to the local authority? At some point during the discussions, the local authority expressed an interest in itself becoming the harbour authority. As far as I was concerned as Accounting Officer, that was an entirely reasonable option.

[90] Glyn Davies: Yes, we have covered that before. Who took the decision at the end of the day? I am more interested in knowing that.

Mr Shortridge: It was a Cabinet decision.

[91] Glyn Davies: It was a decision taken by the Cabinet, on the basis of your advice that it was a proper decision that it could take in accountancy terms.

Mr Shortridge: Yes, and it was never an issue for me that it was not in any way a proper decision.

[92] Glyn Davies: You did not think that it was appropriate to go back to Thames Water to find out its position, bearing in mind that there had been discussions going on for at least 12 months?

Mr Shortridge: A ydym yn sôn am y penderfyniad ar pwy ddylai ddod yn awdurdod yr harbwr?

[89] Glyn Davies: Ydym.

Mr Shortridge: Yr oedd yn benderfyniad a wnaethpwyd gan Alun Michael mewn ymgynghoriad â chydweithwyr. Y mater yr oedd yn rhaid inni ymdrin ag ef yn dilyn y datganiad o'r trefniadau diddymu oedd 'Ie, dylem gael awdurdod harbwr, ond beth ddylai'r awdurdod harbwr hwnnw fod?' A ddylai fod yn fersiwn llai o Gorfforaeth Datblygu Bae Caerdydd, mewn geiriau eraill, corff arall a noddir gan y Cynulliad, neu a oedd hyn yn rhyweth y dylid ei drosglwyddo i'r awdurdod lleol? Ar ryw bwynt yn ystod y trafodaethau, mynegodd yr awdurdod lleol ddiddordeb mewn dod yn awdurdod yr harbwr ei hun. Cyn belled ag yr oeddwn i yn y cwestiwn fel Swyddog Cyfrifo, yr oedd hynny'n opsiwn hollol resymol.

[90] Glyn Davies: Ie, yr ydym wedi trafod hyn o'r blaen. Pwy wnaeth y penderfyniad ar ddiwedd y dydd? Mae gennyf fwy o ddiddordeb mewn cael gwybod hynny.

Mr Shortridge: Yr oedd yn benderfyniad gan y Cabinet.

[91] Glyn Davies: Yr oedd yn benderfyniad a wnaethpwyd gan y Cabinet, ar sail eich cyngor ei fod yn benderfyniad priodol y gallai ei wneud yn nhermau cyfrifo.

Mr Shortridge: Oedd, ac ni fu erioed yn fater i mi nad oedd yn benderfyniad cywir mewn unrhyw ffordd.

[92] Glyn Davies: Onid oeddech o'r farn y byddai'n briodol ichi fynd yn ôl at Thames Water i ddarganfod ei sefyllfa, o ystyried bod trafodaethau wedi bod yn cael eu cynnal ers 12 mis o leiaf?

Mr Shortridge: Now you are asking a different question about the question of facilities management as opposed to who should be the harbour authority. The view that was rightly taken at the time was that if there was any question of Cardiff being the harbour authority, it needed to be consulted on the arrangements to be put in place that it would inherit for the operation of the barrage. I was quite clear on that.

[93] Glyn Davies: Were you satisfied that Cardiff council had the necessary expertise to handle what is, as we have said, a very complicated project?

Mr Shortridge: Initially, when this came up as an option, no, I was not satisfied. We needed to test and challenge it and very intensive discussions took place with the council in order for us to satisfy ourselves as officials that this was a viable option. The conclusion that we reached following those discussions was that it was viable. Indeed, up until now, as far as I am concerned, it has turned out to be so. From very much a standing start, the council is addressing this in a thoroughly professional way.

[94] Glyn Davies: The council did not have staff to carry out the work and had to go to Crest Nicholson, but there was no tendering process. We do not know for how long that contract will continue. You have already told us that. Do you not think that there is a case, perhaps, of that particular contractor having Cardiff council over a barrel? Do you not think that there is a danger of that?

Mr Shortridge: The other thing in this equation is the one-year delay—

[95] Glyn Davies: I will come to that in a minute.

Mr Shortridge: Yr ydych yn awr yn gofyn cwestiwn gwahanol ynglyn â'r cwestiwn o reoli cyfleusterau yn hytrach na phwy ddylai fod yn awdurdod yr harbwr. Y farn a ffurfiwyd yn gywir ar y pryd oedd os oedd unrhyw bosibilrwydd mai cyngor Caerdydd fyddai awdurdod yr harbwr, y byddai angen ymgynghori ag ef ynglyn â'r trefniadau i'w sefydlu y byddai'n eu hetifeddu ar gyfer gweithrediad y morglawdd. Yr oeddwn yn eithaf clir ar hynny.

[93] Glyn Davies: A oeddech yn fodlon bod gan gyngor Caerdydd yr arbenigedd angenrheidiol i ymdrin, fel yr ydym wedi dweud, â phrosiect cymhleth iawn?

Mr Shortridge: I ddechrau, pan godwyd hyn fel opsiwn, na, nid oeddwn yn fodlon. Yr oedd angen inni ei brofi a'i herio a chynhaliwyd trafodaethau dwys iawn gyda'r cyngor er mwyn inni fodloni ein hunain fel swyddogion bod hwn yn opsiwn hyfyw Daethom i'r casgliad yn dilyn y trafodaethau hyn ei fod yn hyfyw. Yn wir, hyd yn hyn, cyn belled ag yr wyf i yn y cwestiwn, felly y bu. O gychwyn stond yn wir, mae'r cyngor yn ymdrin â hyn mewn modd proffesiynol iawn.

[94] Glyn Davies: Nid oedd gan y cyngor y staff i gynnal y gwaith ac yr oedd yn rhaid iddynt fynd at Crest Nicholson, ond nid oedd proses dendro. Ni wyddom am ba hyd y bydd y contract hwnnw'n parhau. Yr ydych wedi dweud hynny wrthym eisoes. Onid ydych o'r farn fod achos, o bosibl, bod cyngor Caerdydd yng nghleddr llaw y contractwr penodol hwnnw? Onid ydych yn credu bod perygl o hynny?

Mr Shortridge: Y ffactor arall yn y mater hwn yw'r oedi o flwyddyn—

[95] Glyn Davies: Deuaf at hynny mewn munud.

Mr Shortridge: Cardiff has inherited the present situation for operating what is still, in one sense, an incomplete barrage as opposed to having to put in place, from April this year, a regime for managing it as a freshwater lake.

[96] Janet Davies: To what extent did the fact that Cardiff City and County Council became the harbour authority have an almost domino effect, in that it then became the facilities manager? It would have been possible to separate those jobs.

Mr Shortridge: Clearly, once there had been a decision that Cardiff was to be the harbour authority, its view on how the barrage and bay could best be managed was a highly relevant consideration.

Mr Shortridge: Mae Caerdydd wedi etifeddu'r sefyllfa bresennol ar gyfer gweithredu'r hyn sydd yn parhau i fod, ar un ystyr, yn forglawdd anghyflawn yn hytrach na gorfod sefydlu, o fis Ebrill eleni, system i'w reoli fel llyn dwr croyw.

[96] Janet Davies: I ba raddau y cafodd y ffaith fod Cyngor Dinas a Sir Caerdydd wedi dod yn awdurdod yr harbwr effaith domino bron, o ran ei fod wedi dod yn rheolwr cyfleusterau? Byddai wedi bod yn bosibl gwahanu'r swyddi hynny.

Mr Shortridge: Yn amlwg, unwaith y cafwyd penderfyniad mai Caerdydd fyddai awdurdod yr harbwr, yr oedd ei farn ar sut y gellid rheoli'r morglawdd a'r bae orau yn ystyriaeth berthnasol iawn.

[97] Glyn Davies: The interesting comment to me was your previous one about how we should involve the private sector in these matters as far as possible. That does not seem to have applied very much in this case. However, I will move on to another issue. The reason that you decided, effectively, on this—which again is very much at variance with what Michael Boyce is saying—is the value for money of the Thames Water bid and the fact that the Cardiff council bid was somewhat cheaper. I think that Geraint Davies challenged this £3 million saving by saying that £1.1 million has already gone because of the cost involved in delaying the freshwater impoundment. In answering us, you have tried to tell us that you did not think that that could go ahead. Yet, the people who have the expertise, have worked with this all along, discussed it with Thames Water and so on are telling us pretty clearly today that it could have gone ahead. It seems to me that that £1.1 million, simply as a starter, has to come off the £3 million unless, of course, you are fundamentally disagreeing, with what expertise you had, with what Michael Boyce is saying.

Mr Shortridge: I have told the Committee why I, as Accounting Officer, was not at all comfortable with the idea of going ahead with freshwater impoundment in April of this year. It is a judgment for you as to whether you share my view or Michael Boyce's. However, I have given good reasons. I think that I can correct the record on the £1.1 million, having discussed this in the break. The £1.1 million for protecting the barrage, as I now understand it, is netted off and is therefore not an additional cost on top of the £1 million a year savings.

[97] Glyn Davies: Y sylw diddorol i mi oedd yr un a wnaethpwyd gennych yn flaenorol am sut y dylem gynnwys y sector cyhoeddus yn y materion hyn cyn belled â phosibl. Nid ymddengys bod hynny wedi cael ei gymhwyso rhyw lawer yn yr achos hwn. Fodd bynnag, symudaf ymlaen i fater arall. Y rheswm y penderfynasoch ar hyn, mewn gwirionedd—sydd unwaith eto yn groes i'r hyn y mae Michael Boyce yn ei ddweud—yw gwerth am arian cynnig Thames Water a'r ffaith fod cynnig cyngor Caerdydd rywfaint yn rhatach. Yr wyf yn credu i Geraint Davies herio'r £3 miliwn drwy ddweud bod £1.1 miliwn wedi diflannu eisoes oherwydd y gost sydd ynghlwm â'r oedi cyn cronni dwr croyw. Wrth ein hateb, yr ydych wedi ceisio dweud wrthym nad oeddech yn credu y gallai hynny fynd yn ei flaen. Eto'i gyd, mae'r bobl sydd â'r arbenigedd, sydd wedi gweithio gyda hyn drwy gydol yr amser, wedi ei drafod gyda Thames Water ac ati yn dweud wrthym yn eithaf clir heddiw y gallai fod wedi mynd yn ei flaen. Ymddengys i mi bod yn rhaid i'r £1.1 miliwn hwnnw, dim ond fel man cychwyn, gael ei dynnu oddi ar y £3 miliwn oni bai, wrth gwrs, eich bod yn anghytuno'n sylfaenol, â'r arbenigedd oedd gennych, â'r hyn y mae Michael Boyce yn ei ddweud.

