



DEVOLUTION: 'A DYNAMIC, SETTLED PROCESS'?

**Monitoring the National Assembly
July to December 1999**

John Osmond

December 1999

Contents

PREFACE.....	1
1. A NEW INSTITUTION.....	2
2. THE DEVOLVED GOVERNMENT	5
(i) THE CABINET	5
(ii) THE CIVIL SERVICE AND CENTRAL POLICY ADVICE	7
(iii) THE GOVERNMENT’S APPROACH TO POLICY	9
(iv) THE FIRST SECRETARY	11
3. THE ASSEMBLY	13
(i) THE SUBJECT COMMITTEES AND ROLE OF MEMBERS	13
(ii) THE LEGISLATIVE PROCESS	17
4. SETTING THE BUDGET.....	20
5. RELATIONS WITH WESTMINSTER AND WHITEHALL	29
(i) A NEW LEGISLATIVE PROTOCOL	29
(ii) THE MEMORANDUM OF UNDERSTANDING.....	29
(iii) THE CONCORDAT WITH THE TREASURY	31
(iv) ROLE OF SECRETARY OF STATE	32
(v) THE JOINT MINISTERIAL COMMITTEE.....	34
6. RELATIONS WITH LOCAL GOVERNMENT	35
7. RELATIONS WITH THE EUROPEAN UNION	36
8. RELATIONS WITH THE BUSINESS COMMUNITY	38
9. THE POLITICAL PARTIES.....	39
10. ASSEMBLY DISPUTES	42
11. DEADLOCK?	46
12. PRESS AND MEDIA.....	50
12. A DYNAMIC SETTLED PROCESS ?	52
APPENDIX – CABINET RESPONSIBILITIES.....	55

Preface

This report is the first in a series of publications the IWA will be producing in the coming years in a project aimed at tracking the progress of the National Assembly, and in particular the policy developments it initiates across the range of its responsibilities. The hope is that regular, quarterly reports will be produced and posted on the IWA's website (www.iwa.org.uk) together with a more substantial annual publication. The project is being undertaken in collaboration with the Welsh Governance Centre at Cardiff University under its Director J. Barry Jones, and is supported by the Joseph Rowntree Charitable Trust. It is also being pursued as a Monitoring Exercise of all the devolved institutions in association with the Constitution Unit based within University College, London. Our partner organisations in Scotland and Northern Ireland are the Scottish Council Foundation and Democratic Dialogue.

This report has been produced with the assistance of Dr Nigel Blewitt, the IWA's Research Officer whose position is supported by the Esmée Fairbairn Foundation. Nigel scanned the by now very extensive National Assembly website (www.wales.gov.uk) and also wrote the section on setting the Assembly's budget. David Lambert, of the Cardiff University Law School, advised on the sections dealing with the Assembly's legal process. Helpful input was also received from J. Barry Jones and Alan Storer, of the Welsh Governance Centre; Denis Balsom, chair of the IWA's Mid Wales Branch and an Assembly watcher; and Dr Gareth Jones, chair of the IWA's Research Panel. However, responsibility for omissions and any inaccuracies remain my own.

John Osmond
Director, IWA
December 1999

1. A NEW INSTITUTION

For its first few months the National Assembly of Wales, which assumed its powers from the Welsh Office on 1 July, was in a state of phoney war. It spent much of the time coming to terms with the outcome of the opening battle, in May, when the first elections caused what has been called 'a quiet electoral earthquake' in Welsh politics. The result, in which Labour emerged as the largest party with 28 of the 60 seats but with no overall control, shaped the course of subsequent events.

Plaid Cymru was the main beneficiary of the election. It trebled its percentage support to 30 per cent compared with the 1997 Westminster election and emerged with 17 seats and the main opposition force within the Assembly. The Conservatives came third with nine seats and the Liberal Democrats fourth with six. The full constituency and Regional List results are shown in the following tables:

Table 1
National Assembly Constituency Results May 1999

	<i>% Vote</i>	<i>Seats Won</i>
Labour	37.6	27
Plaid Cymru	28.4	9
Conservative	15.8	1
Lib Dem	13.5	3

Table 2
National Assembly Regional List Results May 1999

	<i>% Vote</i>	<i>Seats Won</i>
Labour	35.5	1
Plaid Cymru	30.6	8
Conservative	16.5	8
Lib Dem	12.5	3

Labour resolved to govern as a minority administration, on the accurate basis that Plaid Cymru, the Conservatives and Liberal Democrats would be unable to provide a coherent alternative governing platform. However, Labour quickly had to come to terms with what the lack of a majority meant. With Plaid Cymru it had to trade the position of the veteran nationalist Lord Dafydd Elis Thomas as Presiding Officer in return for Alun Michael being elected unopposed as First Minister.

Labour then attempted to move a motion to hand wide-ranging discretionary decision-making power to the First Secretary and his Cabinet. This was provided for under a Note attached to the Standing Orders of the National Assembly that had been

published by the Welsh Office in April. As Alun Michael, then Secretary of State for Wales, observed in his *Introduction* to the Standing Orders:

"... procedures can only be developed in the light of the Assembly's arrangements for discharging its functions. There is general agreement that the Assembly will need an effective executive Cabinet responsible for these, and it will be invited early in its life to approve resolutions to achieve that."

However, when the Assembly first met this 'general agreement' was not to be found. The opposition parties opposed Executive resolutions delegating functions to the First Secretary as not being in tune with the realities of power within the Assembly and, they said, out of tune with Labour's own call for a new inclusive style of politics. Later, however, after negotiations in the Assembly's Business Committee, wide-ranging powers for action and decision were delegated to the First Secretary, then by him to his Ministers, and from them to the Civil Service. This followed provisions in the Government of Wales Act and also a good deal of the custom and practice that had applied under the old Welsh Office regime. To a great extent it was also necessary for effective day-to-day administration of government. The fact that it was challenged laid down a marker that the minority Government could not expect to get its way automatically. At the same time, the fact that the government got its way in the end raised a question as to the extent to which the new Assembly and its Committees would have, or would be allowed to have, any real influence on the Executive. And, indeed, very soon this became a matter for complaint by the opposition parties in the Assembly.

Nevertheless, the election and the political balance within the Assembly that resulted handed an unexpected potential for influence to the six Subject Committees, since without a majority the minority Administration could not automatically rely on their compliance. Following the Cabinet appointments made at the end of May, six Subject Committees were established for Economic Development, Health and Social Services, Agriculture, the Environment, Education Pre-16, and Education Post-16. In short order the Chairs of these Committees emerged as power-brokers, with Labour chairing only two, Plaid Cymru two and the Liberal Democrats and Conservatives one each.

Much of the first session has so far been taken up with setting the Assembly's budget for the forthcoming years. The process followed a procedure that had long been familiar within the previous Welsh Office dispensation, but hidden from view. Now it was conducted fully in the open. By the end of November and after intensive negotiations between the parties the outline budget making allocations to the Assembly's main spending areas, shadowed by the Subject Committees, was agreed. Plaid Cymru abstained in the crucial vote and allowed the budget through. In return the government agreed that free eye tests would be introduced in Wales from the following October.

The final vote on the budget, agreeing allocations within each spending area would not come until the end of February after more detailed examination by the Committees. At that stage the vote might not be so straightforward. Looming over the

budget was the vexed question of matched funding for EU Objective 1 Structural Funds spending for west Wales and the Valleys over and above the Welsh block. In his speech to Plaid Cymru's annual conference in October the party's President, Dafydd Wigley AM, made it clear that if there was an unsatisfactory outcome he would put down a no confidence motion in Alun Michael's administration.

The complexities of Wales's relationship with Whitehall and Brussels provided the background to the Assembly's deliberations in its first session. The agricultural crisis provided one stage for the debate, with the failure of the Assembly's proposals for extra funding to extend a calf processing scheme leading to a motion of censure being passed on Agriculture Secretary Christine Gwyther.

All this was the canvas against which the Assembly faced its most formidable challenge in its opening weeks and months. Quite simply it was to persuade the 50 per cent of the Welsh electorate who stayed at home in the September 1997 referendum, and even more the 25 per cent who voted No, that the National Assembly was worth having. As Rhodri Morgan, the Cabinet Secretary responsible for economic development, himself put it:

"Our task is clear: to prove the battle for devolution was worth it by making a real difference to the lives of the people of Wales" (*The Parliamentary Monitor*, June 1999).

2. THE DEVOLVED GOVERNMENT

(i) The Cabinet

The election result presented the First Secretary with an immediate difficulty in constructing his first Cabinet. The loss of so many hitherto 'safe' Labour seats, especially the Rhondda, Islwyn, and Llanelli, meant that he was faced with a constricted choice. It had been widely assumed, for example, that the former MEP for South Wales Central, Wayne David, who had resigned his seat to fight the Assembly election in the Rhondda, would have had a place in the Cabinet. In the event the membership of the nine-person Cabinet, announced soon after the Assembly election in May, was as follows:

- **First Secretary** - Alun Michael, List Member for Mid and West Wales and MP for Cardiff South and Penarth.
- **Business Secretary** - Andrew Davies AM for Swansea West, a former Labour Party official and political consultant with the lobbying firm Welsh Context.
- **Finance Secretary** - Edwina Hart, AM for Gower, formerly Welsh secretary of BIFU, the Banking, Insurance and Finance Union, and member of the Broadcasting Council for Wales.
- **Economic Development Secretary** - Rhodri Morgan, AM for Cardiff West and MP for Cardiff West.
- **Health and Social Services Secretary** - Jane Hutt, AM for the Vale of Glamorgan and former Director of Chwarae Teg, the agency that promotes opportunities for women in the workplace.
- **Post 16 Education Secretary** Tom Middlehurst, AM for Alyn and Deeside and former Leader of Wrexham County Council.
- **Pre-16 Education Secretary** - Rosemary Butler, AM for Newport West, a former Newport councillor and member of the Broadcasting Council for Wales.
- **Agriculture Secretary** - Christine Gwyther, AM for Carmarthen West and South Pembrokeshire, a former officer in Pembrokeshire County Council's Economic Development Department.
- **Environment Secretary** - Peter Law, AM for Blaenau Gwent, formerly self-employed and chairman of the Gwent Community Health Trust.

The main surprise in this allocation of functions was the creation of two Education Ministers, the rationale for which has failed to be articulated. It led to a heavy burden on the Assembly's civil service Education Division which, as well as two Ministers, has to service two Subject Committees, meeting alternately on a fortnightly rota. It also led to some confusion, for instance over which Education Secretary was responsible for the curriculum post 16. A list of Cabinet Responsibilities, published on the Assembly Intranet on 26 September (attached as an Appendix to this Paper) says that Rosemary Butler AM is responsible for 'Education (including curriculum and qualifications) to the age of 16'. In the event it transpired that her curriculum and qualifications responsibilities extended to post-16 education as well.

The main explanation for the education split seems to be the Labour Assembly Manifesto's endorsement of the Welsh Office's Education and Training Action Group's proposals. Their objective was to combine the delivery of academic and vocational training courses. However, they were controversial since they implied the merging of school sixth forms with colleges of further education and the abolition of the Training and Enterprise Councils. All this presented a formidable agenda for post-16 education in Wales.

With the exception of Alun Michael himself and Rhodri Morgan, none of the personalities in the Cabinet could be described as frontline political operators. Christine Gwyther, previously unknown in Welsh politics, particularly suffered from lack of experience. It is said that Alun Michael appointed her to this sensitive position unaware that she was a vegetarian. Equally Tom Middlehurst, though a leader of a council, had little background in education and despite being responsible for Welsh language matters was not a Welsh speaker. On the other hand by Christmas Edwina Hart, Finance Minister, Andrew Davies, Business Manager, and Jane Hutt Health Minister, were generally regarded as having grown in stature in their new jobs.

Commentators were puzzled that Jane Davidson, AM for Pontypridd, was Labour's nomination for Deputy Presiding Officer when her background in politics -- she had been a political researcher and more recently a chief officer with the Welsh Local Government Association -- gave her strong credentials for a Cabinet role. Other people overlooked were Sue Essex, a University lecturer and former leader of Cardiff City Council; Carwyn Jones, a barrister; and Val Feld, former Director of the Equal Opportunities Commission in Wales. All three were on the more radical pro-devolution wing of the party. It is fair to say that none of the Cabinet members achieved much of a media profile in the first six months of the Assembly's life, apart from Christine Gwyther, and that was for largely negative reasons.

A surprising omission from a Cabinet portfolio was European Affairs, a post that might have been offered to Wayne David had he succeeded in gaining an Assembly place. In the event a cross-party European Affairs Committee was created outside the Cabinet, but chaired by Alun Michael himself.

