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Strategy Wales  
Strategaeth Cymru

# Nations and Regions: The Dynamics of Devolution

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Sefydliad Materion Cymreig  
Institute of Welsh Affairs

# WALES IS WAITING

**Monitoring**  
**The National Assembly**  
**September to December**  
**2003**

**Edited By**  
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## SUMMARY

Despite an overall increase of 6.4 per cent to the Assembly's block grant in 2004-05, taking it to £11.9 billion there was growing unease at pressure from the so-called 'Barnett Squeeze' that is creating a large hole of approaching £300 million in the budget in the current financial year. This is arising from the Barnett consequence of health spending increases and from the need to find match funding for Objective 1 projects. For, inherited reasons, every £100 spending increase on health in England requires a £114 increase in Wales, with the extra £14 having to be found from within the overall Welsh block. Hence the more health spending rises, the greater the pressure on funding elsewhere within the block. Secondly, the strengthening of the Euro in relation to the Pound has resulted in an increase in the value of European funds coming into Wales. It is estimated that the value of Objective 1 funds may rise by as much as £30 million a year in the remaining period of the programme. What appears to be happening is that the Assembly Government is preparing to pass on the finance gap to local government and ultimately to the local council tax.

Meanwhile, the fragility of Welsh Labour's majority in the Assembly was demonstrated at the end of November when it failed to secure backing for its plans to improve health and social care. Due to the illness of Alyn and Deeside Labour AM Carl Sergeant, and the opposition of the Deputy Presiding Officer, Independent John Marek, the Assembly tied 29 to 29 on a government motion to approve the plans. Presiding Officer, Lord Elis-Thomas, then used his casting vote to oppose the motion. Though the Assembly Government's health plans won a majority the following week, the episode placed Wales rising hospital waiting lists higher on the political agenda. More than 12,000 people waiting more than a year for treatment in Wales compared with only a handful for the whole of England.

The issue is creating tensions between Cardiff Bay and Westminster with Welsh Labour MPs resorting to lobbying their own government in Cardiff. It may also have a knock-on effect on how the Richard Commission's proposals for extending the Assembly's powers are received. Westminster MPs opposed to any extension, which some fear may be at the expense of their own position, are gearing up to use the argument that the Assembly cannot yet cope with the powers it has, pointing to deficiencies in the Welsh health service as their main evidence.

Such pressures prompted the First Minister, Rhodri Morgan, to address MPs' anxieties in a speech setting out an action plan once the Richard Commission has reported, towards the end of March 2004. He proposed a special Recall Welsh Labour Conference in July to agree a response to the recommendations. This would be conveyed to the UK Labour conference in the Autumn after which he said it should have "a fighting chance" of being reflected in Labour's 2005 election Manifesto. In a pointed reference to MPs the First Minister said he did not believe extending the Assembly's powers would require a reduction in their number at Westminster. He also addressed what changes might require a referendum. Tax varying powers would, he said, because these strayed outside the mandate established by the 1997 referendum. However, he was equivocal on whether giving the Assembly primary legislative powers would need a new plebiscite, saying this was not clear cut.

# 1. ASSEMBLY GOVERNMENT

*John Osmond and Jessica Mugaseth, IWA*

## ***Wales is Waiting***

The fragility of Welsh Labour's majority in the Assembly was demonstrated at the end of November when it failed to secure backing for its plans to improve health and social care. Due to the illness of Alyn and Deeside Labour AM Carl Sergeant, and the opposition of the Deputy Presiding Officer, Independent John Marek, the Assembly tied 29 to 29 on a government motion to approve the plans. Presiding Officer, Lord Elis-Thomas, then used his casting vote to oppose the motion, acting in accordance with a standing order that requires him to vote "in the negative [on tied votes] where further discussion is not possible"<sup>1</sup>

Though the Assembly Government's health plans won a majority the following week<sup>2</sup>, the episode placed Wales rising hospital waiting lists higher on the political agenda. More than 12,000 people waiting more than a year for treatment in Wales compared with only a handful for the whole of England.

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During the Assembly's first term, and especially in the run-up to the May 2003 elections, Westminster MPs held back criticism, wanting to give the Labour administration in Cardiff a fair wind. Now, however, they are giving voice to mounting concern. At the end of November six of them, representing the Welsh Labour Group at Westminster, met with First Minister Rhodri Morgan in Cardiff Bay to urge a shift in policy.<sup>3</sup> They pressed the case for a new approach giving priority to getting the waiting lists down in addition to the Administration's longer-term plans for creating a primary care-led service. Earlier, one of the contingent Gareth Thomas, MP for Clwyd West, had declared:

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<sup>1</sup> Standing Order No. 1.12(ii).

<sup>2</sup> This occurred in a Minority Party debate on 2 December 2003, when the Assembly Government put down an amendment to a Conservative motion attacking it for its record on waiting lists and bed blocking. The amendment deleted the motion and replaced it with terms commending the Assembly Government's waiting times policy and endorsing its response to the Wanless review. This use of Opposition time to win approval for Government policy drew condemnation from all three Opposition parties. However, the Presiding Officer refused to rule the move out of order.

<sup>3</sup> The six MPs were Gareth Thomas (Clwyd West); Ian Lucas (Wrexham); Huw Irranca-Davies (Ogmore); Wyn Griffiths (Bridgend); Wayne David (Caerphilly); and Jon Owen Jones (Cardiff Central). The meeting took place on 24 November 2003.

“For the sake of political correctness, the Assembly has set its face against initiatives which are being used in England quite successfully, such as private finance and, in time, Foundation Hospitals. People are going to realise the health service in England is improving much faster than the health service in Wales.”<sup>4</sup>

These comments came in the week the Assembly Government published its response to a wide-ranging examination of the Welsh health service’s problems it had commissioned from its own civil servants. They were advised by Derek Wanless, the business and finance expert who earlier had produced a report on NHS spending needs for the Chancellor Gordon Brown. The Welsh ‘Wanless’ report found that excessive emergency admissions to Welsh acute hospitals are clogging up bed space and directly causing the lengthening waiting lists. At the other end of the process patients are not being transferred quickly enough out of acute hospitals into social care.<sup>5</sup> However, Health Minister Jane Hutt said her approach was to target specific conditions rather than waiting times across the board:

“We have always said that tackling heart disease is a priority for the Assembly Government. To back this up we have put in significant investment in to bringing down waiting times for cardiac surgery and for angiograms. The target that no one should wait over 12 months for cardiac surgery has been met consistently. We will build on this with continued investment. For example, Cardiff is one of six sites in Wales which will benefit from angiography capital investment over the next two to three years.”<sup>6</sup>

Another priority is orthopaedics. In early November the Assembly Government announced an extra £10 million for a new two-theatre 30-bed centre in Newport and orthopaedic diagnostic and treatment centre at Llandough hospital near Cardiff.<sup>7</sup> Aimed at cutting waiting times this initiative is the first time the NHS in Wales has separated elective surgery and emergency admissions and is widely seen as the direction much future investment will take. One of the main conclusions of the Wanless report was that emergency admissions were constantly causing cancellation of elective surgery, and driving up waiting times.