Mr Shortridge: Yr wyf wedi dweud wrth y Pwyllgor pam nad oeddwn i, fel Swyddog Cyfrifo, yn gyfforddus o gwbl â'r syniad o barhau â chronni dwr croyw ym mis Ebrill eleni. Eich penderfyniad chi yw a ydych yn cytuno â mi neu â Michael Boyce. Fodd bynnag, yr wyf wedi rhoi rhesymau da. Credaf y gallaf gywiro'r cofnod ar y £1.1 miliwn, wedi trafod hyn yn ystod yr egwyl. Caiff yr £1.1 miliwn ar gyfer diogelu'r morglawdd, fel y deallaf yn awr, ei dynnu ymaith fel net, ac felly nid yw'n gost ychwanegol ar ben yr arbedion o £1 miliwn y flwyddyn.

[98] Glyn Davies: I wonder whether we could have that confirmed to us?

Mr Shortridge: I will submit a note.

[99] Glyn Davies: Yes, I would like that to be confirmed in a note if at all possible. You now have three years—I am not talking about as an Accounting Officer—for which you know, in theory, what the running costs will be. Yet, it is five years until you can go out to tender and test the market. Do you not think that there is a possibility within those two periods that this saving, which may well already be reduced, may be substantially reduced again and that, in fact, there may not be much saving at all in the end? One thing to which we should also refer is whether you are certain that no credence at all should be attached to the fact that Thames Water are challenging the extent of these savings. Have you discussed it with the company to make certain that you know the basis of its challenge to the savings?

Mr Shortridge: We have looked at these figures very carefully and we are satisfied that the savings are there and are available. As I recall, the contract or the offer on the table from Thames Water was for a three-year period. So, the savings that we are talking about have to be calculated in relation to that three-year period.

[98] Glyn Davies: Tybed a allem gael cadarnhad o hynny?

Mr Shortridge: Fe gyflwynaf nodyn.

[99] Glyn Davies: Ie, hoffwn i hynny gael ei gadarnhau mewn nodyn os yn bosibl. Mae gennych bellach dair blynedd—nid wyf yn sôn amdanoch fel Swyddog Cyfrifo—lle gwyddoch, yn ddamcaniaethol, beth fydd y costau gweithredu. Eto, bydd yn bum mlynedd cyn y gallwch fynd allan i dendr a phroff'r farchnad. Onid ydych yn meddwl bod posibilrwydd o fewn y ddau gyfnod hwnnw y gall yr arbediad hwn, a all fod wedi ei leihau eisoes, ostwng yn sylweddol eto ac mai'r gwirionedd yw na fyddai llawer o arbedion yn y pen draw? Un peth y dylem hefyd gyfeirio ato yw a ydych yn sicr na ddylid rhoi coel o gwbl ar y ffaith fod Thames Water yn amau maint yr arbedion hyn. A ydych wedi trafod hyn â'r cwmni i sicrhau eich bod yn gwybod ar ba sail y mae'n herio'r arbedion?

Mr Shortridge: Yr ydym wedi edrych yn ofalus iawn ar y ffigurau hyn ac yr ydym yn fodlon bod yr arbedion yno a'u bod ar gael. Yn ôl yr hyn a gofiaf, yr oedd y contract neu'r cynnig ar y bwrdd gan Thames Water am gyfnod o dair blynedd. Felly, rhaid i'r arbedion yr ydym yn sôn amdanynt gael eu cyfrifo mewn perthynas â'r cyfnod hwnnw o dair blynedd.

[100] Glyn Davies: My only other question—and I would like to ask many more, I must say—is, are we going to be in a position now where the National Audit Office has full access to the new Harbour Authority when it makes its preparations for the second report that we want? There are an awful lot of questions. I could be here all morning and I am not at all certain that I have got the answers that I want. However, I would be satisfied if I knew that the National Audit Office could ask all those questions and follow them up before its next report.

Mr Shortridge: My clear understanding is that the National Audit Office will have access to the Harbour Authority's papers. I am sorry if you feel that you have not had the answers that you require. I have sought to give as full answers as I can.

Sir John Bourn: Chair, I can confirm that I am satisfied that I have access and will be able to pursue these questions.

[101] Janet Davies: Thank you, Sir John. Jenny, you wanted to come in on something briefly?

Jenny Randerson: I have a couple of questions to Michael Boyce. When you envisaged Thames Water as the facilities manager, what was your view on the role of harbour authority? Was it your view that Thames Water would be the harbour authority as well? I do not get that feeling at all.

Mr Boyce: No, not at all.

[102] Jenny Randerson: It is important that we do not get the two issues confused.

[100] Glyn Davies: Fy unig gwestiwn arall—a byddwn yn hoffi gofyn llawer mwy, mae'n rhaid imi ddweud—yw, a ydym yn mynd i fod mewn sefyllfa bellach lle bydd gan y Swyddfa Archwilio Genedlaethol fynediad llawn i Awdurdod yr Harbwr newydd pan fydd yn gwneud ei baratodau ar gyfer yr ail adroddiad sydd ei angen arnom? Mae nifer fawr o gwestiynau. Gallaswn fod yma drwy'r bore ac nid wyf yn sicr o gwbl a wyf wedi cael yr holl atebion y byddwn yn dymuno'u cael. Fodd bynnag, byddwn yn fodlon pe gwyddwn y gallai'r Swyddfa Archwilio Genedlaethol ofyn yr holl gwestiynau hynny a mynd ar eu trywydd cyn yr adroddiad nesaf.

Mr Shortridge: Cefais ar ddeall yn glir y bydd gan y Swyddfa Archwilio Genedlaethol fynediad i bapurau Awdurdod yr Harbwr. Mae'n ddrwg gennyf os ydych yn teimlo na chawsoch yr atebion sydd eu hangen arnoch. Yr wyf wedi ceisio rhoi atebion mor llawn ag y gallaf.

Syr John Bourn: Gadeirydd, gallaf gadarnhau fy mod yn fodlon bod gennyf fynediad ac y bydd modd i mi fynd ar ôl y cwestiynau hyn.

[101] Janet Davies: Diolch, Syr John. Jenny, a oeddech am ofyn rhywbeth yn gryno?

Jenny Randerson: Mae gennyf un neu ddau o gwestiynau i Michael Boyce. Pan oeddech yn rhagweld Thames Water fel rheolwr y cyfleusterau, beth oedd eich barn ynglyn â rôl awdurdod yr harbwr? A oeddech o'r farn mai Thames Water fyddai awdurdod yr harbwr yn ogystal? Nid wyf yn synhwyro hynny o gwbl.

Mr Boyce: Na, dim o gwbl.

[102] Jenny Randerson: Mae'n bwysig nad ydym yn cymysgu'r ddau fater.

Mr Boyce: They have been confused, though they have not been confused here today.

[103] Jenny Randerson: I am trying to separate them.

Mr Boyce: The harbour authority would have stood in the shoes of Cardiff Bay Development Corporation. A successor to the corporation was needed. The Assembly had decided that the successor would be a harbour authority. Putting that to one side, how was the bay to be managed and operated? It was our judgment that a facilities management contract would be the best way to do it, for ourselves and for our successor harbour authority, because it would have the benefit of someone else's management for three to five years while it learned what the best option might be. If the Thames contract had gone forward, that contract would have been inherited by the harbour authority, Cardiff council, on 1 April 2000, and Thames Water would have been working for Cardiff council in the way that we had envisaged that it would have been working for us.

[104] Jenny Randerson: Thank you. That is very clear.

Mr Shortridge, it seems to me that one of the key issues on the costs of managing the barrage is the aeration or oxygenation costs. There are various ways of providing that. When you held discussions with Cardiff City and County Council, how important was the question of aeration costs and how much detail were you provided with before the decision was made on how the facilities management would be undertaken? How important was it to you to get detail at that stage, and what detail did you have on how the aeration would be provided?

Mr Boyce: Maent wedi cael eu cymysgu, er nad ydynt wedi'u cymysgu yma heddiw.

[103] Jenny Randerson: Yr wyf yn ceisio'u gwahanu.

Mr Boyce: Byddai awdurdod yr harbwr wedi sefyll yn esgidiau Corfforaeth Datblygu Bae Caerdydd. Yr oedd angen cael olynnydd i'r gorfforaeth. Yr oedd y Cynulliad wedi penderfynu mai'r olynnydd fyddai awdurdod harbwr. Gan roi hynny i'r naill ochr, sut y byddai'r bae yn cael ei reoli a'i weithredu? Yr oeddem o'r farn mai'r ffordd orau o wneud hyn, i ni ac i awdurdod yr harbwr a fyddai'n olyn, oedd drwy gontract rheoli cyfleusterau, oherwydd y byddai'n cael y fantais o gael ei reoli gan rywun arall am gyfnod o dair i bum mlynedd tra'n dysgu pa opsiwn fyddai orau. Pe byddai contract Thames wedi mynd yn ei flaen, byddai'r contract hwnnw wedi'i etifeddu gan awdurdod yr harbwr, cyngor Caerdydd, ar 1 Ebrill 2000, a byddai Thames Water wedi bod yn gweithio ar ran cyngor Caerdydd yn y ffordd yr oeddem wedi rhagweld y byddai'n gweithio drosom ni.

[104] Jenny Randerson: Diolch. Mae hynny'n glir iawn.

Mr Shortridge, ymddengys imi mai un o'r materion allweddol ynghylch costau rheoli'r morglawdd yw'r costau nwyeddio neu ocsigeneiddio. Mae amrywiol ffyrdd o ddarparu hynny. Pan gynhaliasoch drafodaethau â Chyngor Dinas a Sir Caerdydd, pa mor bwysig oedd y cwestiwn o gostau nwyeddio a faint o fanylion a roddwyd ichi cyn y penderfynwyd sut y byddid yn mynd ati i reoli'r cyfleusterau? Pa mor bwysig ydoedd ichi gael manylder ar yr adeg honno, a pha fanylion a oedd gennych ynglyn â'r modd y byddai'r nwyeddio yn cael ei ddarparu?

Mr Shortridge: The consideration of the aeration arrangements was a significant but, I would say, not a decisive element in the consideration. Cardiff council, coming to this late, but as the agreed harbour authority, had doubts as to whether the preferred option of having a bubbler—a boat that generates oxygen where it is required in the bay—was necessarily the most cost-effective option. It was not persuaded of that at the time and it wanted the opportunity to consider alternatives, as indeed it is now doing. Once the decision was taken not to go for freshwater impoundment in the spring of this year, the issue of what the aeration arrangements should be in the short term fell away, because the one thing I would not want, as Accounting Officer, would be to incur the very substantial expenditure on a bubbler 12 months in advance of need.

[105] Jenny Randerson: However, if Cardiff council decide in the end that a bubbler is needed, some of your savings will have gone?

Mr Shortridge: No. I certainly hope not. There is an estimate of somewhere between £6 million and £7 million for aeration equipment, whatever it may be. The Council has gone out to tender and, as I understand it, very comprehensively out to tender, for the aeration equipment. Those tenders are due in later this month. The outcome of that tendering process will determine whether £6 million to £7 million is a reasonable estimate, or whether it might be less than that.