(ii) The Civil Service and Central Policy Advice

Prior to the onset of democratic devolution the Welsh office civil service machine was not primarily concerned with policy development. Rather its main role was administrative, ensuring effective delivery of the services within its responsibilities, and adjusting Whitehall directives here and there to suit local conditions. The coming of the National Assembly changed the civil service role substantially, in three main respects:

1. It has to support the Welsh Cabinet in developing a policy programme and driving it forward.
2. It has to support the wider Assembly committee structure, in particular the Subject Committees which, under the Wales Act are integrated into the policy-making process.
3. It has to establish links with the Whitehall government, of which it is no longer part, to ensure that proposed relevant new primary legislation gives powers to the Assembly in relation to Wales.

There is a perhaps a fourth dimension and that is the balancing act the Welsh civil service has to sustain in carrying out the first two tasks. That is to say, it has to simultaneously support both government and opposition. Unlike either the Scottish Parliament or the House of Commons, the Assembly and its Committees do not have their own independent staff. Tensions around this question emerged very early in the Assembly's life. As discussed below great dissatisfaction emerged amongst the opposition parties at the way information was and was not made available to enable the Committees to carry out their work. This was blamed in part on the fact that the civil service were serving two masters and giving priority to one.

A new form of governance was envisaged by those who designed the National Assembly. The progenitors of the devolution legislation imagined that the Executive and backbench members would collaborate on policy development, debate and decision. This is reflected in the Wales Act which established the Subject Committees. In practice, the Executive has governed and the backbenchers have been left to exert influence as and when they can. One result has been a growing number of occasions when the Executive loses votes in the Committees and even in the Chamber but simply ignores them. As the months wore on this produced a growing alienation amongst the opposition parties which, together of course, constitute a majority in the Assembly.

Meanwhile, the Welsh civil service is developing its new role of supporting policy-making. The main focus is the new Policy Unit, established by the former Permanent Secretary, Rachel Lomax, in November 1998 ahead of the first elections to the Assembly. It is headed by Matthew Quinn, formerly with the Department of the Environment, Transport and the Regions, having been based for three years in the Government Office for the South West in Bristol. The other members have immediate backgrounds in agriculture (Siwan Davies), finance (Malcolm Horlock) and HM Treasury (Carys Evans), with Hilary Davies proving support. Other members come and go according to the Unit's agenda. One of its first tasks was to undertake a

Stocktake of NHS Wales . This was prompted by a financial deficit of £72m that had been built up by the Health Authorities and Trusts in Wales by the end of the 1998-99 financial year. Another task was to prepare an information pack for the newly elected Assembly members, published on the Intranet. This was a comprehensive document, covering every aspect of the Assembly's functions and powers, with a briefing on the main areas of responsibility, and a survey of overarching themes such as rural issues, the economy and Europe. Many incoming Members said this was the single most useful piece of paper they had to hand when they took up their new responsibilities.

In addition to this mainstream civil service policy resource, the First Secretary, Alun Michael, has a team of four Labour Party linked advisers in his private office. Gareth Williams, a former Foreign Office civil servant who stood as a candidate in Wales in the 1999 European elections is his chief of staff, with a brief that is broad-ranging but concentrating on economic affairs and Europe. Andrew Bold who, until the May Assembly elections was Policy Officer with the Labour Party Wales, deals with education, health and social services, local government, agriculture and the environment. Delyth Evans, a former television journalist with HTV Wales and later a policy adviser to the late John Smith MP when he was leader of the Labour Party, is responsible for Communications and Strategy, involved in drafting Alun Michael's speeches. Julie Crowley, formerly with the Labour team as a Press Officer in Millbank, London, is responsible for Alun Michael's relationships with the Press and media

In theory the First Secretary's private office and the mainstream civil service are quite separate operations. In practice they work hand in glove. For instance, Alun Michael's political advisers are seen at Subject Committee meetings, sitting with the civil servants behind the Minister and constantly conferring not only with them but with the Committee chairs. There are personal connections, as well, to be expected in such a relatively small policy community. So, for example, Policy Unit member Carys Evans, and Alun Michael's speechwriter, Delyth Evans, are sisters. As J. Barry Jones and Alan Storer have commented, the Policy Unit is intimately intermeshed within the Executive's policy-making network:

“The Policy Unit (PU) is critical to the success or otherwise of the Assembly. It is a major link between the various departments and divisions of the former Welsh Office, the Assembly Members and the Cabinet. It will have to tread carefully, fostering action by staff, informing Assembly Members and advising the Cabinet. There is a narrow line between administration and politics, the facilitating role assumed by the unit in policy development and coordination will bring it into close proximity to both. In this context, the PU has maintained a delicate relationship with the executive and specifically the special advisors of the First Secretary of the National Assembly. The PU, Cabinet and special advisors have worked together closely to ensure a consistency of approach. However, whilst the special advisors are party political appointees answerable to the First Secretary, the PU reports directly to the Permanent Secretary. Nevertheless, it is inevitable that a close working relationship, which is mutually beneficial, has developed” (*Agenda*, Winter 2000 , IWA, forthcoming).

(iii) The Government's Approach to Policy

The Government's 'Mission Statement' *A Better Wales*, a consultation document, was published in July. It set out what were described as the Assembly's 'strategic challenges'. These were confined to just four areas -- the economy, social inclusion, health, and 'rural areas' -- and suggested priorities for them were listed in a general, aspirational, way. The Assembly's projected budget between 1999-2000 and 2001-2002 was also contained in the document, with a breakdown for each expenditure group. Section 4 below, on *Setting the Budget*, provides the global figures for the main spending areas within the Welsh block, together with the changes agreed to the revised Budget Plans laid before the Assembly in early November. In a heading 'Options for Change' *A Better Wales* pointed out that the budget for 2000-01 was fixed, but then added (paragraphs 43-45):

“Resources for 2001-02 onwards will be determined as part of the next Comprehensive Spending Review (CSR) to be conducted in 2000 and will be agreed in the context of the Statement of Funding Policy published by the Treasury in March 1999. The financial implications of the new Objective 1 programme will be considered as part of the next CSR.

On the face of it, taking into account the indicative allocations agreed for future years, there is little room for manoeuvre. However, it would be a mistake to see things this way.

The challenge to all of us is to make better use of the resources already available to Wales. Indeed, the achievement of better results in key areas is one way in which the Assembly will be able to demonstrate its added value to Wales. Some budgets can help towards two or more objectives if used wisely and against a background of co-operation. Some additional funds - particularly the Social Inclusion fund - are intended to broker co-operation and initiatives rather than being added to traditional budget 'silos' .”

Arguably, the Assembly's budget-setting process between September and December, discussed below, very early on produced the “better use of resources” being sought. Certainly this was the view of the First Secretary who highlighted this as one of the major initial improvements made by the Assembly compared with the previous Welsh Office administration (conversation with the author, 10 December, 1999). *A Better Wales* promised that a strategic plan covering the life of the Assembly (to May 2003) would be published in the Spring of 2000. This would include “an unambiguous statement of our policy objectives, identify a manageable number of priority areas for action, set clear targets and inform the final allocation of our budget for 2000-01 and later years.”

An outline indication of the objectives and priorities was provided in Labour's Manifesto for the May election, *Working Hard for Wales*. In brief this extended the

work of the Labour-run Welsh Office into the era of the National Assembly with few policy innovations. The running order of its contents was interesting to the extent that it reflected the Assembly's powers to intervene. The Manifesto led with education, followed by health, economic development, the environment, housing, creating 'a modern Welsh democracy' in relation to local government and the Quangos, social inclusion, a 'strong voice in Europe', the Welsh language, the voluntary sector, and the arts. Specific policy commitments included:

- Diminish divisions between schools and colleges and between academic and vocational courses by implementing the recommendations of the Welsh Office Education and Training Action Group.
- Reduce hospital waiting times so no-one will wait more than six months for outpatient treatment, or more than 18 months for inpatient treatment, by the end of the Assembly's first term.
- Invest an extra £1billion in the health service during the Assembly's first three years.
- Expand the community dental service and ensure that patients have access to NHS dentists in all parts of Wales.
- Support the development of Local Health Groups.
- Increase the number of modern apprenticeships from 9,000 in 1999-2000 to 14,000 in 2001-2002.
- Take 30,000 unemployed off benefit and into work and training under the New Deal Welfare to Work initiative.
- Establish an independent Children's Commissioner for Wales to advise the Assembly on the delivery of services for children.
- Give all pensioners in Wales free bus travel.
- Give extra support to the agri-environmental Tir Gofal scheme so that 600 new farms a year can join.
- Explore ways of drawing on private finance to tackle the estimated £1billion of repairs and modernisation needed for council houses.
- Use the new £48 million Social Inclusion Fund within the Assembly's budget to support pilot projects.
- Ensure that high quality staff from the Assembly will fill key positions within the United Kingdom representation in Brussels.

- Appoint a Welsh Commissioner as part of the UK Disability Rights Commission who will report annually to the Assembly.
- Establish a Music Development Fund to help more children participate in musical activities.
- Provide free access for all children to the National Museums and Galleries of Wales by the year 2000.

(iv) The First Secretary

The role and style of the First Secretary provoked a good deal of comment in the National Assembly's opening months. Perhaps inevitably Alun Michael dominated much of the work of the Cabinet. He was also ever present in the Chamber itself leading on many of the debates, even where other Ministers might have done so. This was especially the case in Agriculture and Economic Development, policy areas that were subject to most controversy in the session. Two examples make the point. When a censure motion was laid against Agriculture Secretary Christine Gwyther, it was Alun Michael who responded rather than the Agriculture Secretary herself. Immediately another debate followed, this time on the European Structural Funds. In this debate the Opposition parties led with their Economic Development spokespersons (albeit that the Liberal Democrat leader Michael German shoulders this portfolio as well). Labour on the other hand fielded their First Secretary.

Adverse criticism of Alun Michael's personal style of leadership culminated in a *Wales on Sunday* article (31 October 1999) headlined 'We're tired of control freak Michael'. The article listed the following complaints:

- The First Secretary has issued a directive that letters from Westminster MPs to members of the Assembly Cabinet should be passed to him personally.
- Documents written by civil servants for AMs in Committee have been held up for long periods in Alun Michael's office. On one occasion a Committee received a report of 200 pages on the morning it was due to be discussed.
- Cabinet Secretaries have been kept in the dark: for instance, Economic Development Secretary Rhodri Morgan was only told by a civil servant in September about £35m of Treasury cover that was allocated to the Assembly's European budget in September, while this sum had been negotiated by Alun Michael in November 1998.
- The National Assembly local government Partnership Council is chaired by Alun Michael rather than the Local Government Secretary Peter Law.

- The First Secretary has four Special Advisers while the rest of the Cabinet have none. The Advisers receive all internal papers written by the civil service for Cabinet members.

Professor Kevin Morgan, a Labour Party member and leader of the Yes Campaign in the referendum and co-author of a forthcoming book on devolution, was quoted as saying,

“People within the Cabinet have privately told us that Alun’s obsession with control has some very, very debilitating consequences. He seems unwilling, or unable to delegate authority, yet on the other hand he has a tendency to prevaricate. This makes a fatal combination, and is not conducive to building trust between the Labour group or between the parties. Nor is it conducive to effective policy making. It stifles initiative.”

In his defence Alun Michael was First Secretary in the opening period of the Assembly when it was very much finding its feet. Its Members, including many in the Cabinet, were relatively inexperienced and had to find their way. Meanwhile the administration of Wales had to be continued. As Secretary of State for Wales, formerly responsible for the whole range of policy decisions, it was undoubtedly a difficult temptation to avoid attempting to carry on the role much as before.