In a further concession to the mounting pressure on waiting times, Jane Hutt announced in November that patients waiting more than 18 months would be offered the chance to have their operation elsewhere, whether in the NHS, in the private sector or abroad. This new scheme will come into force from April 2004. Currently

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<sup>4</sup> *Western Mail*, 4 November 2003. He was responding to 44 patients being treated in queuing ambulances outside Wales’ 1,000 bed flagship University of Wales hospital in Cardiff. One patient had chest pains while another had head injuries. Paramedics said it was the worst situation they had known. A few days later it was revealed that the number of patients waiting hours on trolleys for emergency treatment has trebled over the past year. A total of 4,802 patients were left for more than 12 hours in Accident and Emergency departments in the year to September 2003. This compared with 1,517 for the previous year (*Western Mail*, 6 November 2003).

<sup>5</sup> See the previous Monitoring report, *Wales Unplugged* (August 2003) for a detailed analysis of the report from the Assembly Government Review Team, advised by former NatWest Chief Executive, Derek Wanless, *The Review of Health and Social Care in Wales*, published in June 2003.

<sup>6</sup> *Western Mail*, 30 October 2003.

<sup>7</sup> *Western Mail*, 6 November 2003.

there are almost 6,000 patients waiting more than 18 months for an operation. In her announcement Jane Hutt emphasised that the initiative would be driven by the 22 new Local Health Boards:

“In order to ensure there is radical change locally I have asked the Regional Directors of the NHS to facilitate local Wanless Action Plans led by the Local Health Boards. They are the new drivers for change in our health system, working with NHS Trust partners, local government and others to assess the services in their area. They will produce local action plans by Spring 2004.”<sup>8</sup>

Despite such initiatives Welsh MPs at Westminster remain anxious. They point to the fact that the Assembly Government has no up-to-date targets for tackling waiting lists as a whole. Targets were set at the beginning of the Assembly’s life, in 1999, including one that said that nobody should have to wait for in-patient treatment for more than 18 months. By 2001 this had not been met, and since then global targets have been quietly dropped in Wales. England by contrast has a target of nobody waiting for in-patient treatment for more than nine months by Spring 2004, and six months by 2005. The latest figure for Wales, in October 2003, was that 73,913 patients were waiting more than six months for treatment (a 4.6 per cent rise on three months earlier).<sup>9</sup> Cardiff Central Labour MP, Jon Owen Jones, has been amongst the most vocal in criticising the rise in waiting times:

“There are very few clear commitments to action. Incredibly the clearest evidence of problems in delivery, the waiting times, are not mentioned in the response to the Wanless review. There is no indication or target given as to when elective treatment times will be improved. The Welsh Assembly may find itself forced by the courts into this action unless it takes it willingly. Wanless calls for an ‘exploration and commissioning of out of Wales options to reduce unacceptably long waiting times’. The report recommended that sanctions should be applied by requiring organisations to purchase the services for the patient from elsewhere in the UK, EU or private sector. Some or all of these options will have to be applied at least in the short term if waiting times are to be addressed. The Welsh Assembly may find itself forced by the courts into this action unless it takes it willingly. The Health Service in Wales may be approaching the point where it becomes legally unsustainable.”<sup>10</sup>

These are strong words for a Welsh Labour MP to direct at his own administration in Cardiff. Undoubtedly they were prompted by frustration at the persistent rise of Welsh waiting times over the past five years, while English waiting times have steadily reduced. The latest quarterly statistics, published in October 2003, showed the number of Welsh patients waiting more than a year for treatment had risen yet again, to 12,784.<sup>11</sup> In 1999, the first year of the Assembly, the figure was 7,303. However, the statistic that is worrying Welsh Labour MPs is the equivalent number for the whole of England. This is the tiny number of just 31 at the end of August

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<sup>8</sup> Assembly Government Press Release, 18 November 2003.

<sup>9</sup> NHS Wales Waiting Times, *op. cit.*

<sup>10</sup> Jon Owen Jones, ‘Physicians Heal Thyselves’, *Agenda*, IWA, Winter 2003/04.

<sup>11</sup> NHS Wales Waiting Times: At End September 2003, Statistical Directorate, National Assembly for Wales, 29 October 2003.

2003. And this was brought down by nearly 100 per cent compared with a year earlier, from 18,200 at the end of August 2002.

In a Minority Party debate on waiting times in early December Dr Brian Gibbons, a GP and former Deputy Health Minister (now Deputy Economic Development Minister), stressed that Wales's health problems were different from England's, making comparisons invidious:

“Our age profile is significantly older than in England, the morbidity patterns are significantly different, and the way in which the service is provided is also significantly different. While the total admissions in England and Wales are largely similar – around a 5 per cent variation – the total rate of acute admissions in Wales is 33 per cent higher than in England. Around 15 to 20 per cent of elective procedures in England are undertaken in the private sector, whereas the percentage is virtually insignificant in Wales ... In view of the acute pressures in England, it is possible that it had the luxury of concentrating merely on waiting times and waiting lists, but given that there is a 30 per cent higher acute admission rate in Wales, that must be our first priority, and we must respond to it. In addition the Wanless report stressed that we should not only respond to the acute demand at the hospital interface. We must also address the determinants of ill health, and we must establish a social care framework to prevent people from coming to hospital in the first place. There are lessons to be learned from England, but there are also substantial differences between us. We must learn to use devolution to provide Welsh solutions to the problems that the health service faces here in Wales.”<sup>12</sup>

Against these arguments Opposition politicians emphasised the scale of Welsh waiting times and their increase since 1999. Plaid Cymru's health spokesman Rhodri Glyn Thomas noted there were 73,833 patients waiting more than six months for their first outpatient appointment, a 238 per cent increase compared with 1999; and 5,527 people waiting more than 18 months for an in-patient appointment, a 152 per cent increase. In England at the end of June there were only 6 people waiting over six months.<sup>13</sup> The Conservative Chair of the Health Committee, David Melding, said bed-blocking in Welsh hospitals was a core explanation:

“When Derek Wanless spoke to the Health and Social Services Committee he highlighted the fact that although local authorities' lack of alternative care provision causes most of the difficulties with regard to bedblocking, they are not charged for their failure. They can leave people who are ready for discharge in acute hospital beds and not suffer any financial consequences.”<sup>14</sup>

Derek Wanless's report also found that excessive emergency admissions to Welsh acute hospitals were clogging up bed space and directly causing the lengthening waiting lists. At the other end of the process patients are not being transferred quickly enough out of acute hospitals into social care. The report revealed the astonishing statistic that Welsh GPs refer 40 per cent more emergency admissions per head to acute hospitals than occurs in England. This is the main cause of Wales's high

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<sup>12</sup> Assembly Record, 2 December 2003.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

demand for emergency services. In turn, as the Wanless report put it, this is “driving out the ability of the NHS in Wales to meet the demand for elective activity.”

The report does not explain why Welsh GPs behave so differently to their English counterparts, except to say: “At present there is often no perceived option other than the District General Hospital available to GPs seeking help with medical emergencies.” The Audit Commission, quoted in the report, suggested that: “Primary care practitioners often feel that admission is the only way to access Trust services.” Wanless also contained specific recommendations to deal with delayed discharges, suggesting four options:

- Hypothecating the element of Revenue Support Grant to be spent on social care.
- A single integrated budget for older people’s services held by Local Health Boards.
- Joint consideration of health and social care budgets, locally and nationally.
- Placing a responsibility on local authorities to pay the NHS the costs of delayed transfers of care.