Mr Shortridge: Yr oedd ystyriaeth o'r nweiddio yn elfen arwyddocaol, ond nid, yn fy nhyb i, yn elfen dyngedfennol yn yr ystyriaeth. Yr oedd gan gyngor Caerdydd, a oedd yn dod yn rhan o hyn yn hwyr yn y dydd, ond fel yr awdurdod harbwr y cytunwyd arno, amheuon ynghylch a oedd yr opsiwn a ffafriwyd o gael byrlymydd—sef cwch sydd yn cynhyrchu ocsigen lle bydd ei angen yn y bae—o anghenraid yr un mwyaf cost effeithiol. Ni chafodd ei ddarbwylllo o hynny ar y pryd ac yr oedd am gael y cyfle i ystyried opsiynau eraill, fel, yn wir, y mae yn ei wneud yn awr. Unwaith y gwnaethpwyd y penderfyniad i beidio â chronni dwr croyw yn ystod y gwanwyn eleni, diflannodd y mater o'r hyn y dylai'r trefniadau nweiddio fod yn y tymor byr, oherwydd mai'r un peth na fyddwn yn ei ddymuno, fel Swyddog Cyfrifo, fyddai gwario'n sylweddol iawn ar fyrlymydd 12 mis cyn bod ei angen.

[105] Jenny Randerson: Fodd bynnag, pe bai Cyngor Caerdydd yn penderfynu yn y pen draw bod angen byrlymydd, a fyddai peth o'ch arbedion yn diflannu?

Mr Shortridge: Na fyddent. Yr wyf yn mawr obeithio na fyddent. Mae amcangyfrif o swm rhwng £6 miliwn a £7 miliwn am offer nweiddio, beth bynnag y bydd. Mae'r Cyngor wedi mynd allan i dendr ac, yn ôl a ddeallaf, i dendro'n gynhwysfawr iawn am yr offer nweiddio. Disgwylir derbyn y tendrau hynny yn ddiweddarach yn y mis. Bydd canlyniad y broses dendro yn penderfynu a yw'r swm rhwng £6 miliwn a £7 miliwn yn amcangyfrif rhesymol, neu a fydd yn llai na hynny.

[106] Jenny Randerson: I have a short final but very important question. Earlier, you referred to the power of the sea and the tide, and the safety issues. There has been considerable talk about the possibility that the structure of the barrage could be undermined by the ongoing situation. If there were to be physical damage to the barrage during this intervening period, who would pick up the cost of that—Cardiff council or the Assembly?

Mr Shortridge: I do not have the detailed agreements in front of me, but I am pretty confident that it would be a liability for the Assembly.

[107] Janet Davies: I do not know how many of the questions that you were going to ask, Lorraine, have been covered. However, I invite you to pursue your topic of the costs of managing the barrage and the bay.

[108] Lorraine Barrett: Mr Shortridge, I am looking at paragraph 3.20 and 3.21. I do not think that they have been specifically covered. Can you tell us why the estimated costs of the funding of the operation of the bay and the barrage increased from £5 million to £10.6 million between 1997 and the present time?

Mr Shortridge: I cannot give you a detailed breakdown of that. Steve may be able to do so. However, I am sure that a major, if not the major element, would be the cost of aerating the bay and securing water quality. This gets right back to the whole issue of the concern about the costs of the Thames Water tender.

[109] Lorraine Barrett: Should the aeration operation not have been thought of at the time? Was sufficient thought given to it at the time? I do not know whether you or Michael Boyce should answer that.

[106] Jenny Randerson: Mae gennyf un cwestiwn byr terfynol sydd, serch hynny, yn un tra phwysig. Yn gynharach, cyfeiriasoch at bwer y môr a'r llanw a thrai, a'r materion diogelwch. Bu cryn dipyn o sôn am y posibilrwydd y gallai strwythur y morglawdd gael ei thanseilio gan y sefyllfa barhaus. Os bydd difrod ffisegol i'r morglawdd yn ystod y cyfnod hwn, pwy fyddai'n talu am hynny— ai cyngor Caerdydd ynteu'r Cynulliad?

Mr Shortridge: Nid yw'r cytundebau manwl o'm blaen, ond yr wyf yn eithaf hyderus y byddai gan y Cynulliad atebolrwydd drosto.

[107] Janet Davies: Nid wyf yn gwybod faint o'r cwestiynau yr oeddech yn mynd i'w gofyn a gafodd eu hateb, Lorraine. Fodd bynnag, yr wyf yn eich gwahodd i fynd ar drywydd eich pwnc o gostau rheoli'r morglawdd a'r bae.

[108] Lorraine Barrett: Mr Shortridge, yr wyf yn edrych ar baragraffau 3.20 a 3.21. Nid wyf yn meddwl eu bod wedi eu trafod yn benodol. A allwch ddweud wrthym pam y bu cynnydd yn yr amcangyfrif o gostau gweithredu'r bae a'r morglawdd o £5 miliwn i £10.6 miliwn rhwng 1997 a'r adeg hon?

Mr Shortridge: Ni allaf roi dadansoddiad manwl ichi o hynny. Efallai y gall Steve wneud hynny. Fodd bynnag, yr wyf yn siwr y byddai'r gost o nwyeddio'r bae a sicrhau ansawdd y dwr yn un o'r prif elfennau, os nad y brif elfen. Mae hyn yn mynd â ni yn ôl at yr holl fater o'r pryder ynglyn â chostau tendr Thames Water.

[109] Lorraine Barrett: Oni ddylid fod wedi ystyried nwyeddio ar y pryd? A roddwyd digon o ystyriaeth iddi ar y pryd? Ni wn ai chi ynteu Michael Boyce ddylai ateb hynny.

Mr Shortridge: Let me start by answering this way. I think that, as Accounting Officer, my main concern about this whole exercise is in relation to the revenue as opposed to the capital costs. I do not know at this moment the full explanation as to precisely how and why these increases occurred. I understand that, in part, the issue is that this is a very novel piece of engineering and, therefore, there are many unquantified risks involved in seeking to operate it. That means that the private sector, because it does not necessarily have the right experience of this aquatic environment to work from, has difficulty in coming up with tight estimates on costs. That is my general impression. It may be that either Michael or Steve can give you a fuller explanation.

Mr Boyce: One of the things that happened in the intervening period was that it changed from the National Rivers Authority to the Environment Agency. There was, of course, a passage of time, and we then had a new agency with new experience, new pressures on the environment, and the demands of the Environment Agency were more stringent than the demands of the National Rivers Authority. By last summer, the Environment Agency was saying that the only way to deal with water quality was to have a bubbler and to appoint Thames Water. Therefore, we would have been foolish to have set our face against, in effect, the instruction of the Environment Agency.

[110] Lorraine Barrett: A 'yes' or 'no' answer will be adequate for the next part, which relates to the money from Welsh Water in 2005, possibly £4.3 million. Are you confident that steps are now being taken to ensure that we get that money and that the money will come from Welsh Water at the due time?

Mr Shortridge: Gadewch imi ddechrau drwy eich hateb fel hyn. Fel Swyddog Cyfrifo, yr wyf ym meddwl bod fy mhryder pennaf i o ran y gwaith hwn i gyd yn ymwneud â'r refeniw yn hytrach na'r costau cyfalaf. Ni wn ar hyn o bryd beth yw'r esboniad llawn o ran sut a pham yn hollol y bu'r cynnydd hyn. Deallaf mai'r mater, yn rhannol, yw mai peirniauwaith hynod newydd yw hwn ac, felly, mae llawer o risgiau na ellir eu mesur yn gysylltiedig â cheisio ei weithredu. Mae hyn yn golygu ei fod yn anodd i'r sector preifat roi amcangyfrif tynn o'r costau, gan nad oes ganddo'r profiad cywir o'r amgylchedd dyfrol o anghenraid fel sail. Dyna'r argraff gyffredinol a gefais. Efallai y gall naill ai Michael neu Steve roi esboniad llawnach ichi.

Mr Boyce: Un o'r pethau a ddigwyddodd yn ystod y cyfnod hwnnw oedd iddo newid o fod yn Awdurdod Afonydd Cenedlaethol i fod yn Asiantaeth yr Amgylchedd. Aeth amser heibio, wrth gwrs, ac yna cawsom asiantaeth newydd gyda phrofiad newydd, pwysau newydd ar yr amgylchedd ac yr oedd gofynion Asiantaeth yr Amgylchedd yn llymach na gofynion yr Awdurdod Afonydd Cenedlaethol. Erbyn yr haf diwethaf, yr oedd Asiantaeth yr Amgylchedd yn dweud mai'r unig ffordd o ddelio ag ansawdd y dwr oedd cael byrlymydd a phenodi Thames Water. Felly, byddem wedi bod yn annoeth i fynd yn groes, mewn gwirionedd, i gyfarwyddyd Asiantaeth yr Amgylchedd.

[110] Lorraine Barrett: Bydd ateb 'ydwyf' neu 'nac ydwyf' i'r cwestiwn nesaf yn ddigonol, sef cwestiwn sydd yn ymwneud â'r arian a ddaw gan Ddwr Cymru yn 2005, sef £4.3 miliwn o bosibl. A ydych yn ffyddiog bod camau'n cael eu cymryd ar hyn o bryd i sicrhau y byddwn yn cael yr arian hwnnw ac y byddwn yn cael yr arian gan Ddwr Cymru ar yr adeg briodol?

Mr Shortridge: Yes.

[111] Lorraine Barrett: Thank you. I will move on to a slightly more interesting question. Given that we have huge potential with a major waterfront city, the opportunities must not be missed. What can the Assembly do to encourage Cardiff council to maximise the income potential of the bay and ensure that it will do so? Some people have expressed concern about whether the money that the Assembly is giving Cardiff council for the bay will be used only and specifically for that purpose and will not be used to subsidise other council services.

Mr Shortridge: In terms of maximising the income potential from the bay, I have two short points. Clearly, we, as an Assembly and Assembly officials, have a big interest in seeking to minimise the net cost of running the bay. Therefore, in all discussions that we have and in all the funding agreements that we put in place, we will be seeking constructively, with the council, to agree a shared approach to how that revenue can be maximised. One important aspect of maximising that revenue will be, I think, that there is an enhanced dredging of the bay, so that you can maximise the amount of water sport use that is made of it. There is an up-front capital cost involved in that, but I think that, in the long term, it would be money well spent. In terms of how we satisfy ourselves that the money going to the council will only be used for expenditure associated with the barrage and the bay—the agreements that Steve Phillips is putting in place are certainly intended to secure that end. If you want more information about how that end is to be secured, Steve can provide it.

Mr Shortridge: Ydwyf.

[111] Lorraine Barrett: Diolch. Yr wyf am symud ymlaen at gwestiwn sydd ychydig yn fwy diddorol. Gan gofio bod gennym botensial enfawr o ran bod yn ddinas lan dwr o bwys, ni ddylid colli'r cyfleoedd. Beth all y Cynulliad ei wneud i annog cyngor Caerdydd i amlhau incwm posibl y bae i'r eithaf ac i sicrhau y bydd yn gwneud hynny? Mynegwyd pryder gan rai ynglyn â'r posibilrwydd na chaiff yr arian y mae'r Cynulliad yn ei roi i gyngor Caerdydd am y bae ei ddefnyddio'n unig ac yn benodol i'r diben hwnnw ac na chaiff ei ddefnyddio i sybsideiddio gwasanaethau eraill y cyngor.