3. THE ASSEMBLY

(i) The Subject Committees and Role of Members

The election results, followed by the formation of a minority administration, suggested that the Subject Committees within the National Assembly might have a more powerful role than had hitherto been imagined. In the first place, as in the Assembly chamber itself, Labour could not command a majority in the Subject Committees. The political breakdown of each of the Committees is as follows:

4 Labour
3 Plaid Cymru
1 Conservative
1 Liberal Democrat

Albeit that for Labour to lose a vote Plaid Cymru, Liberal Democrats and Conservatives would have to combine (an unlikely scenario in most instances) it meant that the Executive would have to adopt more cautious and conciliatory stance. More instrumentally, the chairs of the Committees were also shared out proportionally to the balance of power in the chamber, as follows:

Economic Development - Ron Davies (Labour) and, after July, Val Feld (Labour)
Health and Social Services - Kirsty Williams (Liberal Democrat)
Post-16 Education - Cynog Dafis (Plaid Cymru)
Pre-16 Education - William Graham (Conservative)
Agriculture - Ieuan Wyn Jones (Plaid Cymru)
Environment - Sue Essex (Labour)

Given the political balance, and the potential for more intimate and extensive exchanges and interrogations in the Committees, the potential for the Chairs to emerge as powerful figures was there. However, only two managed to break through in a significant way in the early months and this was due largely to the opportunity that policy issues provided. In the first meetings of the Post-16 Education Committee, for example, there was a determined effort by the Executive and civil service to drive through the Education and Training Action Group proposals. Developed during the previous year under Welsh Office guidance these were far reaching. A new Education and Training Council for Wales was proposed with the next tier for delivery being at the level of the 22 unitary authorities. Unspoken implications were the abolition of the four Training and Enterprise Councils, a reduced role for sixth forms in secondary schools, and a diminution of the role of the private sector in influencing the content and delivery of training. Critics of the ETAG report also pointed to its lack of consideration of the post-16 curriculum. For these and other reasons the Post-16 Committee Chair, Cynog Dafis, proved effective in holding up any change until it could be fully considered and evidence heard from all the organisations involved.

Thus in this area of policy the Subject Committee frustrated the intentions of the Executive by ensuring a full-scale debate was held well into the Autumn.

Another example of a Subject Committee and its Chair dictating events was illustrated by Ron Davies during his short-lived chairmanship of the Economic Development Committee. This was before his forced resignation in July as a result of fall-out from his Clapham Common incident the previous October. Under Davies' guidance the Economic Development Committee made the running on the most contentious issue that has arisen within the Assembly so far - the question of whether the Treasury will find the money to match the £1.3 billion European Objective 1 investment for west Wales and the Valleys over the next seven years.

Davies revealed that in his former position of Secretary of State he had made bids to the Treasury the previous year for additional cover for EU receipts for the period 1999 to 2002 to take account of the anticipated extra EU funds. He had asked for £3m for the first year, rising to £54m for the second and £263m for the third. All were turned down, with the Treasury saying the Assembly would have to find cover and matched funding for EU receipts from within its existing £7.5m block grant.

Under close cross-examination from Ron Davies civil servants revealed where matched funding cover for EU Objective 1 spend in the first year of the programme would come from. It was prized out that £19m was already allocated in the budget; £21m would come from European Regional Development Fund monies underspent on programmes in Wales over the previous three years; and £35m would be re-allocated from other parts of the Welsh block compared with the previous year- a total of £75m.

It was also revealed that EU money earmarked for Wales was not added to the baseline defined by the Barnett formula, according to which central government expenditure is distributed between England, Wales and Scotland. In other words the whole spending on EU projects in Wales comes out of the Barnett block, calculated by comparison with English spending departments and without reference to those EU projects. The official explanation is that spending departments in England used to calculate the Barnett formula have some EU funding themselves. Therefore, spread over the whole of the UK the sums balance, with some winners and some losers. Yet Wales is the poorest economic region in Britain, with the lowest GDP, highest unemployment and highest economic inactivity rates. Consequently Wales loses all the time under this dispensation.

Plaid Cymru did some quick calculations and claimed that Wales had lost out on EU funding by some £50m a year over the previous five years. With the extra money that could be drawn down for the Objective 1 region between 2000 to 2006 the problem could only get worse. In a Minority Party Debate, called by Plaid Cymru on 14 July, Phil Williams AM the party's Economic Development spokesman, paid tribute to the work of the Committee and its chairman:

“In the first two meetings of the Economic Development Committee, the whole matter has been largely cleared up. These two meetings have justified the cost of the Assembly many times over. I pay tribute to the Welsh Office

civil servants and the Chair, Ron Davies. It was due to how those meetings were handled, with a judicious mix of informed pugnacity and constructive discussion, that the right questions were asked and the right answers given.”

Labour attempted to amend the Plaid Cymru motion by watering down its insistence that adequate match funds be found in addition to the Welsh block and that the operation of the Barnett formula should exclude all EU-supported expenditure in the English departments or in Wales. The key Labour amendment was lost by 26 votes to 25 with Plaid Cymru, Conservative and Liberal Democrats combining to oppose the Government -- a harbinger of further skirmishes and perhaps a decisive battle around the question.

The episode was significant for two reasons. In the first place it demonstrated that there were areas on which the opposition parties were willing to combine to defeat the government, despite the large ideological differences that existed between them. Secondly, it provided an early example of the impact a well-handled Subject Committee could have. In this case the Chair was an experienced politician who knew, so to speak, where the bodies were buried. Not long afterwards, however, Ron Davies was forced from office, his cause not helped on his own side by the Executive's displeasure at the insistence and penetration of his interrogation.

As we shall see in the next section, the Committees were able to make a significant impact on the debate around setting the Assembly's budget, in procedures that were laid bare to the Welsh public for the first time. Apart from these examples, however, few opportunities emerged for the Committees to have a decisive impact on the Executive in the Assembly's opening months. The Agricultural Committee was perhaps another example, although its concerns about beef on the bone followed by the argument on extending the calf re-processing scheme rapidly got caught up in the complexities of the Assembly's relationship with Whitehall and Brussels. Two lessons emerged from the early skirmishes between the Subject Committees and the Executive. It is easier for the Committees to make a mark when their chairperson is of a different political persuasion to the government. And the Committees also have a better chance when there is a comparatively clear and straightforward policy issue to get to grips with, like Objective 1 funding or the ETAG report. In the case of the Agricultural Committee the ongoing 'crisis of rural Wales' was too large a question to deal with in an easily defined way, a problem exacerbated by the multiple layers of government and responsibility involved.

Committee members were, of course, on a steep learning curve. Most were taken aback at the workload involved in getting to grips with their brief and the amount of paperwork they had to absorb. The Subject Committees meet on a fortnightly cycle and their agenda is driven by Papers submitted by the civil service. However, all the Papers were first vetted by the Cabinet and often by the First Minister himself. The Papers are also voluminous. By mid November each Subject Committee had accumulated more than 50 briefing Papers on the Assembly's website. For these two reasons, rather than stimulate debate the briefing Papers often inhibit discussion. Three main areas of concern arose among Assembly members during the first session:

- Briefing papers to be considered by the Committees often arrive on the same day, and sometimes within an hour, of the relevant debate. When complicated issues are being considered there is little time for the Committees to subject the information they are provided with to full analysis. The most notorious example occurred in the Economic Development Committee when a paper giving the Executive's view on allocation of Objective 1 spending between different priorities, such as training and infrastructure, was only tabled when the Committee was already underway.
- Assembly members outside the Cabinet do not have direct lines of communication with officials, despite the fact that the Assembly is a body corporate with the Assembly as a whole responsible for its decisions. This means that other than during the Subject Committee meetings, when interrogation is mediated by Cabinet members, information has to be obtained by means of written questions or oral questions in plenary sessions of the Assembly, of which there are a considerable number.
- Under the Government of Wales Act and the Assembly's Standing Orders, information set out in documents considered by the Assembly Cabinet does not have to be released to Members, and neither does advice given by officials to the Assembly Cabinet.

The cumulative result of such practices was that the Executive early on utilised its inherent power of information and action to establish a style much closer to Westminster and Whitehall model than many had envisaged. Ironically, this tendency was assisted by the absorption of a great deal of the time and energy of members in the Subject Committees themselves. Because the Committees are formally about policy development and implementation there is, in effect, no room for a 'backbench' role in a Westminster sense for most of the Assembly's 60 members. Leave out the nine-member Cabinet and the two Presiding Officers, the remaining 49 'backbenchers' have between them to cover a range subjects that in Westminster absorbs the attention of around 500 members.

In practice there are no 'backbenchers' in Cardiff Bay equivalent to those in Westminster. Some in the Assembly are beginning to worry that they are being caught between two competing roles and not fulfilling either adequately. On the one hand they are supposed to be engaged actively in the policy-making process, but finding that role frustrated by the Executive. On the other hand, just because of that frustrated role, they are unable to act as effectively as they should as backbenchers calling the Executive to account. Inside this emerging contradiction a renewed debate about the size of the Assembly is poised to rear its head.

The question of the policy role of the Subject Committees vis à vis the Executive came to a head early in December following a vote in the Pre-16 Education Committee rejecting the Government's proposals on performance-related pay for teachers. Following the vote the Pre-16 education Cabinet Secretary said that decisions of the Subject Committee had no more status than that of other organisations outside the Assembly that were being consulted on the matter. This view was raised

the following week in a plenary session (on 7 December) when Alun Michael, the First Secretary, was questioned, first by Jonathan Morgan (Conservative) and then Michael German, the Liberal Democrat leader, when the following exchange took place:

Michael German: ... Do you recall that the Assembly passed a resolution stating that the delegation of functions to yourself was subject to the Assembly as a whole having a determination? The Assembly's majority is, therefore, represented in the Committees due to their political grouping. Do you accept that the Committees, when voting as a majority, represent the will of the Assembly's majority, which, in this case, has been turned down?

The First Secretary: That is a very complex question but I will try to give a simpler answer. The Committees are crucial because they are the Assembly's engine room. They have the opportunity to consider issues in detail, to weigh the evidence and to advise the Cabinet and the whole Assembly on the way they should progress on important issues. However, you asked the question in the context of performance-related pay. As I have indicated, it would be very odd for us to take a decision to deny teachers in Wales the opportunity of rewards for achieving the highest quality by staying in the classroom rather than taking administrative jobs. I say to you, Mike, that Assembly Committees are crucial. We must all work hard to make the Committees work and deliver added value, which some have shown they have the capacity to do."

(ii) The Legislative Process

Following on from the Welsh Office the Assembly's legislative role is not confined to carrying out primary legislation enacted at Westminster. Its activities include not only framing and making Statutory Instruments and other secondary legislation, but issuing circulars setting out policy statements to officials at local level, whether in local government, the health service, or the Assembly's non-Departmental Bodies, the Quangos. Often these communications contain guidance on the carrying out of statutory powers and, sometimes, exercise subordinate legislative powers, as not all such legislation has to be made by formal statutory instruments.

This is an arena with which the Assembly, as far as most of its members were concerned, hardly came to grips in its opening months. How many backbench members, let alone members of the public, were aware for example, that between July 1, when it assumed its powers, and November 8, the Assembly enacted 23 Statutory Instruments and despatched some 60 circulars? Public access to the Statutory Instruments is in any event difficult -- not all of are on the HMSO's website or even on the Assembly's own website. Most of them were concerned with the implementation of two pieces of primary legislation:

(i) The School Standards and Framework Act 1998, dealing with such administrative details as the qualifications of teachers and support staff - most of the Act is implemented by subordinate legislation.

(ii) The Local Government Act 1999 which enables councils to elect mayors and pursue a Cabinet system of executive operation-- subordinate legislation is needed to make orders commencing the legislation and to implement the Act's provisions.

What may prove to be a precedent is the way the administration has dealt with the Statutory Instruments so far considered which affect Wales as a whole. Under the Wales Act and the Assembly's Standing Order 22 there are three possible routes:

(i) Full procedure which can involve some 90 stages in which the Executive carries out regulatory appraisal which assesses the benefits and costs of the proposed legislation. The draft legislation is passed to the relevant Subject Committee for consideration and possible suggestions to the Executive for amendment, and then to the Legislation Scrutiny Committee. Finally it is considered on the floor of the Assembly where further amendments can be moved.

(ii) Fast track procedure in which consideration is confined to the Legislation Scrutiny Committee before being sent to the floor of the Assembly for discussion.

(iii) Emergency procedure in which the Executive has the power to push through secondary legislation without reference to the wider Assembly.

So far much of the secondary legislation considered by the National Assembly has been dealt with through the third, emergency, route. This may be because the Assembly's Committees have had too much on their plate in the early months to get round to such detailed matters. On the other hand, if the precedent is followed in future it will mean that one of the purposes of devolution, to make the legislative process more transparent, accountable, and open to amendment, will be lost. There have already been protests within the Legislation Scrutiny Committee, led by the Conservative leader, Nick Bourne, that it is being sidelined.

The number of Statutory Instruments dealt with by the Assembly during its first months were, in fact, low when compared with previous Welsh Office activity in any equivalent period. During a typical year the Secretary of State for Wales at the Welsh Office would have been responsible, either himself or with other Government Ministers, for making around 600 separate pieces of secondary legislation. But only 100 or so of these would relate solely to Wales. The large majority would apply to both England and Wales, with the driving force being the Whitehall departments. Since devolution many of the functions previously exercised on an England and Wales basis are exercised solely by the Assembly in relation to Wales.