The fourth option suggested here is about to be employed in England and the threat of it seems to have significantly decreased bed blocking. As the Cardiff Central MP Jon Owen Jones pointed out:

“It should be obvious that any organisation whose funding has gone up from £2.5 billion in 1999-2000 to £3.8 billion in 2003-04 – an increase of 50 per cent and which in response produces large deficits and increased waiting lists is in urgent need of reform. The general conclusion that Wanless reached is that funding must be linked to activity, productivity should be rewarded, failure and inefficiency penalised.”<sup>15</sup>

In her detailed, ten-page response to the Wanless report, Jane Hutt disclosed that a new Cabinet sub-committee had been formed, chaired by the First Minister, to push through a programme for change.<sup>16</sup> A Programme Board of representatives from the main stakeholders would be responsible for implementing the main themes identified by Wanless:

- Prevention
- Optimising Service Delivery
- Involving People
- Performance and Accountability

This was a clear sign that the Assembly Government is determined to get a firmer grip on the formidable health problems that the Wanless report has placed at the front of the political agenda in Wales. Despite this, however, it remains under pressure from two directions, from MPs at Westminster and from the Opposition in Cardiff Bay. For example, in a minority debate in plenary in early December the Conservatives

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<sup>15</sup> Jon Owen Jones, *op.cit.*

<sup>16</sup> *Welsh Assembly Government’s Response to the Review of Health and Social Care in Wales*, tabled for the Health Committee, 5 November 2003.

announced that they would table a censure motion against the Health Minister early in the New Year unless clearer signs emerged that the Assembly Government was taking a more coherent strategic approach to the lengthening waiting lists.<sup>17</sup>

## **Queen's Speech**

Only one Wales-only piece of legislation, The Public Audit (Wales) Bill, was unveiled in the Queen's Speech on 26 November, though there are Welsh clauses in a number of other Bills. The Assembly Government had bid for four bills covering education, transport, the Ombudsman and tourism without any success. The Queen's Speech also failed to include an enabling Bill to allow the Assembly Government to ban smoking in public places like restaurants, despite a resolution passed in Cardiff Bay in January 2003.

These failures prompted the former Secretary of State for Wales, Lord Morris of Aberavon, to criticise his present successor Peter Hain and First Minister Rhodri Morgan during a House of Lords debate on the Public Audit (Wales) Bill. Ahead of the report of the Richard Commission on the Assembly's powers, expected to report towards the end of March 2004, he attacked both Peter Hain for failing to make a better case for Wales, and Rhodri Morgan for exaggerating Wales' success in influencing the legislative programme:

“My disappointment is that the Speech contains only one measure directed specifically and solely to Wales—and a modest one at that. I know the pressures on the Government's business managers. I have attended, for my sins, Cabinet legislation committees since 1964—slightly after the ark; some would say before it—and seen many Ministers' worthy legislative proposals thrown aside for lack of time. But that is the purpose of the Secretary of State for Wales—to fight for Wales in Cabinet; he has hardly any other real functions. By any standards, this is a pretty poor reward for his efforts. The Secretary of State, in committee discussions on the government of Wales as far back as 1998, said that the problem of the Auditor General was "not a great crowd-puller". As I am sure both Houses will confirm, this Bill is not a great crowd-puller either. The Secretary of State certainly had foresight in that respect.

“My noble friend Lord Richard has provided me with a list of Welsh government Bills put in as bids for the 2003–04 legislative programme. They include an education Bill, an ombudsman Bill, a tourism registration Bill, a transport Bill and a Bill to prohibit smoking in public places. Professor Hazell, in his evidence to the Richard commission, stated that only a quarter of Welsh Bills found their place in the Government's legislative programme.

“It is no good, on this issue, the Secretary of State saying that the Westminster Government prefer voluntary smoking bans to legislation. That is a failure on his part to comprehend what devolution is about. Health is a devolved matter, as

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<sup>17</sup> *Assembly Record*, 2 December 2003.

the noble Lord, Lord Warner, advised the House last week. Smoking is a vital component of health. Until timely legislation is passed, that vital part of health is outwith the powers of the Welsh Assembly. It is a quirk of the agreement that it is not within its province.

“History in the long term does not seem to be the First Minister's strong point. To boast that before devolution we had only one all-Wales Bill every 10 years, and to go on to spin that the present offer is either a 1000 per cent improvement or a 500 per cent improvement, is not a particularly intellectually challenging assertion. He should take a longer view. In my five years as Secretary of State, we had a Welsh Development Agency Bill, the Development of Rural Wales Bill, a substantial part of a general Bill to create the Land Authority for Wales and the two ill-fated devolution Bills. Those were the kind of primary legislation that I believed was needed in my five years of office.”

Apart from the Public Audit (Wales) Bill, which will establish a single public sector auditor for Wales, the Higher Education Bill gives decision-making power to the Assembly over the controversial top-up fees. If enacted it could result in English universities charging their students as much as £3,000 a year, almost treble the current amount. The Bill would give the Assembly powers to decide on top-up fees for Welsh universities. The administration in Cardiff has ruled them out until May 2007 – six months after they are due to be introduced in England.

The Fire and Rescue Services Bill transfers responsibility to Wales for the structure of the Fire service in Wales, although matters of pay would remain within the powers of the UK government. Finally, a Pensions Protection Fund is to be set up to protect against the risk of company bankruptcy. This has a Welsh resonance since it comes from the plight of former employees at the ASW steel plant in Cardiff who lost their pensions.

The Opposition parties all criticised the thinness of the Queens Speech so far as Wales is concerned. The Welsh Conservatives wanted Bills specifically for Wales concerning identity cards, the new National Gallery, and the National Botanic Gardens, and for St. David's day to be a Bank Holiday. Plaid Cymru and the Liberal Democrats wanted legislation to transfer primary legislative powers to the Assembly.

### ***'A Better Country'***

After returning from summer recess the Assembly Government launched its four-year programme. *Wales: A Better Country* outlines its vision of a “fairer, more prosperous, healthier and better educated country”. This reiterates and updates the *Top Ten Commitments* on which Labour fought the May 2003 Assembly election:

- Abolish all prescription charges
- £100m crime fighting fund
- Extend reduced and free bus travel
- Top up fees ruled out until at least 2007

- Free school breakfasts
- Create a Knowledge Bank
- Extend 20mph zones and safer routes to school
- Free access to local authority swimming pools for children in school holidays and older people
- Scrap home care charges for disabled people
- Invest £560m to improve school buildings and £550m modernising GP surgeries and hospitals

The document outlines an implementation plan for each of these commitments as well as a whole host of other initiatives. It sets out the agenda for public services, committing the government to concentrate on four areas:

- Helping more people into jobs
- Improving health
- Developing strong and safe communities and
- Creating better jobs and skills

Presenting the document to plenary in early September, the First Minister stated that it:

“Sets out a clear agenda for creating a future that has social justice at its heart, and embodies the principles of sustainability... Our yardstick will be whether we can create a healthier and more prosperous Wales that also has higher standards of health, and more confident communities in terms of safety in the home and on the street.”<sup>18</sup>

However, Plaid Cymru attacked the document for lacking any clear and definitive plans, while the Welsh Conservative leader, Nick Bourne, described it as a set of “woolly and vague aims and plans.”<sup>19</sup>

## ***New Departmental Structures***

New departmental structures are developing within the Assembly Government to mirror Ministerial portfolios. This is happening despite a previous preference for the former Welsh Office structure to be maintained. What is happening reflects the emergence of the Assembly Government and a stronger politically-driven hand at the centre of the Welsh executive organisation..