Mr Shortridge: O ran gwneud y gorau posibl o'r potensial o wneud incwm o'r bae, yr wyf am nodi dau bwynt cryno. Mae'n glir bod gennym ni, fel y Cynulliad a swyddogion y Cynulliad, fuddiant mawr mewn ceisio lleihau'r gost net o weithredu'r bae. Felly, ym mhob trafodaeth a gynhelir ac ym mhob cytuned ariannu a sicrhau, byddwn yn ceisio cytuno, mewn modd adeiladol, ar ymagwedd gyffredin ynglyn â'r modd y gellir amlhau'r refeniw hwnnw i'r eithaf. Yn fy marn i, bydd gwella'r gwaith o garthu'r bae er mwyn cynyddu'r defnydd o chwaraeon dwr yn un o'r agweddau mwyaf pwysig ar amlhau'r refeniw hwnnw i'r eithaf. Bydd hynny'n golygu talu cost cyfalaf ymlaen llaw, ond yn fy marn i, byddai hynny yn y tymor hir yn arian a wariwyd yn ddoeth. O ran sut y gallwn fodloni ein hunain y caiff yr arian a roddir i'r cyngor ei wario'n unig ar arian sydd yn gysylltiedig â'r morglawdd a'r bae—mae Steve Phillips yn sicrhau'r cytundebau gyda'r bwriad pendant o gyrraedd y nod hwnnw. Os byddwch am gael mwy o wybodaeth am y modd y gellir cyrraedd y nod hwnnw, gall Steve ei ddarparu.

Mr Phillips: I have little to add except to say, as I said earlier, that we are taking the legal agreements that were concluded between the corporation and Cardiff council and turning them into very robust and detailed funding arrangements that will show why the money is being drawn down by Cardiff council, for what purpose and with an underpinning justification. Those agreements are very nearly complete. We have already given an undertaking to put them in the Assembly Library and to circulate them to the Economic Development Committee. We will do the same with a similar agreement that we are concluding with the Vale of Glamorgan Council.

[112] Lorraine Barrett: Do you foresee a time when the income generated for the council could pay for the running of the barrage and the bay? What are the arrangements for the future, whether five, 10 or 20 years' time, where the Assembly is committed to the council for certain costs of running the barrage? If it is making a profit, will it be allowed to keep that profit or would that subsidise the money to which the Assembly is committed?

Mr Phillips: Nid oes gennyf fawr ddim i'w ychwanegu, ar wahân i ddweud, fel y dywedais yn gynharach, ein bod yn cymryd y cytundebau cyfreithiol a gwblhawyd rhwng y gorfforaeth a chyngor Caerdydd a'u troi yn gytundebau ariannu manwl a fydd yn dangos pam fod yr arian yn cael ei dynnu i lawr gan gyngor Caerdydd, i ba ddiben a chyda chyfiawnhad yn sylfaen iddo. Mae'r cytundebau ar fin cael eu cwblhau. Yr ydym eisoes wedi cytuno i'w rhoi yn Llyfrgell yr Cynulliad a'u dosbarthu i'r Pwyllgor Datblygu Economaidd. Bwriadwn wneud yr un peth â chytundeb cyffelyb yr ydym wrthi'n ei gwblhau gyda Chyngor Bro Morgannwg.

[112] Lorraine Barrett: A ydych yn rhagweld amser pan allai'r incwm a gynhyrchir gan y Cyngor dalu am weithredu'r morglawdd a'r bae? Beth yw'r trefniadau ar gyfer y dyfodol, ymhen pum, 10 neu 20 mlynedd, pan fydd y Cynulliad wedi'i ymrwymo i dalu'r costau penodol o weithredu'r morglawdd i'r cyngor? Os bydd yn gwneud elw, a fydd hawl ganddo i gadw'r elw hwnnw neu a fyddai hynny'n cymorthdalw'r arian a glustnodwyd gan y Cynulliad?

Mr Shortridge: Briefly—and we can elaborate on this later—in the present circumstances I would be surprised if the Council could run the bay from revenue. The net cost at the moment is £9 million a year. It is unrealistic to think that you could generate that sort of revenue in the short to medium term. In terms of how we can be sure in the longer term that the council will not run away with the Assembly's money, we return to what Steve Phillips has told you about the funding arrangements and agreements. We will continue to seek to nail this expenditure down. Those agreements, as they have to, allow for the Assembly to meet unexpected, unanticipated expenditure. However, both Vale of Glamorgan and Cardiff councils are required to come to us to seek agreement for such expenditure before the expenditure is incurred. That is unavoidable. It gets back to the fact that, as I said to Dafydd Wigley earlier, the Assembly is inheriting a Government project. It cannot lay off all the associated risks by handing it over to a local authority.

Mr Shortridge: Yn gryno—a gallwn ymhelaethu ar hyn yn nes ymlaen—o dan yr amgylchiadau presennol byddwn yn synnu pe byddai modd i'r Cyngor weithredu'r bae drwy refeniw. Y gost net ar hyn o bryd yw £9 miliwn. Nid yw'n realistig ystyried y gallech gynhyrchu'r math hwnnw o refeniw yn y tymor byr i'r tymor canolig. O ran bod yn sicr yn y tymor hwy na fydd y Cyngor yn rhedeg i ffwrdd ag arian y Cynulliad, dychwelwn at yr hyn a ddywedodd Steve Phillips wrthyhych am y trefniadau ariannu a'r cytundebau. Byddwn yn parhau i geisio hoelio'r gwariant hwn. Mae'r cytundebau hynny, fel y mae'n rhaid iddynt, yn caniatáu i'r Cynulliad gwrdd â gwariant annisgwyl na chafodd ei ragweld. Fodd bynnag, mae gofyn i gyngor Bro Morgannwg a chyngor Caerdydd ddod atom i sicrhau cytundeb ar gyfer gwariant o'r fath cyn ei wario. Mae hynny'n anorfod. Mae'n mynd â ni'n ôl at y ffaith mai etifeddu prosiect gan y Llywodraeth a wnaeth y Cynulliad, fel y soniais wrth Dafydd Wigley yn gynharach. Ni all ddileu'r holl risgiau sydd yn gysylltiedig â hyn drwy ei drosglwyddo i gyngor lleol.

[113] Jane Davidson: When I asked at the beginning of the session what the increased costs were—for example, those related to the inaccurate data in terms of the under sea data, the creation of the barrage and the outturn costs as a result of the new survey—I was told that they could not be quantified. However, the report indicates that the majority of the extra costs are related to that particular problem. The extra costs come to £19 million. Having heard what has been said in the last 30 minutes, we have the issue that the project is inherited from the Government. We as Assembly Members are clearly concerned with any revenue implications for the Assembly, which will affect our ability to deliver our programme. The Permanent Secretary has expressed his view that the National Assembly would be liable for any problems with the barrage structure and that there are a range of risks and liabilities that we have not been able to quantify yet because we are talking about such a new, experimental project and we do not know where it is going. This leaves me with a range of worries about the implications for our Assembly block grant and whether we can go back to the Secretary of State for Wales for any additional costs that are related to the functioning of something that was not the choice of this Assembly. I want to ask two questions related to this. Who is paying the £2 million for the re-survey of the 21,000 houses in two to three years' time post-impoundment? Are we paying it or will Cardiff council pay it?

Mr Phillips: The Assembly is effectively picking that up as part of the ongoing commitment.

[113] Jane Davidson: Pan ofynnais ar ddechrau'r sesiwn beth oedd y costau uwch—er enghraifft, y rhai sydd yn gysylltiedig â'r data anghywir o ran y data tanforol, y cronni a'r costau alldro yn sgîl yr arolwg newydd—dywedwyd wrthyf na ellid eu mesur. Fodd bynnag, mae'r adroddiad yn nodi bod mwyafrif y costau ychwanegol yn gysylltiedig â'r broblem arbennig honno. Cyfanswm y costau ychwanegol fydd £19 miliwn. Ar ôl clywed yr hyn a ddywedwyd yn ystod y 30 munud diwethaf, mae'n fater bod y prosiect wedi'i etifeddu oddi wrth y Llywodraeth. Mae'n glir ein bod, fel Aelodau'r Cynulliad, yn bryderus ynglyn ag unrhyw oblygiadau refeniw i'r Cynulliad, a fydd yn effeithio ar ein gallu i gyflwyno ein rhaglen. Mynegodd yr Ysgrifennydd Parhaol ei farn y byddai'r Cynulliad Cenedlaethol yn atebol am unrhyw broblemau'n ymwneud â strwythur y morglawdd ac y byddai ystod o risgiau a rhwymedigaethau na fu'n bosibl inni eu mesur eto gan ein bod yn sôn am brosiect sydd mor newydd ac arbrofol ac ni wyddom i ble mae'n mynd. Mae hyn yn fy ngadael â myrdd o bryderon ynglyn â'r goblygiadau o ran ein grant bloc i'r Cynulliad ac ynglyn â'r posibilrwydd o fynd yn ôl at Ysgrifennydd Gwladol Cymru am unrhyw gostau ychwanegol sydd yn ymwneud â gweithrediad rhywbeth nad oedd yn ddewis gan y Cynulliad hwn. Hoffwn ofyn dau gwestiwn sydd yn berthnasol i hyn. Pwy fydd yn talu'r £2 filiwn i gynnal ail arolwg o'r 21,000 o dai yn y ddwy neu dair blynedd nesaf yn dilyn cronni? Ai ni neu ai cyngor Caerdydd fydd yn talu amdano?

Mr Phillips: Bydd y Cynulliad yn talu amdano i bob pwrpas fel rhan o'r ymrwymiad parhaus.

[114] Jane Davidson: I know that we will have further questions about the issue of groundwater in a moment but, just on the cost element, if the worst case scenario were to be realised and 21,000 properties required remedial repair, would that be a cost to the Assembly?

Mr Phillips: That is correct.

[115] Jane Davidson: That cost was estimated as being in the region of £19 million in 1995 and would be an additional cost for the Assembly. Cardiff council has the responsibility for its functions in terms of the harbour authority and has six places where the dewatering wells are in place at particular sensitive locations—I think those were the words used. If, as a result of impoundment, there were any additional costs related to the dewatering wells, would those fall upon the Assembly?

Mr Phillips: There are a number of permutations here. As I said earlier, we have costs that are fixed and that we can identify. We have costs that are potentially known about but that we cannot quantify. Your reference to the dewatering arrangements falls into that category. There are also completely unknown costs—acts of God and so forth. Essentially, what we are trying to do with Cardiff council through these funding arrangements is to work through and to quantify as precisely as we can an estimate of what those costs will be and to make a risk assessment that will judge how likely it is that the liability will crystallise. That is how we are proceeding.