Consequently, the Whitehall departments make legislation only for England. There has been a significant slowing in the number of Statutory Instruments which relate to Wales. Increasingly Wales is not participating in secondary legislation made for England nor, as yet, is it making much of its own legislation. We are relying on subordinate legislation which is different to that in England where new legislation is being made. The overall result is that the legal systems in England and Wales are beginning to separate in a process that could be described as 'devolution by default'.

The Assembly did turn its attention to its potential for intervening more forcibly in Westminster's process of making primary legislation during a debate on the Protocol for dealings between itself and the Whitehall Government, on 23 November. The most interesting intervention came from the former Secretary of State, Ron Davies, in which he called for a Welsh equivalent of a Speaker's Conference to examine the Assembly's internal operations, its legislative requirements, and its relationship with Whitehall and Westminster. This, he said, should address an underlying problem, as revealed in the work and processes of the Assembly during its first six months, that while the structures requiring co-operation between the parties was in place, the political culture to allow it to happen was not:

“We have the structures that require openness, inclusiveness and co-operation but we do not have a political culture which delivers that.”

There had been a glimmer of the new culture he was advocating with the alliance that had been formed to win the referendum and with the work of the National Assembly Advisory Group in which there were members of all political parties and none. The time had come to establish the equivalent of a Speaker's Conference in the House of Commons, but in the Assembly it should be chaired by the Presiding Officer. So far as primary legislation was concerned, he had this to say:

“The time will come when we will have requirements of our own and will want to be more proactive as an Assembly. We will not always want to say ‘yes that is the Government's legislative programme, now will you do this with that piece of legislation, will you do that with the other piece of legislation?’ The time will come hopefully when the Committees will work more effectively and the Assembly in Plenary is more productive, more constructive and more proactive, that we will set our own agenda and will want to make representation to the central government about those matters we want to see included in its own legislative programme.”

And he added:

“The process of devolution so far has raised the expectations of the people of Wales about this Assembly. Everybody who fought to get elected to the Assembly wants to see it succeed. If we are to succeed we must move forward. We cannot stand still. We must develop the process or maintain the dynamic, according to which terminology you prefer. Standing still is not an option. I hope that in the months to come that there will be a debate on how to develop this new political structure.”

4. SETTING THE BUDGET

Table 3 on the following page gives the budget as debated and approved by the Assembly at the end of November, with a breakdown for the main subject headings. The tables are for the financial years 2000-2001 and 2001-2002 with the changes proposed compared with the original Welsh Office baselines.

The box below sets out the Assembly's budgetary process.

Budget Planning Round - Timetable

- Paper issued by Finance Secretary Edwina Hart on 23rd June outlining inherited Welsh Office expenditure baselines, and inviting the Subject Committees to present their budget priorities to Assembly Secretaries. Assembly Secretaries to respond to Edwina Hart with priorities by 27th September.
- Public consultation document issued on 12th July - *A Better Wales*. Consultation closed 3rd September. The responses were considered by the Subject Committees.
- Bilateral discussions between Finance Secretary and Assembly Secretaries during October.
- Preliminary Draft Budget discussed in Cabinet during first week of November.
- The Preliminary Draft Budget was published on 4th November and was debated in the Plenary session on 10th November.
- Subject Committees discuss their particular budget allocations and asked to present their views to the Finance Secretary by 24th November.
- Draft Budget paper published on November 26th.
- Motion to adopt Draft Budget tabled in the Plenary session on 1st December.
- Assembly Secretaries consult with Subject Committees on detailed budget allocations during December.
- Detailed budget to be finalised, and motion to ratify it, by early February.

In considering the Preliminary Draft Budget of November 4th, each Subject Committee was advised that no additional funding would be made available to the group of programmes (or Main Expenditure Group) within its ambit. There was only the possibility of switching resources between budget lines (that is, within the Main Expenditure Groups).

There were slight changes in the Draft Budget figures published on November 26th compared with those in the Preliminary Draft Budget of November 4th, in response to the Subject Committees' requests for further allocations in key priority areas. Some of the changes, however, were made possible as a result of the Chancellor's Pre-Budget Report of November 9th and other allocations from the Treasury, which have increased the Assembly's budget by £1.966m in 2000-01 and £0.792m in 2001-02.

The allocations by Main Expenditure Group are given in Table 1. The main changes in the budget allocations, when compared to the inherited Welsh Office baselines, are discussed below.

Table 3 Draft Budget Approved by the Assembly in Plenary Session on 1 December - Main Expenditure Groups (£000s)

	2000-01			2001-02		
	Initial Changes ¹	Approved Changes ²	Approved Plans	Initial Changes ¹	Approved Changes ²	Approved Plans
Health and Social Services	12,100	12,100	2,880,162	10,100	10,100	3,065,622
Local Government	16,140	16,740	2,693,305	36,908	36,908	2,820,457
Housing, Transport and Environment	2,600	2,600	714,561	6,050	6,050	733,130
Agriculture and Rural Development	5,600	5,880	282,746	5,500	5,500	307,007
Economic Development	-6,600	-6,203	315,468	-11,600	-11,352	329,999
(ED including ERDF carried forward)	(49,400)	(49,400)	(371,071)	-	-	-
Education and Training	-13,655	-12,766	882,675	-29,218	-28,474	932,921
(E & T budget pre transfer to Local Government)	(835)	(2,324)	(897,765)	(6,040)	(6,784)	(968,179)
Chief Inspector of Schools	0	0	9,509	800	800	10,566
Auditor General for Wales	1,551	1,551	1,961	1,651	1,651	2,061
Assembly Costs	0	0	26,822	0	0	22,173
Central Administration	0	0	101,904	0	0	108,688
Capital Modernisation Fund / Invest to Save Budget	-17,936	-17,936	115	-20,391	-20,391	345
TOTAL ASSEMBLY EXPENDITURE	-200	1,966	7,909,228	-200	792	8,332,969
Office of the Secretary of State for Wales	200	200	2,862	200	200	3,096
TOTAL WELSH BUDGET	0	2,166	7,912,090	0	992	8,336,065

¹ Initial Changes are the changes, relative to the inherited Welsh Office plans, set out in the Preliminary Draft Budget of 4th November 1999.

² Approved Changes are the changes, relative to the inherited Welsh Office plans, which were accepted in the Plenary debate of 1st December 1999.

Economic Development

Not surprisingly, the Opposition parties' main concern is the issue of the Structural Funds. A budget of £75m has been set to cover the drawing down of European Regional Development Fund grants for 2000-01. This amount does not include the match funding requirement. The budget of £75m comprises £50m to cover outstanding expenditure commitments on existing programmes and £25m for the new Objective 1 programme. To cover this expenditure, the original baseline of £19m has been supplemented by £56m of unspent provision carried forward from previous years. The Executive anticipates that because the Objective 1 programme is unlikely to begin before April 2000 and projects are likely to be slow at first in coming forward, this level of provision should be adequate.

The Opposition parties, however, question the adequacy of the provision for the Structural Funds programmes. According to figures from the European Commission, and replicated in the Objective 1 Single Programme Document, the Assembly is expected to commit to £187m of Structural Fund expenditure in the year 2000. This commitment must be paid out within two years or the money becomes de-committed i.e. is lost. Thus, there is serious concern that the Assembly will be committing to expenditure in 2000-01 without knowing whether in fact it will be granted extra provision by the UK Treasury to cover the expenditure taking place at a later date.

Then there is the vitally important issue of match funding. The scale of the Objective 1 programme is such that more than twice the level of match funding is needed each year compared with that which was needed under the old Objective 2 and 5b programmes. Even if there is an increase in the level of matching funds provided by the private sector, the demands for match funding from the budgets of public sector organisations will be far greater than has been experienced in the past.

The Cabinet believes that for the financial year 2000-01, project sponsors will have sufficient funds for the required match funding for Objective 1 projects. Additional match funding of £15m will come from the Pathway to Prosperity Fund over the next two years (£5m in 2000-01 and £10m in 2001-02). Local Authorities will be able to draw upon the Local Regeneration Fund for match funding, which is to replace the Capital Challenge Scheme and Rural Funds budget.

In commenting on the Preliminary Draft Budget, the Economic Development Committee stressed that it is vital that adequate public expenditure cover and match funding is made available, so that the maximum benefit can be gained from the Structural Funds in each year over the duration of the programmes.

Without the increased ERDF provision from the carry forward from previous years, the Economic Development baseline within the Preliminary Draft Budget had actually been reduced by £6.6m (to £315.1m) compared with the original Welsh Office baseline for 2000-01.

The Economic Development Committee's response to the budget allocation was highly critical. The Committee's Chair, Val Feld, indicated that:

“The economic problems of Wales are highlighted in the European Programme documents, and the Committee believes that cutting the Economic Development budget sends the wrong messages about how seriously the Assembly takes the task of raising the GDP of Wales. This is a time when greater flexibility, rather than tighter funding constraints, is appropriate. The Committee wishes to see the cut in the budget restored” (Letter to Rhodri Morgan, Economic Development Secretary, 25th November 1999).

There was particular concern that the WDA budget is being cut by £3.5m next year and £10m in the following year. The Committee questioned why the WDA budget was being cut at time when a massive increase in economic development activity with the Objective 1 programme is expected. The reason put forward by the Cabinet was that LG-related expenditure will be coming to an end, thereby reducing the demands on the WDA budget. Committee members, however, felt that given the WDA will be a major player in the Objective 1 programme, it's budget should be maintained, to allow increased commitments to other parts of Wales

The Economic Development Committee had placed emphasis on the importance of indigenous business development, particularly through innovation, in its budget priorities. However, no new money has specifically been earmarked for such development. The Cabinet has said that it expects money from the Pathway to Prosperity Fund to be used for these activities, although there are no specific details at present.

In the Draft Budget of 26th November there was an increase of £1.4m (to £6.4m) in the Pathway to Prosperity Fund earmarked as match funding for European projects for 2000-01. £0.4m of this increase was due to additional money being made available under the Chancellor's Pre-Budget Report. Schemes being developed which would draw on the Fund include an Enterprise Development Bank and support for Credit Unions. There was, however, no increase in funding for the WDA in the Draft Budget.

Health and Social Services

The total budget for Health and Social services has been increased by £12.1m in 2000-01 and £10.1m in 2001-02, compared with the inherited Welsh Office plans.

In the Draft Budget, direct funding to Health Authorities and NHS Trusts was cut by £17.5m for 2000-01 and £18.5m in 2001-02. The bulk of this cut in funding has been transferred to the Family Health Services (FHS) budget line. The Finance Secretary indicated that these transfers are a “technical point”. The transfers relate to non-discretionary expenditure which meets the remuneration costs of the NHS contractor professions (GPs, dentists, opticians). It is reserve funding which had previously been included in funding for Health Authorities and Trusts. The proposals in the Draft Budget are to increase FHS provision by £24.5 in 2000-01 and £25.1 in 2001-02, compared with the original Welsh Office baselines. Technical transfers aside, funding

for Health Authorities and Trusts has actually increased by a total of £14m over the two years, compared with the original baseline, which includes £6m transferred each year from the Capital Modernisation Fund.

Provision of £3m is proposed for the new National Strategy for Carers from 2000-01 onwards and new provision of £0.5m for the proposed Commission for Care Standards. An extra £0.5m has been allocated for 2000-01 onwards to children's services and £0.1m to the new Children's Commissioner.

Ahead of the Preliminary Draft Budget, the Health and Social Services Committee had asked for free eye tests and dental checks to be extended, but this was turned down owing to an estimated additional cost of £15m per year. However, when presenting the Draft Budget on December 1st, the Finance Secretary announced that an additional £7.9m had been made available from the Treasury for 1999-00. An allocation within this addition is being set aside for the possible extension of free eye tests from October 2000, following consultation with clinicians and after considering the Assembly's powers in this area. The extra money is also aimed at increasing capital investment and enhancing mental health services.

The decision to make available provision for extending free eye tests is thought to have been the reason why Plaid Cymru abstained on the motion to adopt the draft budget instead of joining with the other Opposition parties and voting against it.

Pre 16 Education

The Cabinet decided to increase local authority revenue funding to help to raise standards and to ensure that the teaching profession is able to attract, reward, retain and develop high quality practitioners. Compared to the inherited Welsh Office baselines, around £14.5m extra has been transferred to the Local Authority Revenue Settlement for 2000-01 and over £27m in 2001-02, for the costs of teachers' pay and appraisal arrangements arising from the Green Paper "The BEST for Teaching and Learning".