At the outset of the Assembly in 1999 three main reasons were given for sustaining the existing Welsh Office structure rather than following the configuration of the then Subject Committee structure. First was the virtue of continuity. Secondly, a concern was voiced that a reorganisation of the administration would be necessary every time a change was made to the cabinet structure. Finally it was argued that having a

<sup>18</sup> *Assembly Record*, 3 September 2003.

<sup>19</sup> *Western Mail*, 24 September 2003.

functional administration different from the shape and number of the Subject Committees would favour a cross-cutting approach to policy. In December 2003 Sir Jon Shortridge, the Permanent Secretary, re-enforced these arguments in his evidence to the Richard Commission:

“...given the extent of the uncertainty about how the Assembly itself might evolve in terms of the way it exercised its functions, I did not consider it sensible to make the official structure of the Assembly symmetrical from the outset with the Cabinet portfolios... My guiding principle, therefore, was to maintain as much consistency and continuity as I could at the very top of the organisation. The difference in weight in the various Cabinet portfolios in any case argued against creating separate departments. The health and social services portfolio, for example, is supported by three departments – the NHS Wales Department, the Office of the Chief Medical Officer and the Social Policy department. The Finance and Communities Minister is supported by the Finance Group and the Local Government, Housing and Culture department – part of which therefore, serves the Culture Minister. In practice this asymmetry has – from my perspective – worked pretty well.”<sup>20</sup>

Despite this ‘perspective’ the Assembly Government is gradually creating a more ‘symmetrical’ and systematic civil service, more closely following Ministerial portfolios. The advent of the Minister for Social Justice and Regeneration following the May 2003 election brought with it a corresponding department with responsibilities that mirror those of the Minister. This department now consists of the Housing Directorate, the Community Safety Unit, the Communities Directorate, the Voluntary Sector Division and the Equality Policy Unit. This additional department has had consequential effects on what was the Local Government, Housing and Culture Department. This has now been restructured as the Local Government, Communities and Culture Department.

Additionally, the Permanent Secretary announced that the Environment and Planning Department and the Agriculture and Rural Affairs Department were being brought together to form the Department for Environment, Planning and Countryside, mirroring Carwyn Jones’ new Ministerial portfolio. The new department now consists of the Agriculture and Rural Health division, the Planning Division as well as the Countryside Division. The Department is led by Gareth Jones, with Martin Evans moving to lead a new Welsh Assembly Government-wide project on resource allocation.<sup>21</sup>

## ***National Botanic Garden***

In early December the Assembly Government turned down a £3 million rescue plan to put the National Botanic Garden at Llanarthne in Carmarthenshire amid a good deal of speculation that the move was designed to remove the Trustees to allow a new

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<sup>20</sup> Sir Jon Shortridge, evidence to Richard Commission.

<sup>21</sup> Environment, Planning and Countryside Committee Minutes 8 October 2003.

management team to take over. However, on the eve of the Botanic Gardens being placed in the hands of the receivers, a mystery donor appeared on the scene apparently offering the £3 million needed to stave off closure.<sup>22</sup>

A dramatic fall in visitor numbers to the Garden led to a financial crisis at the Carmarthenshire visitor centre in September. The Garden has debts totaling more than £3 million and the Assembly Government was called on to help the ailing tourist attraction.

A company limited by guarantee, the Garden is completely independent of Government, managed by trustees. It was established as an independent, self-financing organisation and therefore the Assembly Government has no funding commitment. However, the loss of such a tourist centre in terms of money and jobs would create major problems for the west Wales economy and also the wider image of Wales abroad.

Accordingly the Assembly Government provided £150,000 to assist with operational costs, while options for securing the Garden's future were explored. The funding is part of a £353,000 funding package with match-funding of £150,000 from Carmarthenshire County Council and a contribution of £53,000 from the Millennium Commission. The package was a short term measure while the Assembly Government finds a funding partner for the Garden, with the full support of its trustees. Total Assembly Government support for the Garden since 2002-03 has been £1.64 million.

In a detailed four-page letter to the Chairman of the Trustees, circulated to Assembly Members, Culture Minister Alun Pugh explained how the additional funding had made little impact in turning round the garden's fortunes. The key passage in the letter highlighted inconsistencies between investment programmes presented by the Garden's Trustees to the Assembly Government:

“... the Trustees have proposed a capital investment programme that could be undertaken at Middleton to improve the product and add to the overall brand. You forecast that this investment of £3 million would lead to an increase in visitor numbers to 233,000 by 2008/09.

“To generate the necessary increase in visitor numbers you have based your Strategy on a 'modest cost, high impact' approach. In your previous Business Plan you identified a capital programme of £8 million, that was 'essential to drive forward the visitor numbers and income'. There is a vast difference between these two figures. Yet both your Recovery Strategy and the previous Business Plan stated that the level of investment would result in the increases in visitor numbers necessary to achieve a position of self-sustainability.

“In both plans you suggest that the investment in facilities is a direct response to the outcome of extensive market research. However, given the wide variation between the levels of proposed investment, it is difficult to be convinced that

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<sup>22</sup> *Western Mail*, 16 December 2003.

the level of investment proposed in the Recovery Strategy is appropriate to meet the demands of your market.”<sup>23</sup>

## ***Communities First***

The first review of the Assembly Government’s flagship programme, Communities First, was presented to the Social Justice and Regeneration committee by the Deputy Minister, Huw Lewis. Recommendations in the review aim to simplify the programme, particularly for the benefit of the local partnerships. Firstly, partners of Communities First Projects are encouraged to go back to the “fundamental activities” – the ten aims that the programme was established to promote, to ensure that each Action Plan relates to these criteria. Additionally the review recommends that targets should be set by the partners to assess progress and that appropriate monitoring techniques be developed to ensure best practice in community regeneration. The review also calls for the role of local authorities to be clarified as “facilitative” rather than “leadership” within the partnerships.

In terms of funding, the review suggests that the Trust Fund, from which Communities First is funded, should be extended for a further year and that local partnerships should be consulted on all applications in order to ensure that decision-making is brought closer to local people. The report highlighted the concern amongst local communities that:

“... there are too many regeneration initiatives at work and the funding arrangements we have to deal with are too complex.”<sup>24</sup>

In response the review proposes a Communities First Single Funding portal into which partnerships and their co-ordinators can bid. The review also suggests that a:

“... running costs spending cap should be negotiated with each partnership to ensure that funding is invested in project delivery rather than bureaucracy.”<sup>25</sup>

It also recommends that the possibility of reclassifying all Communities First areas as eligible for Objective One funding should be explored.

In response to concern over “the problem of capacity building within communities” the review recommends secondments for best practice to be shared. The review expressed that:

“... the mechanisms for the dissemination of best practise are wholly inadequate.”<sup>26</sup>

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<sup>23</sup> Letter from Culture Minister Alan Pugh to Alan Hayward, Chairman of the National Botanic Garden Trustees, 10 December 2003.

<sup>24</sup> Huw Lewis, *Communities First Review 2003*, December 2003

<sup>25</sup> *Ibid.*

<sup>26</sup> *Ibid.*

It recommends improved communications through circular letters, non-technical bulletins and more use of the internet to disseminate experiences. Meanwhile, Barbara Castle a policy consultant and former Assembly Government Communities First adviser, claimed that instead of allowing local communities to develop their own initiatives, leadership of the Communities First project had been given to local authorities following a deal done between the Social Justice Minister Edwina Hart and the Welsh Local Government Association:

“A major complaint of many disadvantaged communities is that they have been let down by local authorities which they do not see as sympathetic to their needs. When I and others were developing the Communities First strategy in the early years of the Assembly, it was meant to be a ‘bottom up’ project rather than a ‘top down’ one. Things have not worked out that way.