[114] Jane Davidson: Yr wyf yn gwybod y byddwn yn cael ein holi ymhellach ynglyn â mater y dwr daear mewn munud ond, o ran elfen y gost yn unig, pe byddai'r gwaethaf yn digwydd a bod angen atgyweirio 21,000 o dai, a fyddai hynny'n gost i'r Cynulliad?

Mr Phillips: Byddai.

[115] Jane Davidson: Amcangyfrifwyd mai tua £19 miliwn oedd y gost honno yn 1995 ac y byddai'n gost ychwanegol i'r Cynulliad. Mae gan gyngor Caerdydd gyfrifoldeb dros ei swyddogaethau o ran awdurdod yr harbwr ac mae ganddo chwe man lle ceir ffynhonnau dihysbyddu mewn lleoliadau sensitif arbennig—credaf mai dyna'r geiriau a ddefnyddiwyd. Os, o ganlyniad i gronni'r morglawdd, y byddai unrhyw gostau ychwanegol yn berthnasol i'r ffynhonnau dihysbyddu, a fyddai'r rhain yn dod i ran y Cynulliad?

Mr Phillips: Mae nifer o gyfnewidiadau yma. Fel y dywedais ynghynt, mae gennym gostau sydd yn sefydlog ac y gallwn eu nodi. Mae gennym gostau sydd o bosibl yn hysbys ond na allwn eu mesur. Mae eich cyfeiriad at y trefniadau dihysbyddu yn perthyn i'r categori hwnnw. Mae hefyd gostau sydd yn gwbl anhysbys—gweithredoedd Duw ac yn y blaen. Yn y bôn, yr hyn yr ydym yn ceisio'i wneud gyda chyngor Caerdydd drwy'r trefniadau ariannu hyn yw gweithio drwyddi ac amcangyfrif mor fanwl â phosibl yr hyn fydd y costau hynny a gwneud asesiad risg a fydd yn barnu pa mor debygol ydyw y bydd yr atebolrwydd yn crisialu. Dyna sut yr ydym yn mynd yn ein blaenau.

[116] Jane Davidson: My last question on this issue relates to whether or not additional arrangements can be put in place over and above the memorandum of understanding. The memorandum of understanding limits the liability of Cardiff council in terms of these costs, which brings the liability back to the Assembly. If we were to identify other perceived risks over the next year or so and we wanted to manage the cost in terms of those risks, is there an opportunity to renegotiate with Cardiff council on these issues?

Mr Phillips: There is an opportunity for us to consult with Cardiff council on those sorts of issues. That arrangement is built into the funding agreements and the other organisational arrangements that I have described. The fundamental point is the one that the Permanent Secretary made earlier. These are potential liabilities or, in certain cases, actual liabilities, which the Assembly has inherited as a consequence of the barrage being a Central Government project. They have to be dealt with in that context in the final analysis.

Mr Shortridge: May I make two points? The questions have been well put and I accept them. However, equally, from where I am sitting, I do not want the Committee at this stage to overstate the risks that exist. It would not be right on the basis of this discussion to be unduly alarmist at the position. Clearly if the worst came to the worst on a whole string of things, there would be substantial additional liabilities for the Assembly. That remains a logical possibility but it is not something about which I am especially concerned at the moment in terms of the way in which this project has been managed up to now and the arrangements that we have put in place. That point has to be made.

[116] Jane Davidson: Fy nghwestiwn olaf ar y mater hwn yw a ellir sefydlu'r trefniadau ychwanegol hyn y tu hwnt i ac uwchlaw'r memorandwm dealltwriaeth ai peidio. Mae'r memorandwm dealltwriaeth yn cyfyngu atebolrwydd cyngor Caerdydd o ran y costau hyn, sydd yn dwyn yr atebolrwydd yn ôl i'r Cynulliad. Pe byddem i nodi risgau ymddangosiadol eraill dros y flwyddyn neu ddwy nesaf a'n bod am reoli'r gost o ran y risgiau hynny, a oes cyfle i ail-drafod y materion hyn gyda chyngor Caerdydd?

Mr Phillips: Mae cyfle inni ymgynghori â chyngor Caerdydd ar bob math o faterion. Mae'r trefniant hwnnw yn rhan o'r trefniadau ariannu a'r trefniadau sefydliadol eraill yr wyf wedi eu nodi. Y pwynt sylfaenol yw'r un a wnaethpwyd gan yr Ysgrifennydd Parhaol yn gynt. Rhwymedigaethau posibl, neu mewn rhai achosion, rwymedigaethau gwirioneddol yw'r rhain, a etifeddwyd gan y Cynulliad o ganlyniad i'r ffaith mai prosiect gan y Llywodraeth Ganolog oedd y morglawdd. Mae'n rhaid ymdrin â hwy yn y cyd-destun hwnnw yn y pendraw.

Mr Shortridge: A gaf i wneud dau bwynt? Cafodd y cwestiynau eu mynegi'n dda ac yr wyf yn eu derbyn. Fodd bynnag, i'r un graddau, o'm safbwynt i, nid wyf am i'r Pwyllgor orbwysleisio'r risgiau sydd yn bodoli yn ystod y cyfnod hwn. Ni fyddai'n iawn ar sail y drafodaeth hon i godi bwganod heb angen. Yn amlwg pe bai'r gwaethaf yn digwydd o ran nifer mawr o bethau, byddai'r Cynulliad yn wynebu rhwymedigaethau ychwanegol sylweddol. Mae hynny'n bosibilrwydd rhesymegol ond nid yw'r rhywbeth sydd yn peri pryder abennig imi ar y foment o ran y ffordd y cafodd y prosiect hwn ei reoli hyd yn hyn ac o ran y trefniadau a roddasom ar waith. Mae'n rhaid gwneud y pwynt hwnnw.

The second point—and it is a different angle on the inheritance, really—if the Assembly had chosen to create a slimmed-down development corporation to act as the harbour authority, all of this would have remained a liability of the Assembly in one form or another because we would have fully funded that new Assembly sponsored public body. Equally, one can understand from Cardiff council’s perspective that there is a limit to what it can reasonably be expected to have taken over from the Assembly in terms of its responsibilities for the project.

[117] Jane Davidson: That is not my point. My point is not in any way to put extra liabilities on Cardiff. My point is to probe for this Committee the use of Assembly money on a project that is not a project of this Assembly and to ensure that we have all the arrangements in place to manage any risks contingent on this project, both to the satisfaction of the National Audit Office and to ourselves as Members.

Mr Shortridge: I fully understand that and I share everything that you have said on that, because I have an accountability.

[118] Dafydd Wigley: I have a brief question following on from that. If the nature of the risk is open-ended and we have been lumbered with this—it may be a small or a larger figure, or it may be substantial to use your terms, it could be £20 or £30 million or perhaps more—was there any option, and I do not necessarily advocate this course, but was there any possible option whereby we could have got shot of all that risk by—

[119] Jane Davidson: Left it to Government.

Yr ail bwynt—a golwg arall ar yr etifeddiaeth ydyw, mewn gwirionedd—pe bai'r Cynulliad wedi dewis creu corfforaeth datblygu llai o faint i weithredu fel yr awdurdod harbwr, byddai hyn oll wedi parhau i fod yn rhwymedigaeth i'r Cynulliad mewn un ffordd neu'i gilydd gan y byddem wedi ariannu'r corff cyhoeddus newydd wedi'i noddi gan y Cynulliad yn llawn. Yn yr un modd, gellir deall o safbwynt cyngor Caerdydd bod pendraw i'r hyn y gellir disgwyl yn rhesymol iddo fod wedi'i dderbyn gan y Cynulliad o ran ei gyfrifoldebau dros y prosiect.

[117] Jane Davidson: Nid dyna fy mhwynt i. Fy mhwynt i yw peidio â gosod mwy o rwymedigaethau ar Gaerdydd. Fy mhwynt i yw ymchwilio ar ran y Pwyllgor hwn i'r defnydd o arian y Cynulliad ar y prosiect nad yw'n brosiect y Cynulliad hwn a sicrhau bod gennym yr holl drefniadau yn eu lle er mwyn rheoli unrhyw risgiau a allai ddeillio o'r prosiect hwn, i fodloni'r Swyddfa Archwilio Genedlaethol a ni ein hunain, fel Aelodau.

Mr Shortridge: Yr wyf yn llwyr ddeall hynny ac yr wyf yn cytuno â phopeth a ddywedasoeh ynglyn â hynny, oherwydd fod gennyf atebolrwydd.

[118] Dafydd Wigley: Mae gennyf gwestiwn byr sydd yn dilyn ymlaen o hynny. Os yw natur y risg yn benagored a'n bod yn gorfod ysgwyddo'r baich – gall fod yn ffigur bach neu'n un mwy, neu gall fod yn sylweddol i ddefnyddio'ch termau chi, gallai fod yn £20 neu'n £30 miliwn neu fwy o bosibl—a oedd unrhyw opsiwn, ac nid wyf o anghenraid yn argymhell y llwybr hyn, ond a oedd unrhyw opsiwn posibl a fyddai wedi ein galluogi i gael gwared ar y risg honno yn gyfan gwbl drwy—

[119] Jane Davidson: Ei adael i'r Llywodraeth.

[120] Dafydd Wigley: Jane says ‘left it to Government’. We are the Government now. We have to take the ups with the downs of that. However, was there any option of going to the private sector, for example? I am not saying that I necessarily advocate that but, clearly, if there was a risk that could be quantified—where there is a risk, there is a premium—could the whole risk have been passed over to somebody else so that we, as Assembly, were not lumbered with it? Was that explored?

Mr Shortridge: At one level, I think that that remains an option for the future, which the Assembly might want to look at. As I understand it—and others can help me—the thinking at an earlier stage was that the management of the bay would be done as a private finance initiative project. When that was explored, the private sector was not interested in taking over the scale of risk that was to be transferred. That is one of the reasons why the revenue costs that we have are greater than we expected. I think that the hope was that, if it was a PFI project, it could all be rolled up and it would be a substantially lesser sum.

[121] Dafydd Wigley: Does Mr Boyce have anything to add?

Mr Boyce: We always envisaged that it would be a PFI project but that it would not be a PFI project from day one because the private sector would need to have more information and greater experience of its management and operation. Therefore, it was our judgment that it would be a viable PFI option three to five years down the road. That goes back to why we chose a facilities management contract for that three- to five-year period.

[120] Dafydd Wigley: Mae Jane yn sôn am ‘ei adael i’r Llywodraeth’. Ni yw’r Llywodraeth bellach. Mae’n rhaid inni dderbyn y da a’r drwg sydd yn dod i’n rhan. Fodd bynnag, a oedd unrhyw opsiwn o ran mynd at y sector preifat, er enghraifft? Nid ydwyf yn dweud fy mod yn argymhell hynny o anghenraid, ond mae’n glir os oedd risg y gellid ei fesur—lle mae risg, mae premiwm—a ellid fod wedi trosglwyddo’r risg yn gyfan i rywun arall fel nad oedd yn rhaid i ni, yn y Cynulliad, ei hysgwyddo? A gafodd hyn ei archwilio?