The Committee was generally content with the proposals in the Preliminary Draft Budget, although it inquired whether it would be possible to increase the funding to projects that would help schools in socially deprived areas tackle the problems of social exclusion. The Cabinet responded by transferring £1.5m from the teacher restructuring budget line (where it was felt provision was more than adequate) to the grants for education support and training (GEST) programme, resources which will be used to help schools and local authorities to work with welfare service officers in addressing issues such as truancy. In addition, an extra £2.5m has been made available over the next 3 years (£1.5m in 2000-01) resulting from the Chancellor's Pre-Budget Report, which will be allocated to the New Deal for Schools programme for improvements in school buildings, another of the Committee's priorities.

Post 16 Education

The overall budget for this area has been increased by £0.8m in 2000-01 and £2.4m in 2001-02 compared to the inherited Welsh Office baselines.

The Preliminary Draft Budget proposed increases in the level of funding for a number of areas for which the Committee had called for additional resources, namely the budgets of the Arts Council (increased by £100,000 per year) and the Welsh Language Board (increased by £200,000 per year) and Student Access Funds (increased by £2.2m over the next two years). The budget proposals also made available extra funding of £400,000 to help fund free access for children to the National Museum of Wales. However, the Committee's request for more money for the Further and Higher Education sectors was turned down.

The Research Development Fund, which is being used to resource the new Knowledge Exploitation Fund (which will fund measures to exploit the knowledge bases of the HE and FE sectors to enhance their contribution to wealth creation and community development) is being cut from the Welsh Office baseline figure of £5m to £4m in 2000-01. The reason put forward is that the scheme is still being drawn up by the funding councils and that it is expected that the scheme is unlikely to take up all the funds available, based on past experience.

Agriculture and Rural Development

The Committee welcomed the overall increase in the Agriculture and Rural Development baseline in the Preliminary Draft Budget and increases for some of the areas it had prioritised, including the agri-food budget, Tir Gofal and organic conversion. However, it felt its priorities should have been reflected more closely in the Preliminary Draft Budget.

Within the Committee there had been cross-party support for giving highest priority to introducing a scheme to encourage new entrants into the farming industry, at an estimated cost of £3.3m per year. The Cabinet, however, agreed only to £50,000 to finance a study. The Committee's response was that the study should take place between April and September in the year 2000, and that £1.65m should be committed to introducing a scheme, starting in October.

Following the announcement in November of extra funding for agriculture at the UK level, there would be an extra £0.75m available for agriculture in Wales spread over 1999-00 and 2000-01. The Cabinet indicated that this increase in funding would go to organic aid and increased marketing of Welsh produce.

Housing, Transport and Environment

The overall budget for this area has been increased by £2.6m in 2000-01 and £6.05m in 2001-02 compared to the inherited Welsh Office baselines.

The Social Housing Grant is being cut by £6.5m. The Finance Secretary indicated that many local authorities are reducing the demands for social housing and that the social housing grant will be targeted at the most deprived areas, but because this will take time to achieve, there is scope to reduce the budget in the short-term. £1.5m of the cut has been transferred to funding for voluntary organisations to deal with rough sleeping; care and repair organisations for the elderly and disabled; and the Sustainable Communities programme for small scale projects in deprived areas.

The roads budget is being increased by £1.3m and £8.4m (£5m diverted from the Pathway to Prosperity Fund) over the next two years to improve the basic road infrastructure. An extra £3.4m is being allocated to the Transport Grant budget line for integrated transport projects and safe routes to school projects.

Following the Preliminary Draft Budget, the Committee asked for £5b underspend in the social housing grant from 1999-00 to be carried forward and allocated to housing programmes. The Finance Secretary announced that the Cabinet was considering the allocation of £3.6m to local authorities to help tackle issues of rough sleeping and homelessness and the problems associated with houses in multiple occupation. A further £0.4m will be added to the Sustainable Communities budget, and £1m to improving play facilities for children.

Commentary

The budget round has illustrated dramatically the way policy making within Wales has changed since the arrival of the Assembly. Whereas before, the whole budget round was conducted behind closed doors and involved the Secretary of State for Wales, the two Junior Welsh Office Ministers and Welsh Office Group Directors, the process is now far more transparent and open to much wider debate. Commenting on the process in the plenary debate on December 1st, Edwina Hart noted that:

“..this is an entirely new and radical way of producing a budget. It is designed to promote inclusiveness, accountability and consensus among us.”

In particular, the important role played by the Subject Committees has been highlighted. In the debate on November 10th, Edwina Hart noted that of the 33 budget recommendations that had been formally made by the Committees, the Preliminary Draft Budget had met 29 of them, two had been partly met and two had not been met. Although there was some disagreement over the extent to which the budget allocations reflected the Committees’ degree of priority on certain issues, the Committees’ views do appear to have been influential in affecting the distribution of resources. Furthermore, the discussions which took place during November resulted in further allocations to priority areas, and most significantly, the Cabinet’s agreement to make provision available for extending free eye tests – widely interpreted as Plaid Cymru’s price for abstaining in the critical vote that allowed the budget through.

Given the sums of money involved, the Structural Funds issue was always going to dominate the budget debate and was the primary reason why the Opposition parties

did not vote in favour of accepting the budget proposals. This issue, however, was always going to remain unresolved during the budget round, given the stance being adopted by the UK Treasury. A decision on provision for the new EU programmes in Wales seems unlikely before the next Comprehensive Spending Review.

5. RELATIONS WITH WESTMINSTER AND WHITEHALL

(i) A New Legislative Protocol

On 29 November the Welsh Cabinet tabled a motion calling on the First Secretary and the Secretary of State for Wales to establish a protocol to enable the Assembly formally to put forward legislative proposals to the Westminster Parliament each year. Talks will begin in the Spring on writing the protocol about how the two capitals will relate to each other over legislative proposals.

The motion was tabled on the same day as the Secretary of State for Wales, Paul Murphy, made his first address to the National Assembly detailing the Westminster's legislative programme for the forthcoming session. He said that under the protocol legislation requested by the Assembly Cabinet would be treated as Government legislation in Westminster though there was no guarantee over the priority it would be given. Commenting on the statement, Plaid Cymru leader Dafydd Wigley, said:

“According to what he said in the chamber, Mr Murphy is willing to consider having London write Acts in such a way that the Assembly will be able to change whole sections. The only limit could be that the Cardiff amendments, which could be termed Orders, would have to remain within the Act's long title. This would be a very significant advance in terms of process” (Western Mail, 1 December 1999).

(ii) The Memorandum of Understanding

In a curious way an internal issue that dominated the Assembly in its opening months - the balance of power between the Executive and the Subject Committees -- was defined by an external one: the relations of the Assembly with Westminster, Whitehall, and Europe. The issue was tested in the debate that took place in the Assembly Chamber on 7 October on the *Memorandum of Understanding* that had been published a few days before outlining the principles underlying relations between the UK Government, Scottish Ministers, the Cabinet of the National Assembly, and the Northern Ireland Executive. In addition five supplementary agreements or Concordats were appended to this document, covering:

- The Joint Ministerial Committee
- Co-ordination of European policy issues
- Financial assistance to industry
- International relations
- Statistics

In a two-and-a-half hour debate, described by the First Secretary as one of the best he had heard so far in the Chamber, members explored in depth the constitutional implications of devolution and the subtleties of the various relations within and between the emerging institutions and Westminster. Three paragraphs in the *Memorandum of Understanding* drew a great deal of comment. The first two paragraphs, 13 and 14, insisted that:

“The United Kingdom Parliament retains authority to legislate on any issue, whether devolved or not.”

and

“The United Kingdom Parliament retains the absolute right to debate, enquire into or make representations about devolved matters.”

These prompted the Liberal Democrat leader Michael German to observe that:

“... the tone of the document could sometimes be seen to be treating us as country cousins.”

The paragraph most remarked upon (number 22) expressed the agreement of the administrations that review mechanisms needed to be put in place:

“... there may be need from time to time for some adjustment to be made to the devolution settlements, for example, in response to new issues or in the light of the operation of the settlements.”

Ron Davies hailed this as confirmation of his philosophy that devolution was a process not an event. However, the main issue in the debate was the fact that the *Memorandum of Understanding* was set out as being between the Executives involved rather than the wider representative institutions. The Government motion that ‘the Assembly takes note of the Memorandum of Understanding’ was subjected to an amendment from the Liberal Democrats expressing concern that

“ ... the channels of communication are only being established with the Assembly Executive. The Assembly further proposes to establish protocols for communication between the Assembly as a whole with the UK Government and the other devolved administrations.”

Moving the Liberal Democrat amendment the party’s leader said the government was not taking account of the fact that it was operating within a body corporate in which it did not have an overall majority:

“Can the Executive be relied upon to represent the views of the Assembly as a whole? I ask that question not of the Executive but of the rest of the Assembly. It is a rhetorical question and one only you can answer ...

... The Assembly is a different institution and works in a different way from Westminster. We deliberately set about working in a different way. The role of our Committees is crucial in that respect. They have a policy formation role, whereas committees in Parliament have a scrutiny role only. That means that our Committees have a powerful role to play, one which is not replicated at Westminster. We need to find a way to acknowledge that ...”

It was interesting in the debate that the Liberal Democrat effort to boost the role of the Committees and the Assembly as a whole was backed by the Conservatives, but failed to find wholehearted support from Plaid Cymru which abstained on the amendment. As their leader, Dafydd Wigley, put it:

“... This document ties the Cabinet to the British line time after time, especially in the European context. The Cabinet, therefore, will be bound to the priority from London and accountable to the Assembly at the same time. The Cabinet might find itself in a difficult position if differences were to arise between the priority of London and of Cardiff. That is why I am not totally happy with the wording of Mike German’s amendment. I do not disagree with what he said but I would not like to see the Assembly bound in that fashion. It is vitally important that the Assembly’s hands are free to set priorities and to direct the Cabinet on our choice of policy. ... If we are to have a healthy relationship between the Cabinet and the Assembly, the Cabinet must accept that it is always accountable to the Assembly and not under any circumstances accountable to the Government in London.

Responding to the Liberal Democrat amendment the First Secretary, Alun Michael, said:

“Concordat as defined in devolution theology deals with executive functions and sound administration. It is therefore correct that there is agreement between the Cabinet here, in London and in Edinburgh.”

In the recorded vote the combined Liberal Democrat and Conservative vote for the amendment was 9, with 24 Labour votes against, and 16 Plaid Cymru abstentions. If Plaid Cymru had joined the other opposition parties the Government would have been defeated. There was a suspicion that there was more to this point than ensuring the Assembly as a whole did not become implicated in any arrangements with Whitehall. The force of the Memorandum of Understanding is to underline the Cabinet style of Welsh governance, a style that Plaid Cymru is undoubtedly anxious to reinforce since it carries the Assembly in the direction of greater autonomy.

(iii) The Concordat with the Treasury

On 10 December the Treasury and National Assembly jointly published a Concordat governing their relations. Under a heading ‘*Resolution of Disputes*’ it commented:

“The main intention of this concordat is to provide a framework for consultation and co-operation which minimises the chances of disputes occurring. To this end, both HM treasury and the Assembly undertake to conduct their relationship on a ‘no surprises’ basis ...

... In case of disagreement or dispute over matters relating to the level of the Assembly’s Assigned Budget, the operation of the funding Rules or other actions of either the Assembly or the Treasury relating to finance for Wales, the Assembly Secretary of State for Wales can pursue the issue with Treasury Ministers. This is the normal procedure for resolving disputes on all financial issues and mirrors the arrangements between the Treasury and departments of the United Kingdom Government. The Treasury will consider and respond to any such representation in taking this forward with the relevant party. Such matters can also be raised at the Joint Ministerial Committee which will include relevant Ministers from the United Kingdom Government and devolved administrations.”

Earlier the Concordat provided there should be a formal liaison meeting between officials from the Treasury and the Assembly at least twice a year. In addition the Assembly’s Principal Finance Officer would be invited to attend the Treasury’s regular meetings of Principal Finance officers of Government departments.

(iv) Role of Secretary of State

The position and role of the Secretary of State for Wales was pushed into the headlines by the Conservative UK leader William Hague during the party’s Blackpool conference in October. He told reports that he would have to be persuaded that the British Cabinet post was justified in the wake of devolution:

“I’m not sure that what the Secretary of State for Wales is now doing justifies his place in Cabinet, his salary, the accompanying flunkies and everything else. I think the case for having a Secretary of State now that we have the Assembly remains to be made” (Western Mail, 26 October 1999).