“In the event, and seemingly at a whim, the Assembly announcement was to be for everything to start at once, and over 100 communities were given Communities First status simultaneously. In some areas no local preparation had been done; in many there was a last minute bid for budgets and resources without any local community level consultation. The knock-on effects are still visible, with certain community organisations formed almost artificially, and structural arrangements being made over the heads of the community representatives.

“Certain local authorities have engaged with communities in a ‘bureaucratic’ way without any prior development work undertaken – people are being asked to sign up to protocols and agreements they cannot yet possibly understand; local organisations who have little pre-existing capacity to employ and manage workers are confused and disillusioned.”<sup>27</sup>

## **Children’s Commissioner**

The annual report of Peter Clarke, the Children’s Commissioner for Wales, attacked the Assembly Government for its “pretence” of being committed to tackle children’s problems.<sup>28</sup> Although commending the theory of the Assembly’s strategy to tackle child poverty, his team were critical of the Assembly Government’s practical progress:

“They are missing their own targets by a considerable margin. It is the children who suffer the consequences of this failure.”<sup>29</sup>

Declaring that child poverty “remains a national disgrace, both for Wales and the United Kingdom”<sup>30</sup>, the report berates the Assembly Government over its lack of

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<sup>27</sup> *Western Mail*, 29 August 2003.

<sup>28</sup> Children’s Commissioner for Wales, *Report and Accounts 2002-03*, October 2003.

<sup>29</sup> *Ibid*, page 15.

<sup>30</sup> *Ibid*.

funding for its child and adolescent mental health service strategy, *Everybody's Business*. The report states:

“It is about time the WAG either directly funded its much applauded strategy or gave up the pretence that it was committed to it. Without a clear, immediate and funded way forward for child and adolescent mental health service strategy many of its other statements of commitment to children’s wellbeing ring a little hollow.”<sup>31</sup>

The report describes a service in crises, with poor and patchy provision, and a worrying drain of skilled and professional workers. Deficiencies it lists include:

- A lower number of adolescent mental health inpatient beds per head of population in Wales than anywhere else in the UK.
- No children’s mental health inpatient beds in Wales.
- No children’s eating disorder beds in Wales.
- No emergency mental health adolescent beds in Wales.

The report also calls for children’s voices and ideas to be sought more often, explaining that:

“They are often very creative in thinking of ways to get round the problems, but their views and suggestions are rarely sought... It is clear that what is needed is a national drive to involve children and young people directly in the development of community planning strategies and a simultaneous effort by planning agencies to take account of the health and social needs of children and young people.”<sup>32</sup>

The Assembly Government will come forward with a response to the report in January 2004.

### ***Children’s Court Advisory Service To Be Devolved***

The Children and Family Court Advisory Service is to be devolved to the National Assembly. The proposal, outlined in the Children’s Bill, is designed to end the anomaly which gives the Assembly Government power over all child welfare issues except those in family court proceedings. The service, set up in 2001 to look after the interests of children during family court proceedings, has been troubled by staff shortages, poor training, under-funding, high profile resignations and calls for wholesale reform. Campaigners calling for an overhaul of the organisation are urging the Assembly Government to use the opportunity of its new powers to improve the service in Wales.<sup>33</sup>

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<sup>31</sup> *Ibid.*, page 17.

<sup>32</sup> *Ibid.*

<sup>33</sup> *Western Mail*, 16 December 2003.

## **ELWa**

The largest Quango in Wales, ELWA, has once again been subject to the scrutiny of the auditor general for Wales<sup>34</sup>. In the most recent report *Financial Management of Partnerships and Innovation and Development Projects*<sup>35</sup>, the auditor general's findings were, once again, highly critical of ELWa. The report revealed that the organisation was in breach of 'Government Accounting' rules and demonstrated excessive weaknesses in contract management, risking millions of pounds. The report stated:

“These audit findings demonstrate a serious and fundamental breakdown in the controls that should have been operated by the National Council. It is not acceptable that public business was conducted in this way and that the interests of the people of Wales were not better protected.”<sup>36</sup>

The report concentrates on the mismanagement and weaknesses involved with the *Pop Centre MP3 Café Project*<sup>37</sup> in the Rhondda, whose objective was to provide accessible learning opportunities to one of Wales' most deprived areas. The National Audit Office concluded that the controls established during the application and approval process of the Pop Factory were “inadequate.” Its report revealed a lack of detailed risk analysis of the project and that no financial viability assessment was taken on either the subsidiary or the parent company providing the service. There were significant weaknesses in the contract and monitoring which put public money in jeopardy.

The main criticism from, the auditor general, the audit committee and the media was reserved for the irregular payment of £4 million to the group. This was judged to contravene government accounting regulations, which prohibits an ASPB from making payments to providers prior to need. The company contracted to the project, Learn to Live Ltd, had written to ELWa expressing their concern about the payment.<sup>38</sup> The review discovered that these words of caution were merely filed away, and no further action was taken by project managers. Events such as these revealed the inadequate management at ELWa.

Giving evidence to the audit committee, ELWa's former chief executive, Steve Martin, admitted that this was an “indefensible way of spending public money”<sup>39</sup>. He acknowledged that mistakes were made and lack of staff training was a critical problem. He also acknowledged his own failings. As ELWa's chief executive and accounting officer he should have followed the project more closely. He stated: “the project didn't get enough of my personal attention in subsequent stages.”<sup>40</sup>

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<sup>34</sup> For previous accounts see *Dragon Takes a Different Route*, IWA, March 2003 and *Wales Unplugged*, IWA, August 2003.

<sup>35</sup> Auditor General for Wales, *ELWA/ National Council for Education and Training for Wales: Financial Management of partnership and innovation & Development Projects*, National Audit Office Wales, Cardiff, September 2003.

<sup>36</sup> *Ibid.* p. 4.

<sup>37</sup> *Ibid.*, part 3.

<sup>38</sup> *Ibid.*

<sup>39</sup> Evidence to Audit Committee, 25 September 2003

<sup>40</sup> *Ibid.*

ELWa's mismanagement of the Pop Factory Project was not an isolated event. The auditor general found at least another 17 projects within its Innovation and Development Programme with significant weaknesses in their management. Projects were underway whose providers had no risk assessments and viability studies, application forms were found to be incomplete and there was insufficient monitoring of projects. Several contracts did not provide adequate protection of public funds and many may be in breach of European State Aid regulations.<sup>41</sup>

The auditor general also investigated further breaches of the government's accounting regulations with the allocation of over £3.5 million to training providers to avoid a "claw back". Under National Assembly regulation, ASPBs may not normally carry over unspent balances from one financial year to another of more than the equivalent of two percent of its agreed budget. A memorandum was discovered which proposed:

"... as a minimum to avoid claw back we need to move £4 million. I would recommend that we err on the side of caution and shift £6 million, leaving a £5 million carry forward. This is a very inexact science and if you have any further thoughts I am happy to debate the issue."<sup>42</sup>

Despite this evidence, Steve Martin was adamant that ELWa was not contravening financial regulations. He said the issue was a matter of "subjective" judgement. In his opinion the payments were not in advance of need as they were paying for training undertaken throughout the year. Nevertheless, the Audit Committee judged the action to be:

"... a departure from the National Council's usual payment practices and that approval should have been sought from its sponsor division within the Welsh Assembly Government."<sup>43</sup>

To the surprise of many AMs, ELWa's former Chief Executive and Accounting Officer, Steve Martin, agreed with the conclusions of the Auditor General. He held his hands up to the criticism and explained that as an organisation ELWa was "trying to do too much too quickly." He was unequivocal in admitting the failings, stating that "arrangements were not as robust as they should have been". He added that if he had the chance he "would not have gone about it in the same way."<sup>44</sup>

As a result of the reports by the Auditor General for Wales ELWa has undergone major restructuring and the senior management team in place at the time of the misdemeanours have moved on and a recovery action plan has been drawn-up.