Mr Shortridge: Ar un lefel, yr ydwyf o’r farn fod hynny’n opsiwn ar gyfer y dyfodol, y gallai’r Cynulliad ei ystyried. Yn ôl yr hyn a ddeallaf—a gall eraill fy helpu—ystyriwyd yn ystod cyfnod cynharach y gellid rheoli’r bae fel prosiect menter wedi’i ariannu’n breifat. Pan gafodd hynny ei archwilio, nid oedd gan y sector preifat ddiddordeb mewn cymryd drosodd raddfa’r risg i’w throsglwyddo. Mae hyn yn un o’r rhesymau pam fod costau’r refeniw yn fwy nag a ddisgwylasom. Yn fy marn i, y gobaith oedd, os oedd yn brosiect PFI, y gellid ei ddirwyn i ben ac y byddai’n swm tipyn llai sylweddol.

[121] Dafydd Wigley: A oes gan Mr Boyce rywbeth i’w ychwanegu?

Mr Boyce: Yr ydym wastad wedi rhagweld y byddai’n brosiect PFI ond na fyddai’n brosiect PFI o’r cychwyn cyntaf gan y byddai angen i’r sector preifat gael mwy o wybodaeth a mwy o brofiad o ran ei reoli a’i weithredu. Felly, ein penderfyniad ni oedd y byddai’n opsiwn PFI ymarferol yn ystod y tair i bum mlynedd nesaf. Mae hynny’n mynd yn ôl i’r rheswm pam y dewiswyd contract rheoli cyfleusterau gennym ar gyfer y cyfnod rhwng tair a phum mlynedd hwnnw.

It seemed to us that there was considerable scope for shore-based and bay-operated co-incident management to produce a revenue stream to the private sector that would meet the public sector obligation for the bay. We were conscious of the fact that there was the Ferry Road peninsula, which projected into the bay. That is a very large area of land, with the Ely on one side and the Taff on the other, sitting in a very prominent position and could have had commercial opportunities to exploit in order to produce a revenue stream for managing and operating the barrage. That may not be possible in the future because Cardiff City and County Council has sports village aspirations for that land.

However, there are other shore-based areas of land around the bay. It was always in our thinking, and would remain in my thinking, that there is a PFI opportunity here in the future to take the burden off the National Assembly. I might just say as a postscript that I do not think that the Assembly has been 'lumbered' with the barrage because it has already produced £1.5 billion's worth of investment for Wales as a nation and is delivering at least £170 million into the public purse, of which Wales is a significant beneficiary.

[122] Janet Davies: We now need to move on to the arrangements that have been put in place to identify and manage the environmental obligations and potential liabilities. Mr Shortridge, paragraphs 3.39 and 3.40 of the report note that the Assembly is developing oversight mechanisms for bodies that are now responsible for the operation of the barrage, the bay and the other schemes that we have already discussed. The Auditor General also points to the associated potential risks and liabilities. What steps are you taking to identify and manage the potential risks?

Yr oedd cryn gyfle yn ein barn ni ar gyfer rheolaeth ar y cyd ar y lan a weithredwyd o'r bae i gynhyrchu llif refeniw i'r sector preifat a fyddai'n bodloni rhwymedigaeth y sector preifat ar gyfer y bae. Yr oeddem yn ymwybodol o'r ffaith fod penrhyn Ferry Road yn bodoli, oedd yn estyn allan i'r bae. Mae honno'n ardal fawr iawn o dir, gydag afon Elái ar un ochr a'r Taf ar y llall, sydd mewn safle amlwg iawn a gellid fod wedi achub ar gyfleoedd masnachol i'w datblygu er mwyn cynhyrchu llif refeniw i reoli a gweithredu'r morglawdd. Efallai na fydd hyn yn bosibl yn y dyfodol gan fod Cyngor Dinas a Sir Caerdydd yn gobeithio codi pentref chwaraeon ar y tir hwnnw.

Fodd bynnag, mae ardaloedd eraill ar y lan o gwmpas y bae. Yr oeddem wastad o'r farn, ac yr wyf i yn parhau o'r un farn, bod cyfle PFI yma yn y dyfodol i gymryd y baich oddi ar ysgwyddau'r Cynulliad Cenedlaethol. Hoffwn ychwanegu fel ôl-nodyn nad wyf o'r farn fod y Cynulliad wedi gorfod ysgwyddo baich y morglawdd gan ei fod eisoes wedi cynhyrchu buddsoddiad gwerth £1.5 biliwn i Gymru fel cenedl ac mae'n cyflwyno o leiaf £170 miliwn i'r coffrau cyhoeddus, gyda Chymru'n elwa'n sylweddol arno.

[122] Janet Davies: Mae angen inni yn awr symud ymlaen at y trefniadau a roddwyd ar waith i nodi a rheoli'r cyfrifoldebau amgylcheddol a'r rhwymedigaethau posibl. Mr Shortridge, mae paragraffau 3.39 a 3.40 o'r adroddiad yn nodi bod y Cynulliad yn datblygu mecanweithiau goruchwylio ar gyfer cyrff sydd bellach yn gyfrifol am weithredu'r morglawdd, y bae a'r cynlluniau eraill a drafodasom eisoes. Mae'r Archwilydd Cyffredinol hefyd yn tynnu sylw at y risgiau a'r rhwymedigaethau posibl cysylltiedig. Pa gamau yr ydych yn eu cymryd i nodi a rheoli'r risgau posibl?

Mr Shortridge: The whole process of risk management, I think, is subsumed in the discussions that have been held on putting in place the funding agreements. In those agreements, we are seeking to have absolute clarity between ourselves and the Harbour Authority on who is responsible for what and then, in addition, to have a process in place to ensure that there are proper monitoring arrangements and that we can jointly learn from experience to ensure that all aspects of the bay are being managed in the most cost-effective way.

[123] Janet Davies: Jenny has some questions about the environmental obligations in general.

[124] Jenny Randerson: When will the measures be in place to ensure that there is a proper regime to meet water quality requirements in the bay?

Mr Shortridge: That is all associated with the aeration equipment. The Environment Agency Wales will have to be closely consulted on and involved in the precise arrangements that are being put in place. I know that this time last year, when the bubbler was the front-running option, the Environment Agency was, in principle, content with that as a way of proceeding. Whatever the outcome following the present tender exercise, the Harbour Authority and the Environment Agency will have to work closely together because the Environment Agency will have to be satisfied that water quality requirements are being met.

[125] Jenny Randerson: Do you anticipate that this will be before the March 2001 deadline?

Mr Shortridge: Mae'r broses gyfan o reoli risg, yn fy nhyb i, wedi ei chynnwys yn y trafodaethau a gafodd eu cynnal er mwyn rhoi'r trefniadau ariannol ar waith. Yn y cytundebau hynny, yr ydym yn ceisio cael eglurdeb llwyr rhyngom ac Awdurdod yr Harbwr ynglyn â phwy sydd yn gyfrifol am beth ac yna, yn ogystal, i gael proses yn ei lle i sicrhau y ceir trefniadau monitro cywir ac y gallwn gyd-ddysgu o brofiad er mwyn sicrhau bod yr holl agweddau ar y bae yn cael eu rheoli yn y modd mwyaf cost effeithiol.

[123] Jenny Davies: Mae gan Jenny rai cwestiynau ynglyn â'r rhwymedigaethau amgylcheddol yn gyffredinol.

[124] Jenny Randerson: Pryd bydd y mesurau yn eu lle i sicrhau bod trefn gywir i ddiwallu gofynion ansawdd y dwr yn y bae?

Mr Shortridge: Mae hynny i gyd yn gysylltiedig â'r offer nwyeddio. Bydd yn rhaid ymgynghori'n agos ag Asiantaeth yr Amgylchedd, Cymru a'i chynnwys yn y trefniadau penodol sydd yn cael eu rhoi ar waith. Yr adeg hon y llynedd, pan oedd y byrlymydd yn opsiwn blaenllaw, yr wyf yn gwybod fod Asiantaeth yr Amgylchedd, mewn egwyddor, yn fodlon â hynny fel ffordd o fynd yn ei blaen. Beth bynnag fydd y canlyniad yn dilyn yr ymarfer tendro presennol, bydd yn rhaid i Awdurdod yr Harbwr ac Asiantaeth yr Amgylchedd weithio'n agos â'i gilydd oherwydd bydd yn rhaid bodloni Asiantaeth yr Amgylchedd o ran diwallu gofynion ansawdd y dwr.

[125] Jenny Randerson: A ydych yn rhagweld y bydd hyn yn digwydd cyn y terfyn amser ym mis Mawrth 2001?

Mr Shortridge: Yes. I expect all the arrangements to be in place for the March 2001 deadline and I expect the Environment Agency to have signed off whatever arrangements the Harbour Authority proposes. Thereafter, it will be a question of monitoring to ensure that the standards are being met.

Mr Phillips: May I add briefly to that? The reason why the tenders are coming in for the dredging and oxygenation equipment later this month is because of the lead time for ordering the bubbler—if it is to be a bubbler—or an alternative system, and similarly to put in place the arrangements for dredging, all in anticipation of freshwater impoundment in March or April next year. As the Permanent Secretary said earlier, there is no guarantee of that, but the council is working towards that target date. In addition, it is still working closely with the Environment Agency, which has recently extended the temporary impoundment licence from the end of June to the end of September, which gives us some comfort that the necessary steps have been taken and the work is in hand.

[126] Jenny Randerson: On a separate issue, in paragraph 3.27 of the report, there is reference to the fact that Cardiff Bay may be designated a ‘sensitive water’. How will consequent expenditure be met if that happens? Who will be responsible?

Mr Shortridge: I mentioned that that is an additional cost that would fall to the Assembly.

Mr Phillips: Correct.

[127] Jenny Randerson: Has that been discussed with Cardiff City and County Council in terms of management arrangements?

Mr Shortridge: Ydwyf. Yr wyf yn rhagweld y bydd yr holl drefniadau yn eu lle erbyn y terfyn amser ym mis Mawrth 2001 ac yr wyf yn disgwyl y bydd Asiantaeth yr Amgylchedd wedi dirwyn pa drefniadau bynnag a gynigir gan Awdurdod yr Harbwr i ben. Ar ôl hynny, bydd yn gwestiwn o fonitro i sicrhau y caiff y safonau eu cwrdd.