As it happened the present incumbent, Paul Murphy, MP for Torfaen, was given an opportunity to defend his position the following day when he appeared before the Select Committee on Welsh Affairs in the House of Commons. He said he was in daily touch with the Assembly First Secretary and they met face-to-face on a weekly basis, usually early on Monday morning:

“It is a new young fledgling democracy in Cardiff and in Wales and in its relationships with the British Government and with our Parliament clearly we need to learn as we go along. It is my job to ensure that is as smooth a transition as is possible.”

More formally he described his task as having four dimensions. In the first place he and his junior Minister David Hanson, MP for Delyn, between them sat on more than 20 Cabinet committees:

“The importance of that is pretty self evident that whenever matters which we think are likely to affect Wales arise, particularly those matters, of course, which are in the reserved areas, we are in the position then to put Wales’ point of view or to put our point of view as to how we think those policies might impact upon Wales.”

His second role, he said was to deal with the Assembly’s block grant, to negotiate with the Treasury, especially in relation to European funding. A third role was to steer primary legislation through the House of Commons where it affected Wales: “That is a very significant role and one that is different from Scotland.” However, from his own emphasis, a fourth role came across as the most important. This was a political role - “to safeguard the devolution settlement”:

“ ... Devolution is not simply about the creation of the National Assembly in Cardiff but also about how the National Assembly fits into the Government and Parliamentary structure of the rest of the United Kingdom. In many ways my presence in the Cabinet is an indicator of the link between the different parts of the United Kingdom in being the United Kingdom itself. By being present as a Member of the Cabinet, as representing Wales, that shows to the world, as it were, that we are still part of the United Kingdom.”

This was an elaboration of the central theme of a speech he had made to the Labour conference in Bournemouth a week earlier. Attitudes towards devolution presented a stark difference between Labour and Plaid Cymru, he said:

“We are pledged to make our new democratic achievement a settled question, unlike our opponents who live in a make-believe world of claiming new powers without a people’s mandate. Together we reflect the wishes of the people of Wales who voted to have an Assembly and also voted to be part of the United Kingdom, who realised how Wales can be a better place because of having devolved and central government” (Western Mail, 30 September 1999).

Murphy’s reference to devolution being a “settled question” was widely interpreted as being contrary to Ron Davies’ assessment of it as a process rather than an event. His remarks to the Select Committee, however, may come to carry more weight. For if the role of the Secretary of State is essentially to confirm and be emblematic of the unity of the United Kingdom, that would give added resonance to any eventual abandonment of the position.

(v) The Joint Ministerial Committee

The Joint Ministerial Committee, located in the British Cabinet Office with representatives from the UK Government and the Welsh, Scottish and Northern Irish Executives, was set up as an after-thought to the devolution legislation. It was conceived as a longstop to resolve intractable disputes. In early December, however, in a speech in Scotland the Chancellor of the Exchequer, Gordon Brown, announced an extension of the mechanism to embrace policy considerations. He said the JMC would establish three sub-committees with steering groups to tackle child poverty, pensioner poverty, and to prepare the economy for the digital age. All these were devolved matters but ones that involved a common interest across the UK. In his speech, referring to the steering groups, Gordon Brown declared:

“We believe that the results of their work will prove we are stronger together, and would be weaker apart” (Daily Telegraph, 2 December).

The initiative aroused little attention in Wales. Indeed, no Welsh Cabinet member attended the first steering group meeting on social exclusion held in the Cabinet Office in the first week of December, attended by Donald Dewar, the First Minister in Scotland, and David Trimble, the First Minister in Northern Ireland. Wales was represented on this occasion by the Secretary of State, Paul Murphy.

6. RELATIONS WITH LOCAL GOVERNMENT

The opening contact between the National Assembly and local government was the first meeting of the National Assembly Local Government Partnership Council on 22 October. The meeting was rancorous and ill-tempered. Essentially, it was an internal Labour row with the leaders of Labour councils complaining bitterly at Assembly administration proposals to re-distribute extra council tax support across Wales favouring some councils and not others. The Assembly proposal was to top-slice the overall local authority budget to give special assistance to some of the poorest authorities, in particular Rhondda Cynon Taf, Merthyr, Blaenau Gwent, and Neath Port Talbot.

The 26-member Partnership Council whose creation was required under the Wales Act is chaired by the First Secretary. It contains six other Assembly members nominated by him. In addition at least one representative from each political group in the Assembly not represented in the Cabinet is included. On the local government side the Welsh Local Government Association nominates up to ten members, the Community Councils two members, with one representative each from the National Parks, Police and Fire authorities.

The tone of the first meeting was captured by a Western Mail report:

“After hearing leaders of the 22 county and county borough councils bemoan the council tax rates they are having to impose and the services they have to cut, Local Government and Planning Secretary, Peter Law stated to groans, ‘There has been a lot of posturing here this afternoon.’

Noel Crowley, leader of Neath Port Talbot replied, ‘If we are posturing on our side, there is a large amount of hypocrisy on your side. This Partnership Council is not a partnership of consultation but of confrontation’ ” (Western Mail, 23 October 1999).

In a letter released at a meeting of the Welsh Local Government Association in Llandrindod the following month (26 November) Alun Michael said he was disappointed at the meeting:

“It has set an unhelpful tone for what should be the most important and productive of the Assembly’s partnerships. I hope we can do things differently in future.”

7. RELATIONS WITH THE EUROPEAN UNION

The Assembly membership of the Assembly's European Affairs Committee includes the following leading figures from the parties, indicating its importance:

Alun Michael, First Secretary (Chair) - Labour, Mid and West Wales
Rhodri Morgan, Economic Development Secretary - Labour, Cardiff West
Christine Gwyther, Agriculture Secretary - Labour, Carmarthen West and South Pembrokeshire
Val Feld, Chair Economic Development Committee - Labour, Swansea East
Alun Pugh - Labour, Clwyd West

Phil Williams, Economic Development - Plaid Cymru, South Wales East
Rhodri Glyn Thomas, Agriculture - Plaid Cymru, Carmarthen East
Elin Jones, Post-16 Education - Plaid Cymru, Ceredigion

Mick Bates, Agriculture - Liberal Democrat, Montgomery

Nicholas Bourne, Leader - Conservatives, Mid and West Wales

The Committee also invites attendance from the four Welsh Euro MEPs, and the Welsh members of the Committee of Regions and the Economic and Social Committee of the European Union.

At its second meeting on 14 October the Committee supported the principle that the Assembly should be separately represented in Brussels with its staff also being part of the UK's Permanent Representation. A Paper tabled for the third meeting, on 25 November, fleshed out the detail in the following terms:

- The office would be operational by April 2000 with a core staff of two - a Middle Manager and an Executive Officer
- The office will be co-located with the Wales European Centre in Brussels "but for reasons of security and confidentiality will be based in a separate part of the building."
- The Assembly's office will be part of the overall UkRep [the UK Representation Office in Brussels] structure and will liaise with:
 - The Wales European Centre
 - Key contacts in a range of European Union institutions
 - Welsh representatives in the European Parliament, Committee of the Regions and the Economic and Social Committee
 - The offices of other European Regions based in Brussels

- Appropriate European organisations

The Paper added:

“As part of the diplomatic representation of the UK, the Assembly’s officials would have access to information and policy advice from UkRep desk officers and be able to attend relevant negotiations as part of the UK team.”

Two other briefing papers were tabled. One detailed arrangements the Assembly was making to join the sponsoring organisations of the Wales European Centre, along with the Welsh Development Agency, Welsh Local Government Association, the TECs, Universities, farming organisations and others. The other explored issues around securing a greater number of secondments from the Assembly to European and Brussels-based institutions.

8. RELATIONS WITH THE BUSINESS COMMUNITY

The National Assembly has a statutory duty under Section 115 of the Government of Wales Act to consult with “business and such other organisations as it considers appropriate”. A Paper tabled for discussion by the Economic Development Committee on 21 October made clear that trade unions were to be included as well as “not for profit” organisations in the “social economy” which is estimated to produce some 15 per cent of Wales’ GDP. The Paper, *Consultation with Business*, proposed the creation of a Business Partnership to be a broadly-based, cross-party group, meeting twice a year. Its membership would include:

- 11 Assembly Members.
- 2 representatives from the Wales TUC.
- 2 representatives from social economy representing the cooperative and community enterprise sectors.
- An unspecified representation from *Business Wales* representing the CBI Wales, the Institute of Directors, the Federation of Small Businesses, the Engineers Employers Federation, the freight Transport Association, Chamber Wales, the NFU, and the Housebuilders’ Association.

In early December the Assembly appointed Roger Thomas, a senior partner at Eversheds and well known in the Welsh business community as its Business Partnership Adviser, on a part-time secondment. Announcing the appointment First Secretary Alun Michael, said:

“Sometimes there is a need for a sort of ‘marriage broker’ to ensure that the priorities and timescales of one side are understood by the other. Roger will help us to turn good will and good intentions into real action for business in Wales” (Western Mail, 4 December 1999).

Meanwhile CBI Wales had announced the appointment of a policy officer to deal exclusively with the National Assembly. Announcing the appointment CBI Wales Assistant Director Ashley Drake said that while relations with the Assembly were on the whole positive, there were serious concerns:

“Objective 1 is only months away and the business community is still in the dark in terms of access to funding” (Western Mail, 26 October 1999).

9. THE POLITICAL PARTIES

All the parties in the Assembly faced new challenges consequent upon devolution, some to do with personalities, others more structural.

The Labour Party in the first few months was dogged by the personality of Ron Davies and the fall-out from his resignation as Secretary of State the previous October. The tabloids pursued him with headlines and ever-more lurid accounts of his personal life until he was forced, by the Labour group to stand down as chairman of the Economic Development Committee in July.

In so far as there were 'backbench' members in the Assembly there were represented by Labour members either outside the Cabinet, or without prominent positions in the Assembly Committees. There was little sign, however, that they were operating as a coherent group, utilising common research resources and so on as was the case with the three Opposition parties. Rather, such Labour backbenchers as achieved prominence tended to do so in maverick roles. Outstanding in this respect was John Marek, the Member (and MP) for Wrexham, who appeared at times semi-detached from the Labour group as, indeed, did Ron Davies himself.

Labour also had to come to terms with its poor showing in the May elections. A report presented to the Welsh Executive Committee in November said the party should respond on two fronts. Elections to the executive itself should be undertaken on a wider basis involving a greater input from the constituency parties. Greater autonomy should also be given the party to develop policies within the ambit of the National Assembly.

The Conservatives' main problem was the resignation of their leader Rod Richards in August following a charge of serious grievous bodily harm made against him by the police following an incident in London. He attempted to pass the reins to his deputy David Davies, AM for Monmouth, but this was resisted by the more moderate majority in the Conservative group, and Nick Bourne, member of Mid and West Wales, was elected instead.

This was a significant change since the Conservatives now had an opportunity to present a more moderate approach to policies, for example on the Welsh language, and a more consensual style of collaboration with the other parties than had hitherto been the case. It was important, too, because there was now at least the possibility that the Conservatives might collaborate with the other opposition parties in a more formal way, as indeed, proved the case on the Objective 1 issue. If Rod Richards had remained the leader such initiatives would have been unlikely.

The Liberal Democrats suffered from being the fourth party in the Assembly. Apart from their leader Michael German, none of their members emerged to any great prominence in the Assembly's proceedings. The Liberal Democrats made the running

on some constitutional issues, Michael German himself becoming something of an expert on standing orders. A notable success was a motion tabled by the Liberal democrats on 3 November on the importance of the social economy and community enterprise to Wales. The motion called on the Economic Development Committee to investigate the creation “as part of an Enterprise Development Bank for Wales, a community investment unit to channel European Structural Funding to community enterprises.”

Plaid Cymru had the difficult role of establishing itself as the major opposition party at the same time as supporting the Assembly itself and the case for greater powers. In the Press and media attacks on the executive were often interpreted or presented as being attacks on the Assembly as a whole or even on devolution itself.

The election result was as much a surprise for many in Plaid Cymru as the political world more generally. One consequence was an immediate widening of the party’s research base. The 17 members in the Assembly pooled their budgets to employ six researchers, each monitoring one of the Subject Committees and working to a Director of Policy, Lila Haines. In the process it has begun a fundamental review of the Manifesto on which it fought the May elections. The health service is one area where substantial changes can be expected with, for example, the party’s commitment to radical shake-up of the NHS organisation and structures in Wales being quietly shelved.