Although a new Chair, Sheila Drury, has been appointed, the post for chief executive has had to be re-advertised. Dr Peter Higson, formerly ELWa's Director of Performance and Knowledge Management (a position similar to one he had previously held with the North Wales Health Authority), is currently acting as an interim chief-executive. An independent review on ELWa's action plan,

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<sup>41</sup> *Op.cit.*, Auditor General.

<sup>42</sup> *Ibid*

<sup>43</sup> *Ibid.*

<sup>44</sup> Steve Martin giving evidence to the Audit Committee, 25 September 2003.

commissioned by the Welsh Assembly Government, concluded that “the fact that the senior management team is unlikely to be in place before Christmas means that the National Council is entering a period of further challenge.”<sup>45</sup>

The review of the Action Plan confirmed that of the 32 action points set out, 23 have already been achieved and two partially achieved. Of the seven action points which the consultancy described as “ongoing”, the consultants said “progress is being made in all of these areas and there is no cause for concern at present.”<sup>46</sup>

Despite steps in the right direction, ELWa have continued to receive negative press. There have already been calls for Sheila Drury to resign concerning issues surrounding the demise of Kemitron, a company of which she had been a director. Joint administrators said they had found evidence that the firm's assets had been sold at less than market value to its holding company, SJMJ Ltd, of which Mrs Drury's husband remains a director. Mrs Drury was keen to emphasise that she was not involved in these arrangements and that the interview panel was aware of her past employment history when appointing her as Chair of Elwa.<sup>47</sup>

Meanwhile, in a touch of irony, ELWa, which advises organisations how to achieve Investors in People status, has in fact lost its own Investors In People status. Elwa suffered after its own training and development budget was withdrawn to the extent that it failed to fully meet all 12 required standards. An IIP adviser told the *Western Mail* that the report “was one of the worst they had ever seen.”<sup>48</sup>

Despite these consistent set-backs the current senior management team at ELWa remained positive about the future. In the words of the new Chair:

“We have a massive agenda. We have excellent staff... we cannot succeed alone or without the support and will of providers, partners and learners. I intend to listen to a wide range of views and am convinced that if we work together we can make a real difference in Wales. I would appeal to all those who want to see Wales flourish to help us on our journey to make this venture succeed and make learning work for Wales.”<sup>49</sup>

## ***Spin Doctors Appointed***

At the end of September the Assembly Government appointed their three new special advisers. Cathy Owens, formerly a public affairs consultant, will be responsible for media and communications as well as working on the culture, Welsh language and sport portfolio. Jane Runeckles, formerly a researcher working with Labour members in the Assembly, will work on the environment, planning and countryside and business minister's portfolios. Martin Mansfield, formerly a trade union official with the Wales TUC, will work on the economic development and transport portfolio.

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<sup>45</sup> PriceWaterHouseCooper, *Review of the National Council- ELWa action plan*, August 2003

<sup>46</sup> PriceWaterHouseCooper, *Review of the National Council- ELWa action plan*, November 2003

<sup>47</sup> Interview in *Western Mail*, 20 October 2003

<sup>48</sup> *Western Mail*, 27 October 2003

<sup>49</sup> *Western Mail*, 4 November 2003

## ***New WEFO Chief Executive***

Dr Emyr Roberts, former head of the Assembly's Economic Policy division, was appointed the new chief executive of the Welsh European Funding Office (WEFO) in September. He replaces John Clarke who took early retirement. Dr Robert's has a background in finance, economic development, health and culture. WEFO has recently been brought under the direct control of Economic Development Minister Andrew Davies.

## ***Public Services Ombudsman***

Adam Peat, former director of the Local Government and Culture Department in the Assembly Government, has been appointed to the non-statutory office of Public Services Ombudsman for Wales. He took up office as Commissioner for Local Administration in Wales at the beginning of October 2003, as health service commissioner for Wales at the beginning of November 2003, and will take up his role as Welsh Administration Ombudsman in the Autumn of 2004. His appointment as Welsh Administration Ombudsman can take effect only after Parliament has approved the Regulatory Reform (Commission for Local Administration in Wales) Order 2003, which permits all three offices to be held by one person.

## ***Assembly Government Offices for Mid and North Wales***

New Assembly Government offices will open in mid and north Wales by the end of 2007. Sue Essex, Minister for Finance, Local Government and Public Services, said the aim was to spread the economic benefits of working for the Assembly across Wales and provide services closer to customers:

"The Assembly Government will have a clear and visible presence throughout the whole of Wales within the next four years. Building work on the new office at Rhydycar Business Park in Merthyr Tydfil will begin next Spring and be open for business by the end of 2005. New offices will open in Mid and North Wales by the end of 2007."<sup>50</sup>

The Aberystwyth area is the preferred location for the mid Wales office and along the A55 corridor for north Wales.

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<sup>50</sup> Assembly Government Press Release, 10 December 2003.

## 2. FINANCE

### **Suzanne Grazier, IWA**

Finance Minister Sue Essex proposed the Assembly Government's draft budget for 2004-2005 on 14 October, with indicative plans for 2005-06 and 2006-07. The final budget was debated and accepted on 2 December 2003. There has been an overall increase of 6.4 per cent, to £11.9 billion, since the plans were originally forecast in late 2002. The priorities emphasised in Rhodri Morgan's four year programme *Wales: A Better Country*<sup>51</sup> were reflected in the following increases:

- Economic Development - 8.8 per cent.
- Health and Social Services - 8.9 per cent.
- Social Justice and Regeneration - 9 per cent.

At the same time, there was growing unease at pressure accumulating on the budgetary process from the so-called 'Barnett Squeeze' arising from health spending increases and from the need to find match funding for Objective 1 projects. These pressures have arisen in response to circumstances largely outside the control of the Assembly Government. In the first place, the UK government's increased allocation to health spending, resulting in increases for the Welsh health spending under Barnett rules, is bringing enormous pressure on the Assembly Government's overall budget. This is because for, inherited reasons of greater relative ill-health, every £100 spending increase on health in England requires a £114 increase in Wales, with the extra £14 having to be found from within the overall Welsh block. Hence the more health spending rises, the greater the pressure on funding elsewhere within the block.<sup>52</sup>

Table 1 shows the budget for health in England for 2003-2004 and 2004-2005. The Barnett Formula then determines the allocation to Wales, currently 5.89% of this. In both budgets the Assembly Government has allocated more to health than this amount, thus resulting in the Barnett squeeze. The extra funds allocated to health that must come from other expenditure groups are shown to be £296 million in 2003-2004, and £336 million in 2004-2005. The additional finances needed for health, and

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<sup>51</sup> Assembly Government Press Release, 14 October 2003.