Mr Phillips: A gaf i ychwanegu'n gryno at hynny? Y rheswm pam fod y tendrau'n dod i mewn ar gyfer yr offer cloddio ac ocsigenu yn hwyrach yn ystod y mis hwn yw oherwydd yr amser arweiniol ar gyfer archebu'r byrlymydd—os oes byrlymydd i fod—neu system arall, ac yn yr un moddi roi'r trefniadau ar waith ar gyfer cloddio, y cyfan wrth rhagweld cronni dwr croyw ym mis Mawrth neu fis Ebrill y flwyddyn nesaf. Fel y dywedodd yr Ysgrifennydd Parhaol ynghynt, nid oes sicrwydd o hynny, ond mae'r Cyngor yn gweithio tuag at y dyddiad targed hwnnw. Yn ogystal, mae'n parhau i weithio'n agos ag Asiantaeth yr Amgylchedd, sydd wedi estyn y drwydded gronni dros dro yn ddiweddar o ddiwedd mis Mehefin hyd at diwedd mis Medi, sydd yn rhoi rhyw gysur inni bod y camau angenrheidiol wedi'u cymryd a bod y gwaith mewn llaw.

[126] Jenny Randerson: Ar fater gwahanol, ym mharagraff 3.27 o'r adroddiad, ceir cyfeiriad at y ffaith y gall Bae Caerdydd gael ei ddynodi fel 'dwr sensitif'. Sut y bydd modd cwrdd â'r gwariant dilynol os digwydd hyn? Pwy fydd yn gyfrifol?

Mr Shortridge: Soniais y bydd hynny'n gost ychwanegol a fyddai'n dod i ran y Cynulliad.

Mr Phillips: Cywir.

[127] Jenny Randerson: A drafodwyd hyn gyda Chyngor Dinas a Sir Caerdydd o ran reoli'r trefniadau?

Mr Phillips: It has been discussed, but not so much in terms of management arrangements, because we do not know if it will happen and if it does, it is some years away yet, possibly outside the initial five-year period that we have discussed. However, in designing the structures that we have put in place, we have been careful to ensure that this sort of potential liability can be catered for.

[128] Jenny Randerson: Do you have a best estimate of when the decision might be made? You said it is some years away; is it 10 or 20 years?

Mr Phillips: I must admit to not being an expert on this directive. There are different views and the European Union, if I remember correctly, has been, or is, reviewing the criteria against which it designates sensitive waters. Therefore, I am not clear if it will happen. As far as I am aware, we are not in active discussion with the European Commission about it.

Mr Shortridge: I will submit a note giving you the best information that I can on that.

[129] Jenny Randerson: I also want to mention groundwater damage, to which Jane Davidson referred earlier. Do I understand correctly from your answers to her that you have left that issue to one side and are not pursuing it? You said that there is no way of knowing at this point how much that amount would be. Is any work being done at present to estimate the potential impact on groundwater and the potential costs? I had the alternative impression from your previous answer.

Mr Phillips: Cafwyd trafodaeth, ond nid cymaint o ran trefniadau rheoli gan nad ydym yn gwybod os bydd yn digwydd ac os y bydd, mae'n parhau i fod rai blynyddoedd i ffwrdd, o bosibl y tu allan i'r cyfnod cychwynnol o bum mlynedd y buom yn ei drafod. Fodd bynnag, wrth gynllunio'r strwythurau a sefydlwyd gennym, buom yn ofalus i sicrhau y gellir darparu ar gyfer y math hwn o rwymedigaeth posibl.

[128] Jenny Randerson: A oes gennych amcangyfrif gorau o pryd y gellid gwneud y penderfyniad? Soniasoch y gallai fod ymhén rhai blynyddoedd; ai 10 neu 20 mlynedd?

Mr Phillips: Mae'n rhaid imi gyfaddef nad wyf yn arbenigwr ar y cyfarwyddyd hwn. Mae barn wahanol ynglyn â hyn ac os wyf yn cofio'n iawn, bu'r Undeb Ewropeaidd yn arolygu neu mae wrthi'n arolygu'r meini prawf yn erbyn yr hyn y mae'n dynodi'n ddyfyr oedd sensitif. Felly, nid wyf yn glir a fydd yn digwydd. Hyd y gwn, nid ydym mewn trafodaeth weithredol â'r Comiswn Ewropeaidd ynglyn â hyn.

Mr Shortridge: Byddaf yn cyflwyno nodyn a fydd yn rhoi'r wybodaeth orau a feddaf am hynny ichi.

[129] Jenny Randerson: Yr wyf hefyd am sôn am ddifrod dwr daear, y cyfeiriodd Jane Davidson ato ynghynt. A wyf i ddeall yn iawn yn ôl eich atebion iddi eich bod wedi rhoi'r mater hwnnw o'r neilltu ac nad ydych am fynd ar ei drywydd? Dywedasoch nad oes unrhyw ffordd o wybod ar hyn o bryd faint fyddai'r swm hwnnw. A oes unrhyw waith yn mynd rhagddo ar hyn o bryd i amcangyfrif yr effaith bosibl ar y dwr daear a'r costau posibl? Yr oeddwn wedi cael argraff wahanol o'ch ateb blaenorol.

Mr Shortridge: I am not aware of any work going on. We are relying very much on the professional analysis that was undertaken by, or on behalf of, CBDC. The firm expectation is that the measures that have been put in place will prove to be adequate. However, there can be no absolute assurance on that. We must wait for the freshwater impoundment.

Mr Phillips: As the National Audit Office said on page 17 of its report, there are to be re-surveys of the properties, which will commence next year.

[130] Jenny Randerson: However, because of the nature of the impoundment at the moment, which is not as was originally intended—impoundment and then you have a freshwater lake—there will be periods when the water is not there. Is the three-year period affected by the fact that we do not have proper impoundment at the moment?

Mr Shortridge: I think that I have read somewhere, but I will need to clarify it for you, that that is something that is being taken into account in terms of the timescale over which householders have rights under the arrangements.

[131] Jenny Randerson: Yes, because they have this 20-year period. That could make a big difference to the legal situation, as well as a practical difference.

[132] Jane Davidson: Paragraph 3.34 refers to unresolved contractual claims related to drainage work. Can you, Mr Shortridge, say what the current position is on these?

Mr Shortridge: I cannot. Mr Phillips may be able to do so.

Mr Shortridge: Nid wyf yn ymwybodol fod unrhyw waith yn mynd rhagddo. Yr ydym yn dibynnu'n fawr ar y dadansoddiad proffesiynol a gynhaliwyd gan, ac ar ran CDBC. Y disgwyliad cadarn yw y bydd y mesurau a sefydlwyd yn rhai digonol. Fodd bynnag, nid oes sicrwydd llwyr ynglyn â hynny. Bydd yn rhaid inni aros am y cronni dwr croyw.

Mr Phillips: Fel y dywedodd y Swyddfa Archwilio Genedlaethol ar dudalen 17 o'i hadroddiad, byddant yn cynnal ail arolwg o'r eiddo, a fydd yn cychwyn y flwyddyn nesaf.

[130] Jenny Randerson: Fodd bynnag, oherwydd natur y gwaith cronni ar y foment, nad yw'r hyn y bwriadwyd iddo fod yn wreiddiol—cronni ac yna mae gennych lyn dwr croyw—bydd adegau pan na fydd y dwr yno. A effeithir ar y cyfnod o dair blynedd gan y ffaith nad oes gennym Gronni priodol ar hyn o bryd?

Mr Shortridge: Yr wyf yn meddwl fy mod wedi darllen amdano rywle, ond bydd angen imi egluro i chi ei fod yn cael ei ystyried o ran y terfyn amser y bydd gan y deiliaid tai hawliau drosto o dan y trefniadau.

[131] Jenny Randerson: Ie, oherwydd fod ganddynt y cyfnod hwn o 20 mlynedd. Gallai hynny wneud gwahaniaeth mawr i'r sefyllfa gyfreithiol, yn ogystal â gwneud gwahaniaeth ymarferol.

[132] Jane Davidson: Mae paragraff 3.34 yn cyfeirio at hawliadau cytundebol heb eu datrys sydd yn berthnasol i waith draenio. A allwch ddweud wrthym beth yw'r sefyllfa bresennol ynglyn â'r rhain, Mr Shortridge?

Mr Shortridge: Na allaf. Efallai y gall Mr Phillips wneud hynny.

Mr Phillips: I do not think that I can say any more than what is in the report. There were a number of unresolved claims outstanding at the wind-up of the corporation on 31 March. We are looking at the robustness and the appropriateness of those claims in the normal way, and will be dealing with them as appropriate.

[133] Jane Davidson: When do you expect it to be resolved?

Mr Phillips: Very shortly, I should imagine.

[134] Jane Davidson: Within days or months?

Mr Phillips: Weeks. Days or weeks; I would not say months.

[135] Jane Davidson: In the short term, therefore. Thank you. Paragraph 3.35 refers to recovering £4.3 million from Welsh Water, but we cannot have the money back until 2005. Are you confident that that timescale will remain appropriate in terms of that recovery?

Mr Phillips: Yes.

[136] Jane Davidson: Paragraph 3.36 and 3.37 refers to the Gwent Levels Wetland Reserve. We now know that the cost of the Gwent Levels Wetland Reserve will be in excess of £10.4 million, which is £5 million more than originally expected. However, I am acutely aware that that £5 million is related to moving the wetlands site, and is a realistic cost. What assurance can you give the Committee that that represents value for money?

Mr Phillips: Ni chredaf y gallaf ddweud mwy na'r hyn sydd yn yr adroddiad. Yr oedd nifer o hawliadau heb eu datrys pan gafodd y gorfforaeth ei dirwyn i ben ar Fawrth 31. Yr ydym yn ystyried cadernid a phriodolrwydd yr hawliadau hynny yn y ffordd arferol, a byddwn yn delio â hwy fel y bo'n briodol.

[133] Jane Davidson: Pryd y disgwyliwch iddo gael ei ddatrys?

Mr Phillips: Yn fuan iawn, dybiwn i.

[134] Jane Davidson: O fewn dyddiau neu fisoedd?

Mr Phillips: Wythnosau. Dyddiau neu wythnosau; ni fyddwn yn dweud misoedd.

[135] Jane Davidson: Yn y tymor byr, felly. Diolch. Mae Paragraff 3.35 yn cyfeirio at adfer £4.3 miliwn gan Ddwr Cymru, ond ni allwn gael yr arian yn ôl tan 2005. A ydych yn hyderus y bydd y terfyn amser hwnnw yn parhau'n briodol o ran yr adferiad hwnnw?

Mr Phillips: Ydwyf.

[136] Jane Davidson: Mae paragraff 3.36 a 3.37 yn cyfeirio at Warchodfan Gwlyptir Gwastadeddau Gwent. Yr ydym yn gwybod bellach y bydd cost Gwarchodfa Gwlyptir Gwastadeddau Gwent yn fwy na £10.4 miliwn, sydd yn £5 miliwn yn fwy na'r hyn a ddisgwyliwyd yn wreiddiol. Fodd bynnag, yr wyf yn hynod ymwybodol bod y £5 miliwn hwnnw yn ymwneud â symud safle'r gwlyptir, ac mae'n gost realistig. Pa sicrwydd y gallwch ei roi i'r Pwyllgor fod hynny'n cynrychioli gwerth am arian?

Mr Shortridge: I do not think that I would put it in those terms. It was a requirement of the corporation and the establishment of the bay that alternative habitats should be provided. In the circumstances, that is what it has cost to meet that requirement.