In November, perhaps in anticipation of possible negotiations with the other opposition parties on an alternative administration, it set out a number of practical proposals that could be implemented by the Assembly (Wales on Sunday, 14 November 1999):

- The full take-up of EU funds and a re-negotiation of the Barnett formula which determines the Welsh block.
- The setting up of a development bank for Wales to provide investment for new indigenous businesses.
- A new teacher recruitment and development strategy.
- A pilot project for a new baccalaureate qualification (the WelshBac) as a replacement of A levels in Wales.
- A new formula for local government funding.
- Free eye tests for all.
- A new system of planning guidance.
- A children’s commissioner for Wales.
- The transfer of responsibility for railways in Wales.

- A new entrants scheme for farming.
- Implementation of a sustainable waste strategy.

Within a matter of weeks a number of these objectives were on the way to realisation, for example free eye tests were negotiated as part of a deal around getting the Assembly's budget through, a commitment on a development bank was secured (largely as a result of a Liberal Democrat initiative), and the Assembly commissioned a study on a sustainable waste strategy. What this illustrated was the closeness of agenda of Labour, Plaid Cymru and the Liberal Democrats over many policy questions. What tended to drive them apart was procedures, processes and, of course, long-term constitutional aims.

10. ASSEMBLY DISPUTES

There were three moments in the opening session when it could be said that relations between the parties in the Assembly chamber broke down. Each involved Members deploying Assembly procedures in ways that were either not intended under Standing Orders or were disputed by other parties.

The first was the occasion of the first Short Debate in the history of the Assembly on 8 June, the week of the elections to the European Parliament. The Labour Member for Torfaen, Lynne Neagle was successful in the ballot and tabled a motion on the topic of a Strong Welsh Voice in Europe. The theme was essentially uncontroversial. However, Lynne Neagle took advantage opportunity to launch a strong attack on the European policies of both Plaid Cymru and the Conservatives. Members from these parties attempted to persuade her to give way and when she refused the Plaid Cymru leader Dafydd Wigley, on a point of order, asked the Presiding Officer whether they could move, in Westminster fashion, that she not be heard. The Presiding Officer, fellow Plaid Cymru Member Lord Dafydd Elis Thomas ruled that that was not possible. Whereupon, after some disruption Wigley led the Plaid Cymru Group from the Chamber, followed shortly afterwards by some Conservative Members.

The Plaid Cymru ‘walk-out’ proved controversial, not least within the party itself. There was concern that such demonstrations so early in the Assembly’s life would present the wrong image to the outside world. However, it laid down a marker that Labour as a minority administration could not expect to ride roughshod in any direction. While disapproving of the Plaid walkout in the short exchanges that ensued, Mike German, the Liberal Democrat leader, said, “This type of debate should not be used as a straightforward party political broadcast, but should discuss matters of broader concern in keeping with the spirit of the Assembly.”

The two other occasions when Standing Orders were used to political effect were more serious. The first was a motion of censure, passed on the Agriculture Secretary. The second was a motion of no confidence in the First Secretary, moved by the Conservatives, because he had failed to act on the original motion of censure. There was an argument whether, under standing orders the motion of censure should have been used in a policy-related issue. The Government argued that it was intended only where a Minister had committed a misdemeanour of a personal kind. The Opposition argued that the only way open to them to express their dismay at the course of events was to utilise the censure procedure.

The calf processing crisis arose in August following the Government’s decision to terminate the old calf support scheme the previous month. Under EU rules the scheme would have had to come to an end by November in any event. However, Welsh farmers were faced with an immediate problem of dealing with new born calves whose market value was plummeting. A proposal to extend the calf processing support scheme in Wales until the November deadline, at a cost of £750,000, was worked through the Agriculture and Rural Development Subject Committee and

unanimously approved by the full Assembly on 15 September. Then, however, the scheme began to run into trouble in Whitehall and Brussels with questions raised in the Commission whether divergent policies on agricultural support could be pursued within a member state. As Dafydd Wigley put it in the debate:

“At last on 5 October a meeting was held in Brussels with the Assembly’s agriculture officials present. Christine Gwyther went out the following day stating to the media that it was an important day for Wales. She expected to get the green light for the scheme. In her own words to the Assembly:

On Tuesday, after getting the green light from my officials, I hoped to use my meeting with Commissioner Fischler to pump his hand, offer him a drink and so on.

That is, she had flown out not to try and resolve any problem but to draw to the media’s attention to her success. She went on:

I was only aware of how badly the discussions had gone when I received the report from my officials, an hour-and-a-half before I entered Commissioner Fischler’s office.

How on earth could a Minister who was on top of her work be in such a situation? Who was to blame for the fact that we had spent a month under the misconception that we had a credible scheme? Had Christine Gwyther been misled by her own office, by the Ministry of Agriculture, Fisheries and Food or by Brussels? Or had UkRep in Brussels failed to work effectively on our behalf?”

Further critical speeches were made by Nick Bourne, for the Conservatives and Mike German for the Liberal Democrats. In his response Alun Michael relied upon an interpretation of a censure motion as relating to personal conduct. Hence he asked,

“Has the Secretary for Agriculture and Rural Development acted in a way that is inappropriate or that brings the Assembly into disrepute? The answer is a categorical ‘no’.”

He made no reference in his speech to the central charge laid by Dafydd Wigley. In the vote Plaid Cymru, the Conservatives and Liberal Democrats combined in favour of the motion with 30 votes, Labour opposed with 27 votes, and the Deputy Presiding Officer, Jane Davidson, abstained. Within hours Alun Michael emerged from a meeting of his Cabinet to say he would not be seeking Christine Gwyther’s resignation. For her part Christine Gwyther took the extraordinary step of publicly blaming her civil servants for keeping her in the dark over relations with Brussels, in particular over the operation of subsidies for farmers undertaking environmental work on their land (Western Mail, 3 November 1999). The result was a motion of no confidence in Alun Michael himself, tabled by the Conservatives on 2 November. Nick Bourne took the opportunity to take a wider swipe at the administration. He said:

“This no confidence motion in the First Secretary is proposed to address how the Assembly is run. It is not specifically geared at the response to the censure motion that we had a couple of weeks ago although that is one symptom of how the Assembly is run that causes concern ... (The) minority administration acts and fails to react as if it were a majority administration.”

Bourne went on to list a number of issues where he claimed the government had failed to respond to the majority: on genetically modified food, on a vote in the Health and Social Services Committee to increase the health budget, and on match funding for EU Objective 1 funds. However, on this occasion the Conservatives did not find the support of the other two opposition parties. Wigley accused the Conservatives of attacking the Assembly itself rather than the Government. Moreover, it was the wrong moment to attempt to bring the Government down when the Objective 1 Single Programming Document was being considered in Brussels. He did add, however,

“A question of confidence will arise if the Government fails to deliver on match funding and on securing European funds for Wales, over and above the Barnett block grant.”

The point was reiterated by Mike German, for the Liberal Democrats:

“The only future issue important enough to merit this type of direct political action will be the non provision of the match funding that will enable us to draw down the full European funds for Objective 1.”

It was therefore of some significance that the following day (3 November) the three opposition parties tabled a joint four-page paper with annexes, *Explanatory Guide to European Structural Funds*, laying down their shared understanding of how they apply to Wales. It explored a range of questions from match funding, additionality, and the need to maintain a spending profile across the six-year Objective 1 period, to the complex inter-relation of EU funding and the Barnett Formula with the Welsh block. On match funding it concluded that the UK Government was expecting ‘the lion’s share’ to come from existing Assembly budgets and that this was unacceptable:

1. Because it breaches the core principle of additionality on which all programmes are based.
2. Because it is an impossible expectation on budgets already stretched to their limit.

The paper was a warning shot across the bows of the administration, not so much because of its contents but because it was signed by the lead Economic Development spokesmen of the opposition parties: Michael German (Lib Dem), Phil Williams (Plaid Cymru), and Alun Cairns (Conservative). It signalled a growing alignment between them on the key economic and political issue facing the Assembly. The moment of truth would come in February 2000 at the end of the process establishing the Assembly’s budget for the forthcoming financial year. The question that remained tantalisingly on the table was, while the Opposition Parties might be able to agree on

a reason to bring down the minority government, would they be able to agree on an alternative government to replace it?

11. DEADLOCK?

As the Assembly approached its first Christmas there was increasing speculation amongst the parties in the Assembly about the fate of an administration that was facing a motion of no confidence within a matter of months. All three opposition parties were committed to voting for such a motion if funding to match European grants for west Wales and the Valleys outside the Assembly's block grant was not forthcoming during 2000-01. On the other hand there was frustration amongst the opposition since it was difficult to see how an alternative administration to Labour's minority government could be put together. With a fixed four-year term there was no recourse to the electorate. If there was no alternative majority what was the point of a no confidence motion? What was the point of declaring no confidence in an administration if the end result was its return in the absence of an alternative? Five possible scenarios were discussed, but merely listing them served to highlight their unlikely provenance:

- A Labour/Liberal Democrat alliance or coalition – ruled out by the Liberal Democrats.
- A Plaid Cymru-led coalition with the Liberal Democrats and Conservatives in support.
- A Plaid Cymru / Liberal Democrat alliance with some dissident Labour members in support.
- A Labour / Plaid Cymru agreement or understanding.
- A grand coalition of all four parties in the Assembly

There seemed little alternative to Labour continuing to rule as a minority, surviving from vote to vote on the basis of an opposition unable to coalesce effectively against it. Only one possibility seemed to hold out a prospect of realisation, and this was a pale version of the fifth scenario in the above list. It emerged as a result of a Paper distributed by the Liberal Democrats to the other parties in the wake of the no confidence motion tabled against Christine Gwyther and last minute discussions on the Assembly's budget. Issued in the name of Michael German on 26 November it was entitled *The National Assembly in deadlock: Is there a better way forward for Wales*. The judgements it contained might be thought too sweeping and premature given the Assembly's short life. On the other hand they provided such a succinct summation of one view of the problems, together with a potential solution, that they are worth quoting in full:

Core Problems

- Instability of minority Government – progress 'vote by vote'
- Lack of consensus – no wider cross-party involvement in decision-making process
- Lack of vision/direction – no sense of corporate ownership/responsibility

- No programme for Government
- Centralisation of power in Executive
- Erosion of Committee power

Key elements

- Developing view within Executive that Committees are advisory
- Perceived failure of Assembly to deliver tangible change/difference – following a UK-wide rather than Welsh agenda
- Failure of administration to put forward meaningful motions for debate or to accept amendments which require direct action – no matter how appropriate
- Insistence of corporate responsibility without real partnership – delivering a Labour programme, credited to a Labour administration with ‘support of other Parties’
- One man band – the First Secretary continuing in the role of *de facto* Welsh Secretary outside the cabinet
- The reliance of the administration on ‘deals’ with other Parties behind closed doors resulting in a stifling of debate and contributing to the Assembly’s poor external image

A way forward

1. Formation of a cross-party programme for Government
2. Strengthening the Committees by bridging the gap between them and the Executive
3. Finding an independent cross-party mechanism for reviewing the progress and processes of the Assembly
4. A greater commitment to openness

Recommendations

1. Widening the membership and remit of the Panel of Chairs [of the Subject Committees]
 - Inclusion of the four Party leaders
 - Possibility of a form of block voting to preserve proportionality in decisions (ie 11 members, Labour could have four votes, Plaid 3, Tories and Lib Dems one each)
 - Extending the remit to consideration of a core programme for Government
2. Presiding Officer’s Conference
 - An independent body which could review the process and progress of the Assembly and have power to recommend change
 - Must be independent of the Business Committee
 - Must be able to set its own remit

The second recommendation endorsed the proposal already made in the Chamber by Ron Davies and reported above. The proposals, submitted in more consensual terms in the form of a letter to First Secretary Alun Michael, on 29 November, received a perhaps surprisingly conciliatory response from him on the same day:

“We are all learning as we go along with our new Assembly. I share your view that we do not yet have all the mechanisms in place which we need to draw the Assembly together effectively and I am grateful to you for flagging up some very positive ideas in your letter.

In particular, I agree that we need to find a way of bridging the gaps between the work of the individual committees and the plenary, which has tended to be more confrontational. We need a cross-party mechanism which allows us collectively to engage in serious discussion of key policy issues – for example the balance between the Main Expenditure Groups in the budget and taking forward the Strategic Plan (‘Better Wales’) which is now taking shape. I’m not sure that I would see this mechanism as enhancing the role and membership of the existing Panel of Chairs, although engaging the Committees and the Cabinet in a collective way must be the starting point.