<sup>52</sup> Attention to this higher level of spending per head on health in Wales compared with England, and the implications for the budget, was first highlighted at the beginning of the Assembly's life. As *Stocktake of NHS Wales* (July 1999), the first report of a Policy Unit within the former Welsh Office, established ahead of the Assembly, put it: "... although the baseline health provision in Wales represents a higher spend per head of population than that in England (13 per cent), increases made as a result of the Comprehensive Spending Review process are calculated on the basis of the Barnett formula. Unless additional resources are made available to compensate for the shortfall, this means that the year-on-year growth in the provision for the NHS in Wales is lower than that in England."

therefore the burden on other expenditure groups, is increasing to drive a widening hole through the Assembly Government's overall budget. Although an extra £335 million may not seem a large amount when compared with the total Welsh block of nearly £12 billion in 2004-05, it will have a significant impact at the margins of the discretionary expenditure options available to the Assembly Government.

**Table 1: Health Budgets in England and Wales 2003-2004 and 2004-2005 (£'000's)**

	<b>2003-2004</b>	<b>2004-2005</b>
Health Budget in England	55,752,000	67,444,000
Barnett Allocation to Health (5.89% of English allocation)	3,283,793	3,972,452
Total Health allocation in Welsh Budget	3,580,234	4,308,148
<b>Difference between Barnett and Budget allocation</b>	<b>296,441</b>	<b>335,696</b>

Sources: Spending Review Report 2002 July 2002 (p.78); Assembly Government Final Budget 2003-2004 to 2005-2006; Assembly Government Final Budget 2004-2005 to 2006-2007.

An additional problem is the strengthening of the Euro in relation to the Pound has resulted in an increase in the value of European funds coming into Wales. It is estimated, for instance, that the value of Objective 1 funds may rise by as much as £30 million a year in the remaining period of the programme. However, this will bring an attendant need to find increased match funding from within the block grant. Shadow Minister Elin Jones has expressed her concern that the Economic Development and Transport Minister appeared unable to identify where this was accounted for in the budget<sup>53</sup>.

Both these issues are explored in more detail below. The overall consequence is a growing hole in Welsh expenditure plans whose size remains unclear. However, it is approaching £300 million in the current financial year as a result of the Barnett squeeze on health spending alone. When other considerations are factored in, such as the increase in value of Objective 1 funds, the hole is set to expand closer to £400 million in 2004-05.

What appears to be happening is that the Assembly Government is preparing to pass on the pressure to local government and ultimately to the local council tax. For instance, Opposition parties claimed that an outstanding example of this will prove to be the Teacher Workload Agreement, requiring an additional expenditure of between £30 million and £50 million a year. In addition, there are special worries about the allocation of funds for education and rural Wales. However, in the run-up to the 2004 local elections the position is likely to be alleviated by an extra windfall of £27 million that will be allocated to Welsh councils as a result of Gordon Brown's pre Budget report in early December.<sup>54</sup> Under the previous draft budget proposals, councils in Wales will receive a total of nearly £3.2 billion in revenue support from the Assembly Government in the 2004-05 financial year, overall a 5 per cent increase. According to Sir Harry Jones, leader of the Welsh Local Government Association, this would mean councils struggling to fund existing commitments.<sup>55</sup>

<sup>53</sup> Economic Development and Transport Committee meeting minutes, 19 November 2003

<sup>54</sup> Western Mail, 11 December 2003.

<sup>55</sup> WLGA press release, 14 October 2003.

The debate has been complicated by the fact that the figures for 2003-04 onwards show changes compared with the original plans set in the Autumn of 2002 (see Table 2). The actual 2003-04 budget is not shown due to changes in the way expenditure has been grouped, following departmental reconfigurations in the wake of the May 2003 election, in particular the creation of the new Social Justice and Regeneration Department under Edwina Hart. As the North Wales Conservative AM, Mark Isherwood, put it, the fact that increases from last year's budget were still referred to in some instances by the Finance Minister Sue Essex led to a "funding fog" of confusion in the budget debates.<sup>56</sup>

Release of the budget also caused concern regarding the indicative figures for the next three years, which, unlike in previous budgets, do not show changes. Instead they are 'flat-lined', as shown in Table 2. This is because a detailed budget review will take place over the next few months. It is true that any indication of future increases made now would inevitably change. Finance Minister Sue Essex argued that providing indicative figures that later would have to be amended would harm both the planning of expenditure groups and the Assembly Government's reputation concerning budget consistency.<sup>57</sup> However, the Opposition attacked the lack of forecasts at this stage, highlighting in particular the constraints Local Government is facing in planning for the next three years because of the uncertainty over future funding.

**Table 2: Assembly Governments Draft Budget 2004-05 (£'000's)**

Major Expenditure Group	2003-04 Original Plans	2004-05 Final Budget	% Change from Original Plans	2005-06	2006-07
Health and Social Services	4,160,809	4,558,345	9.6	4,558,345	4,558,345
Local Government	3,257,205	3,377,262	3.7	3,375,962	3,375,962
Social Justice and Regeneration	614,802	639,235	4	635,235	635,235
Environment, Planning and Countryside	409,213	417,137	1.9	417,137	417,137
Economic Development and Transport	1,229,656	1,353,712	10.1	1,353,712	1,353,712
Education and Lifelong Learning	1,187,017	1,227,320	3.4	1,227,320	1,227,320
Culture, Welsh Language and Sport	97,997	124,304	26.8	124,304	124,304
Reserves	54,956	32,229	-41.4	882,144	882,144
<b>OVERALL TOTAL*</b>	<b>11,214,066</b>	<b>11,935,019</b>	<b>6.4</b>	<b>12,780,296</b>	<b>12,780,296</b>

\* Administration and the Inspection expenditure groups have been omitted and so columns do not sum to the total.

Next year's review of Assembly Government spending will examine consistency in budgetary provision. Revised budgets for 2005-06 and 2006-07 will be published in March 2004 after the spending review has been conducted. Since the final budget was approved, the Chancellor of the Exchequer, in his pre-budget report on 10 December announced an increase in the Welsh Block Grant of £22 million in 2004-05 and a

<sup>56</sup> *Assembly Record*, 22 October 2003, p.41.

<sup>57</sup> *Assembly Record*, 12 November 2003

further £5 million in 2005-06. Sue Essex is now considering where this additional funding will be allocated.<sup>58</sup>

## ***The Barnett Squeeze***

Relating to the Block Grant, of which the Barnett Formula determines the amount, members were concerned that there has been no revision to the method by which allocated funds to the Assembly are determined. In particular, Jenny Randerson recognised that there had to be “winners and losers” in the budget because of the fixed income. However, she suggested that:

“... we might have more sympathy if we knew that you were presenting a strong case to the UK Labour government for a reform of the Barnett formula.”<sup>59</sup>

Specifically, the budget is suffering from the ‘Barnett Squeeze’ consequent upon the Assembly Government’s decision to match expenditure on health in England with an increased amount for Wales, by an extra £14. The former Secretary of State for Wales and Labour AM for Caerphilly, Ron Davies, described how the ‘Squeeze’ works in the following terms:

“For every £100 per capita spend in England, our poor health status requires us to spend £114 in Wales. However, under Barnett as year-on-year health expenditure increases we only receive £100 from the Treasury for every £114 we spend. Welsh policy makers face an unenviable choice, either increase health expenditure at a lower level of increase than England (so worsening the health divide) or maintain expenditure at existing comparative levels to try to maintain health conditions. Not unnaturally the policy, hitherto, has been to do the latter. But you can’t spend the same pound twice. That extra £14 has to come from other budgets within the Welsh block, that is environment, education, local government or economic development. It’s worth noting in passing that if we are serious about improving the level and quality of health in Wales it is in these areas that we should be spending our money – not just on treating people who are sick. Since the advent of the Assembly a very large sum of money has been transferred in this way. Responding to an Assembly Question I tabled in February 2002, the Finance Minister said:

‘Since the Assembly was established on 1 July 1999, I have allocated a total of £68.8 million additional funding to the NHS in Wales over and above the Barnett consequential increases during that time.’