[137] Jane Davidson: Paragraph 3.36 refers to the arrangements that have been put in place so that within five years the reserve will qualify as a special protection area. Are those five years from the 1996 agreement, so that we can expect it in 2001, or are the five years post-impoundment, that is, 2006?

Mr Shortridge: I cannot answer that. I imagine that it would be five years from the time when the reserve is properly functioning. However, again I would have to submit a note on that.

[138] Jane Davidson: Can you assist on that, Mr Boyce?

Mr Boyce: I understood that it would be from the day that the Gwent reserve was completed, which was in March.

[139] Jane Davidson: March of this year?

Mr Boyce: Yes.

[140] Jane Davidson: Therefore we are talking about 2005 for that status.

Mr Boyce: Yes.

[141] Jane Davidson: What is your current estimate of the likely cost of creating the reserve? I put that to Mr Boyce and Mr Shortridge.

Mr Shortridge: Nid wyf yn meddwl y byddwn yn ei roi yn y termau hynny. Yr oedd yn ofyniad gan y gorfforaeth wrth sefydlu'r bae y dylid darparu cynefinoedd eraill. O dan yr amgylchiadau, dyna'r hyn y mae wedi ei gostio i ddiwallu'r gofyniad hwnnw.

[137] Jane Davidson: Mae paragraff 3.36 yn cyfeirio at y trefniadau a roddwyd ar waith fel y gall y warchodfa fod yn gymwys i fod yn ardal warchod arbennig o fewn pum mlynedd. A yw'r pum mlynedd hynny yn dechrau o'r cytundeb yn 1996, fel y gallwn ei ddisgwyl yn 2001, neu a yw'r pum mlynedd yn dechrau ar ôl y cronni, hynny yw, yn 2006?

Mr Shortridge: Ni allaf ateb hynny. Yr wyf yn tybio y byddai ymhen pum mlynedd o'r adeg y bydd y warchodfa'n gwbl weithredol. Fodd bynnag, unwaith eto byddai gofyn imi gyflwyno nodyn ar hynny.

[138] Jane Davidson: A allwch gynorthwyo ar hynny, Mr Boyce?

Mr Boyce: Yn ôl yr hyn a ddeallaf, byddai o ddiwrnod cwblhau gwarchodfa Gwent ymlaen, sef mis Mawrth.

[139] Jane Davidson: Mis Mawrth eleni?

Mr Boyce: Ie.

[140] Jane Davidson: Felly yr ydym yn sôn am 2005 ar gyfer y statws hwnnw.

Mr Boyce: Ydym.

[141] Jane Davidson: Beth yw eich amcangyfrif presennol o'r gost debygol o greu'r warchodfa? Gofynnaf hynny i Mr Boyce a Mr Shortbridge.

Mr Shortridge: My understanding is that the figure of £10.4 million is pretty robust. We could be talking plus or minus a hundred thousand or so. However, as a roundish figure, I think that it is a reasonable one.

Mr Boyce: The reserve has been in place and has been operating as a reserve since the autumn of last year. Therefore it just needs the five years to mature to qualify for that status. Most of the costs have been met. There are one or two outstanding contractual claims from contractors when we handed it over to the Countryside Council for Wales at the end of March. As the Permanent Secretary said, we are not talking about large sums of money.

[142] Jane Davidson: The reserve was designed to relocate dunlin, redshank, widgeon and shoveler among other things—

Mr Boyce: No. It was not designed to relocate anything but to create a new habitat altogether. It was designed to give an environmental gift, if you like, to Wales and the community as a whole in replacing those environmental advantages that some perceived existed in the bay area. It was not about moving a set of birds from one location to the other. It is not expected that dunlin and redshank will go from Cardiff Bay to the Gwent Levels. They are more likely to go from Cardiff Bay to the Rumney estuary. Indeed, that is where they have gone, because before the corporation was wound up, it ringed birds in the bay to find out where they went as soon as the bay was impounded and they went to the river Rumney.

[143] Jane Davidson: Alternative feeding grounds have been found by the birds and the Gwent Levels provide a new location and a new opportunity.

Mr Boyce: Precisely.

Mr Shortbridge: Yn ôl yr hyn a ddeallaf, mae'r ffigur o £10.4 miliwn yn un eithaf cadarn. Gallasem fod yn siarad am ryw gan mil fwy neu lai. Fodd bynnag, fel ffigur gweddol grwn, mae'n un rhesymol, yn fy nhyb i.

Mr Boyce: Bu'r warchodfa ar waith ac yn gweithredu fel gwarchodfa ers yr hydref y llynedd. Felly dim ond pum mlynedd i aeddfedu sydd ei angen i fod yn gymwys ar gyfer y statws hwnnw. Cafodd y rhan fwyaf o'r costau eu talu. Mae un neu ddau o hawliadau cytundebol i'w talu i gontractwyr pan drosglwyddasom hi i Gyngor Cefn Gwlad Cymru ddiwedd mis Mawrth. Fel y dywedodd yr Ysgrifennydd Parhaol, nid ydym yn sôn am symiau mawr o arian.

[142] Jane Davidson: Cynlluniwyd y warchodfa i adleoli pibydd y mawn, y pibydd coesgoch, y chwiwell a'r cigydd glas ymysg pethau eraill—

Mr Boyce: Naddo. Ni chafodd ei chynllunio i adleoli unrhyw beth ond yn hytrach i greu cynefin newydd sbon. Fe'i cynlluniwyd, os mynnwch, fel rhodd amgylcheddol i Gymru a'r gymuned gyfan drwy adfer y manteision amgylcheddol hynny yr oedd rhai yn tybio eu bod yn bodoli yn ardal y bae. Nid yw'n fater o symud un carfan o adar o un lleoliad i'r llall. Ni ddisgwylir i bibydd y mawn a'r pibydd coesgoch fynd o Fae Caerdydd i Wastadeddau Gwent. Maent yn fwy tebygol o fynd o Fae Caerdydd i aber afon Rhymni. Yn wir, dyna lle y maent wedi mynd, oherwydd cyn i'r gorfforaeth ddirwyn i ben, bu'n modrwyo adar yn y bae i ganfod i ble yr oeddent ar ôl i'r bae gael ei Gronni ac aethant i afon Rhymni.

[143] Jane Davidson: Cafodd yr adar hyd i diroedd bwydo eraill ac mae Gwastadeddau Gwent yn darparu lleoliad newydd a chyfle newydd iddynt.

Mr Boyce: Yn hollol.

[144] Dafydd Wigley: I will address a general question to Jon Shortridge, if I may, Chair. Given the degree of questioning that you have faced today and the residual and oversight responsibility that must remain with the Assembly, do you believe that the Assembly has the capability of keeping that oversight in control and do you have the people in place to do so?

Mr Shortridge: Yes, I do believe that we have the capability. The division that Steve Phillips heads has been responsible for overseeing Cardiff Bay Development Corporation for many years. In bringing this project to a conclusion, the corporation has had to deal with an enormous number of complex issues, in which the Welsh Office had to take a close interest without overstepping the mark and taking the executive responsibilities itself. These are the sort of oversight responsibilities of which, as officials in the Assembly, we have a lot of experience and it should be well within our competence. On whether I have the right people in place, at the moment I do. I have great confidence in Steven Phillips. As many of you will know, he is a very high calibre official. All the time that he is heading his division and managing this process with Cardiff council I will have confidence that we as Assembly officials will be managing this continuing project as well as it can be managed.

[145] Janet Davies: I thank Mr Boyce, Mr Shortridge and Mr Phillips for their full answers to our questions and for the promise to let us have answers in writing where there were one or two problems. A draft transcript will be sent to you so that you can check the factual accuracy before it is published as part of the minutes. When the Committee publishes its report, the transcript will be included as an annex.

[144] Dafydd Wigley: Yr wyf am ofyn cwestiwn cyffredinol i Jon Shortbridge, os caf, Gadeirydd. O ystyried yr holi manwl a wynebasoch heddiw a'r cyfrifoldeb gweddilliol a goruchwyliol y mae'n rhaid i'r Cynulliad barhau i'w ysgwyddo, a ydych o'r farn fod gan y Cynulliad y gallu i gadw'r oruchwyliaeth honno o dan reolaeth ac a oes gennych y bobl mewn swyddi a all wneud hynny?

Mr Shortridge: Yn fy marn i, mae gennym y gallu. Mae'r is-adran y mae Steve Phillips yn bennaeth arni wedi bod yn gyfrifol am oruchwyllo Corfforaeth Datblygu Bae Caerdydd ers llawer o flynyddoedd. Wrth ddod â'r prosiect hwn i ben, bu'n rhaid i'r gorfforaeth ymdrin â nifer helaeth o faterion cymhleth, y bu'n rhaid i'r Swyddfa Gymreig gymryd diddordeb agos ynddynt heb fynd yn rhy bell ac ymgymryd â'r cyfrifoldebau gweithredol eu hunain. Y rhain yw'r math o gyfrifoldebau goruchwyllo y cawsom ni, fel swyddogion y Cynulliad, llawer o brofiad ohonynt ac ni ddylai fod unrhyw anhawster o gwbl inni ymgymryd â hyn. Ynglyn â'r cwestiwn o gael y bobl gywir i'w weithredu, ar hyn o bryd mae gennyf rai. Mae gennyf ffydd mawr yn Steve Phillips. Fel y gwyr llawer ohonoch, mae'n swyddog o allu arbennig. Tra pery ef yn bennaeth ar ei is-adran a thra pery i reoli'r broses hon gyda chynghor Caerdydd yr wyf yn ffyddiog y byddwn ni fel swyddogion y Cynulliad yn rheoli'r prosiect parhaus hwn cystal ag y gallwn ei reoli.

[145] Janet Davies: Hoffwn ddiolch i Mr Boyce, Mr Shortridge a Mr Phillips am eu hatebion llawn i'n cwestiynau ac am addo i roi eu hatebion inni yn ysgrifenedig lle yr oedd un neu ddau o broblemau'n codi. Anfonir trawsysgrif ddrafft atoch er mwyn ichi allu sicrhau bod y ffeithiau'n gywir cyn cyhoeddi'r ddogfen fel rhan o'r cofnodion. Pan fydd y Pwyllgor yn cyhoeddi ei adroddiad, cynhwysir y trawsysgrif fel atodiad.

Daeth y sesiwn cymryd tystiolaeth i ben am 12.03 p.m.
The evidence-taking session ended at 12.03 p.m.

Annex B

Letter dated 12th August, 2000 to the Clerk of the Audit Committee from Jon

Shortridge

Title: Information requested at the Audit Committee meeting on the 13th July 2000

Please note this information is available in hard copy only

Annex C

Letter dated 11th August 2000 to Clerk of the Audit Committee from Mr Roger Thomas, Director Environment Agency Wales

Title: Cardiff Bay Barrage – National Assembly Audit Committee

Please note this information is available in hard copy only

ANNEX D

THE AUDIT COMMITTEE

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

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

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

Further information about the Committee can be obtained from:

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