I therefore welcome the ideas in your letter and would hope that we can take them forward in all-party discussions in the near future.”

The response from Nicholas Bourne, the Conservative Leader, on 7 December was shorter and less encouraging:

“I have had the opportunity of discussing your ideas with the Conservative Group.

We certainly agree with much of your identification of the problems, but feel that additional structures are probably not the best way to tackle the problems. We do feel that perhaps dealing with problems on a case by case basis may, at this stage, be more beneficial.

We agree that there are problems of not tackling the real issues and bypassing the Assembly, but that these are best dealt with by robust opposition to some of the unwelcome ideas and policies that are being put forward, and by criticising the inappropriate processes that are used on occasion.”

At the time this report went to press Plaid Cymru had remained silent on the issues raised. Doubtless, one reason was the incapacity of its leader Dafydd Wigley who, at the end of November was admitted to hospital in Manchester and underwent keyhole heart surgery. He was recuperating until January. However, there appeared every prospect that in the opening months of the New Year new procedures might be put in train that would allow the Labour minority administration to continue, but in the

context of a reworked relationship with the majority opposition parties in the Assembly.

12. PRESS AND MEDIA

One of the main difficulties facing the National Assembly in establishing itself in the minds and affections of the Welsh people is a sense of its detachment from their everyday concerns. This is largely because, in contrast to Scotland, for example, Wales has no national press of quality to report and give a context and explanation to its proceedings.

In terms of an indigenous daily press Wales has only two morning newspapers - *The Western Mail*, weekday circulation 57,035, and the *Daily Post*, weekday circulation in north Wales 46,233 (Audit Bureau of Circulation, 8 October 1999). In the capital city the *Western Mail's* circulation is thought to be no more than 6,000. The overwhelming audience for newspapers in Wales is for the London Press, especially the tabloids, which rarely mention Wales at all, and seldom still the workings of the National Assembly.

The launch of the *Welsh Mirror* in September 1999 has considerably added to the range of indigenous reporting. However, it cannot be said that the Assembly is covered by any newspaper that gives a sense of a 'paper of record' being at work. The *Western Mail* comes closest, often devoting a page a day to proceedings and events at the Assembly. Its former Welsh Affairs Correspondent, Clive Betts, has been given the title Assembly Editor and the paper also has an Assembly Reporter, Rhodri Hornung. But most stories are given prominence in response to their personality content and human interest. There is little reflective analysis or commentary allowed in the columns, and little evidence of an understanding of the underlying processes at work in the Assembly - processes that might have profound future consequences. So, for example, the joint document on Objective 1 funding, signed by the Economic spokesmen of the three opposition parties, went unremarked in the Welsh press, apart from a passing reference some days after the event in Wales on Sunday.

The three television channels in Wales - BBC Wales, S4C and HTV have a much bigger audience and much greater geographical coverage than the press. This is despite the 40 per cent of north eastern and south-eastern Wales in the so-called overlap areas where viewers can tune into signals coming from both sides of the border. The television channels have also invested heavily in their coverage of the Assembly. All have established new studios in the Assembly itself and the news bulletins on radio and television, on all, channels, are full of reportage from the Assembly's proceedings. In addition S4C has digital space for a completely new channel, part of which is being devoted to live coverage of the Assembly's proceedings.

There has certainly been a great deal of space afforded Assembly debates and personalities on the broadcast media. Again, however, the same limitation applies to television as to the Welsh press, but for different reasons. However much coverage is provided it is difficult for the broadcast media to provide the context and understanding of the deeper meaning of issues and events. This remains an advantage

of the print media, but in Wales as stated above, there is all too often simply a vacuum here. (These issues were discussed at length in a new booklet published by the newly launched Wales Media Forum during the Assembly's first session, *Not By Bread Alone: Information Media and the National Assembly*, by Geraint Talfan Davies, the outgoing Controller of BBC Wales).

The lack of comprehensive coverage did not prevent Assembly members complaining about the negative tone of reporting. Alun Michael, for example, frequently attacked the Press for undermining of the Assembly in the eyes of the Welsh people.

13. A DYNAMIC SETTLED PROCESS ?

“Is the Assembly going horribly wrong?” This was a question posed by the Labour Assembly member, Val Feld, Chair of the Economic Development Committee in the *Western Mail* on 16 November. She continued:

“In just six months there have been censure motions, a walk-out, a resignation and a no-confidence motion. Does this justify the conviction of devolution opponents than an Assembly would be no more than a talking shop? ... Or is this a manifestation of the birthpangs in our new democracy?”

Underlying these questions was a deeper, more constitutional one. It drew a famously affirmative answer from the former Secretary of State for Wales, Ron Davies: Is devolution a process or an event? The question provided the framework within which the minority Labour government in the Assembly struggled to project a profile in the first months of its life.

In speech after speech, inside the Chamber and out, Alun Michael stressed the importance of Wales’ links with the rest of the United Kingdom. It was this emphasis, he said, that most distinguished Labour from Plaid Cymru. In a lecture *The Dragon on our Doorstep: New Politics for a new millennium in Wales*, given to the Institute of Welsh Politics at Aberystwyth on 22 November, he elaborated on his position at some length. First he referred to the Assembly’s achievements in its opening months. It had demonstrated through the balance of women and men in the Chamber that equal opportunities could work. It had created a new space where the Welsh language had found its place:

“Twenty or thirty years ago it would have been unthinkable that we could establish a bilingual chamber with broad support and acceptance on all sides ... As I walk the corridors of the Assembly, I hear Members and officials discussing business with one another in Welsh and English. I believe we have created the first truly bilingual Welsh and English political working environment.”

The Assembly had also created a new style of politics, a new transparency, holding both internal and external negotiations in the open for the first time:

“There are dangers when we dissect and debate in public the twists and turns of such critical negotiations. It sometimes feels like trying to play poker with your cards face up on the table while the other players keep theirs to themselves as they always have done. ... It will take time to grow into an Assembly which is confident and creative. This year for the first time we have had a debate about the budget. Previously, the Secretary of State would decide, with officials and with some discussion, and then announce the

outcome. This year we had a process. We have set out our principles – and the Assembly has agreed them.”

The view of the opposition leaders on the Assembly’s opening months was not as sanguine. During a number of plenary debates in November each expressed frustration that the administration was refusing to recognise its minority position, and furthermore was responding to a London-driven agenda. Michael German spoke of his impression that:

“ ... we have a car on the road but the handbrake is still on. The reason for this is that we have the structures in place but we do not have the dynamism needed to take this forward because the cards, the structures are stacked against us” (23 November).

In the debate on the no confidence motion in the First Secretary, Dafydd Wigley Plaid Cymru’s leader, declared:

“The Government slavishly follows an agenda laid down by London. Where are the new initiatives for Wales? What is the First Secretary and his Government doing that Alun Michael could not have done as Secretary of State for Wales? We need vision and inspiration from the Government. There is a danger that we are getting little inspiration because the First Secretary is bogged down in detail” (2 November).

Nick Bourne, the Conservative leader, said in the same debate:

“We need a fresh start. The First Secretary and his administration need to start to listen to majority opinion in the Assembly and to act on the wishes of that majority. It is unthinkable for the administration to go on in this way for three-and-a-half years.”

In his Aberystwyth speech, as well as dwelling on the Assembly’s achievements, Alun Michael also turned his attention to the longer-term constitutional question it faced:

“What form of government best advances Wales’s needs? Centralised power in Westminster? Devolution ? or Separatism? Let us be absolutely clear. Devolution is not some kind of no-man’s land, a half-way house between two clearly defined alternatives – integration and separatism. Devolution is a place in its own right.

We’re not helped by language here. Devolution is a word which relates to an act – the act of devolving powers. It’s perhaps this that gives it a slightly provisional feeling, as if it cannot possibly result in equilibrium. But as other countries like Spain which have decentralised have demonstrated, devolution is not just an act, a phase, it is also a way of organising the governance of a country – or group of countries, if you will – which is as legitimate as federalism or the unitary state.

I agree fundamentally with Paul Murphy: We have settled the devolution debate. What he describes as “the settled will of the Welsh people” has strengthened since the referendum and since the upsurge of Welsh feeling with our official opening on May 26. Listen with care – not an upsurge of nationalist feeling, but of national pride - of Welsh confidence.

But while devolution is a place in its own right, this doesn't mean it is static. No. I believe in a dynamic devolution. Devolution is a form of governance which can change and adapt to the changing needs of our country – just as the concept of the “independence” of the nation state has had to change and adapt over the last decades as globalisation has transformed political realities.

It's a form of governance that is rooted in a permanent, shared commitment - to Wales and to the rest of the UK - to combining the capacity to provide Welsh solutions to distinctive Welsh problems, with the strength which comes from being a part of the United Kingdom – proud to be Welsh and proud to be British.”

For Alun Michael it seems devolution is both a process and event, settled and dynamic at the same time. It is a balancing act he may find hard to sustain in the coming months.

APPENDIX – CABINET RESPONSIBILITIES

<p>First Secretary – Alun Michael <u>Accountable / Responsible for:</u> Exercise of functions by the Assembly Cabinet</p>	<p><u>Cross-cutting responsibilities:</u> Primarily:</p> <ul style="list-style-type: none"> • Co-ordination of overall resources (Finance, Personnel & Property) • Social Inclusion • Voluntary Sector Partnership scheme / Community Action Volunteering • Partnership Council • Crime Reduction • Business Partnership • European Dimension • Image & Promotion of Wales • Youth Issues • Welsh Culture & language
<p>Agriculture & Rural Development Secretary – Christine Gwyther <u>Accountable/Responsible for:</u></p> <ul style="list-style-type: none"> • All aspects of agriculture • Development of rural economy • Countryside, conservation, biodiversity & national parks 	<p><u>Cross-cutting responsibilities:</u></p> <ul style="list-style-type: none"> • Sustainable development • Entrepreneurship – support to Economic Secretary • Inactivity in the Economy – support to Economic Secretary
<p>Finance Secretary – Edwina Hart <u>Accountable/Responsible for:</u></p> <ul style="list-style-type: none"> • Finance • Best value & efficiency across the Welsh block • Corporate planning • Internal organisation 	<p><u>Cross-cutting responsibilities:</u></p> <ul style="list-style-type: none"> • Better Government • Co-ordination of overall resources (Finance, Personnel & Property) – support to First Secretary • Equal Opportunities Scheme – support to Health Secretary
<p>Health & Social Services Secretary – Jane Hutt <u>Accountable/Responsible for:</u></p> <ul style="list-style-type: none"> • All aspects of health • All aspects of food safety, including genetically modified food • All aspects of social services & social care 	<p><u>Cross-cutting responsibilities:</u></p> <ul style="list-style-type: none"> • Equal Opportunities • Health Improvement • Older people & carers • Social Inclusion – support to First Secretary • Voluntary Sector Partnership Scheme / Community Action / Volunteering – support to First Secretary
<p>Environment & Local Government Secretary – Peter Law <u>Accountable/Responsible for:</u></p> <ul style="list-style-type: none"> • Transport & highways • Planning • Environmental Policy, except countryside issues • Local government policy & finance • Housing • CADW (ancient monuments & listed & historic buildings) 	<p><u>Cross-cutting responsibilities:</u></p> <ul style="list-style-type: none"> • Partnership Council – support to First Secretary • Crime reduction – support to First Secretary • Better Government – support to Finance Secretary • Sustainable development scheme – support to First Secretary

<p>Economic Development Secretary – Rhodri Morgan</p> <p><u>Accountable/Responsible for:</u></p> <ul style="list-style-type: none"> • Regional development & inward investment • European policy, including structural funding • Industrial policy & business support, including demand-side employment issues (minimum wage, working time, etc) • Tourism • Urban development & regeneration 	<p><u>Cross-cutting responsibilities:</u></p> <ul style="list-style-type: none"> • Competitiveness • Entrepreneurship • Inactivity in the economy • Business Partnership – support to First Secretary • European dimension – support to First Secretary • Image & promotion of Wales – support to First Secretary
<p>Secretary for Education & Children – Rosemary Butler</p> <p><u>Accountable/Responsible for:</u></p> <ul style="list-style-type: none"> • Education (including curriculum & qualifications) to the age of 16 • All aspects of schools administration & organisation • Children’s issues generally (but no primary responsibility for social services) 	<p><u>Cross-cutting responsibilities:</u></p> <ul style="list-style-type: none"> • Youth issues – support to First Secretary • Welsh culture & language – support to First Secretary
<p>Business Secretary – Andrew Davies</p>	<p>(Written questions only – SO 6.26 and 6.33 refer)</p>