“Looking forward, and thanks to Gordon Brown’s record-breaking budgets, health expenditure will increase in Wales by £1.8 billion over the next six years. This increase is one of which we can be justly proud. However, there is a

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<sup>58</sup> Assembly Government Press Release, 10 December 2003.

<sup>59</sup> Assembly *Record*, 22 October 2003. p.53.

downside in Wales: for every extra £100 we spend, there is a call for a further £14 to be made on other Welsh public services. The Treasury health increase of £1.8 billion therefore means a total of £252 million as additional expenditure on health must come from other National Assembly for Wales programmes over that same period.”<sup>60</sup>

Ron Davies returned to this theme in the annual Welsh Political Archive Lecture he gave at the National Library in Aberystwyth in early November. Analysing comparative health spending between Wales and England in the current financial year he calculated a spending gap of some £300 million due to ‘Barnett Squeeze’:

“The allocated budget for England was £55.8 billion. The population percentage used for calculating the Welsh share was 5.89 per cent so the amount available to Wales was £3.29 billion via the formula. The actual amount allocated to the NHS in Wales by the Welsh Finance Minister out of the Welsh Block was £3.6 billion. Some £300 million therefore has been squeezed from other areas of Welsh public spending during the current year alone to meet the shortfall in health expenditure.

“It doesn’t require a leap in the imagination to realise the similar additional burdens falling on other budgets, such as Local Government, Social Services or Education as a result of the social consequences of economic under achievement. The late Phil Williams whose intellect and immense humanity illuminated all he did in the National Assembly calculated the deficit over the Block as a whole as being in the order of £600 - £800 million annually. It’s difficult on the basis of the published information to disagree with that figure.”<sup>61</sup>

And as Plaid Cymru’s Finance spokesperson, Alun Ffred Jones, put it in the recent debate:

“... in order to maintain that level of expenditure on the health service, something else must suffer. In this budget, the something else is the countryside, housing, local taxpayers and education.”<sup>62</sup>

Overall, therefore, funding for major expenditure groups appears to have been constrained by a desire to match health funding rises in England, despite not having the comparable revenue increases to do so.

## ***European Match Funding***

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<sup>60</sup> Ron Davies, ‘As Need Should Have It’, *Agenda*, IWA, Winter 2002/03.

<sup>61</sup> Ron Davies, Welsh Political Archive annual lecture, 7 November 2003.

<sup>62</sup> *Assembly Record*, 22 October 2003, p.41

Opposition parties have also accused the Assembly Government of not providing the required amount of match funding for Objective 1 in the budget, with the result that schemes due to receive European funds could be threatened. Firstly, Opposition parties criticised the fact that the majority of match funding, amounting to a total of almost £600 million, will be from the Block Grant rather than from the Treasury.<sup>63</sup> In considering specifically the allocation of match funding within the budget, the *Pathway to Prosperity Fund*, is allocated £20 million, even though it has been suggested that applications to the Assembly Government of around £100 million have been made.<sup>64</sup> In addition, a reduction in the *Local Regeneration Fund* could potentially endanger European-funded projects.

The First Minister has emphasised that Assembly Government match funds are only available as a last resort, with it being the responsibility of project sponsors to provide funding. He has insisted that worthwhile projects will not be allowed to fail because of a shortage in match funds. However, with three years of Objective 1 funding to go, financial pressures suggest that a more strategic approach to budget allocation will be adopted. At the same time the First Minister Rhodri Morgan said that as the funder of last resort, the Assembly Government would not allow worthwhile projects to fail. A review had been conducted to evaluate the way money was being spent. And he added:

“Therefore some projects that might have received funding if the Objective 1 Programme had continued in the same veins as in its first three years may not do so now... We always knew that there would be a review at the halfway stage, and that has now taken place.”<sup>65</sup>

On the question of what constituted a ‘worthwhile’ project, the First Minister explained:

“The easiest way to define worthwhile – and it is a subjective expression – is, basically, the difference between nice to have and need to have.”<sup>66</sup>

Opposition parties argued that extra funds were likely to be needed at this halfway stage. Both the expansion of successful programmes and the increasing strength of the Euro, means that more match funding will be required. Jenny Randerson suggested, “good governance requires that Ministers should have foreseen this.”<sup>67</sup> Despite this, referring to past experience in which more than 80 per cent of match funding had come from outside the Assembly Government, Finance Minister Sue Essex insisted that:

“... this budget will provide the necessary level of last resort funding for all quality projects.”<sup>68</sup>

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<sup>63</sup> *Assembly Record*, 9 December 2003, p.56

<sup>64</sup> *Western Mail* 29th November 2003

<sup>65</sup> *Assembly Record*, 2 December 2003.

<sup>66</sup> *Ibid.*

<sup>67</sup> *Assembly Record*, 9 December 2003, p.59.

<sup>68</sup> *Ibid.*

Allegations of a shortfall continued, with reports that some of the affected firms “are experiencing severe difficulties and some have even drawn up redundancy plans for staff.”<sup>69</sup> Concern mounted that bids for next phase of funding will be rejected. A Senior Official at Carmarthenshire County Council suggested that a lack of funds could jeopardise hundreds of jobs and prevent the creation of over a thousand, adding, “the repercussions are therefore immense.”<sup>70</sup> The Welsh Development Agency has confirmed that it will review, and consequently prioritise, all projects receiving European funding.

## **Health And Social Services**

There has been a significant 9.6 per cent increase in the allocation to health and social services compared with the original plans. A fund of £25 million has been allocated towards fulfilling the recommendations outlined in the Wanless Report.<sup>71</sup>

**Table 3: Health and Social Services Budget 2004-05 (£'000's)**

<b>Health and Social Services</b>	<b>Final Budget 2004-05</b>	<b>% Change from original plans</b>
Local Health Boards and NHS Trusts	3,554,295	4.2
Education and Training	152,259	-0.1
Family Health Services	538,797	48
Health Improvement	44,577	13.4
Health Promotion	4,868	34.6
Food Standards	2,352	3.3
Welfare Food	11,000	32.5
Children	81,953	12.7
Personal Social Services	6,477	0
Other Health and Social Services	147,617	66
Social Services Inspectorate	14,150	26.9
<b>TOTAL</b>	<b>4,558,345</b>	<b>9.6</b>

## **Social Justice and Regeneration**

<sup>69</sup> *BBC News* 28 November 2003.

<sup>70</sup> *Western Mail* 4 December 2003.

<sup>71</sup> *Assembly Record*, 22 October 2003.

As a new group added to the major expenditure groups, Social Justice and Regeneration merges expenditure on housing and communities. The Finance Minister emphasised how “communities are the heart of our country and must be the level at which we focus our policies”, justifying why this sector has been one of the Assembly Government’s priorities in this budget.<sup>72</sup>

**Table 4: Social Justice and Regeneration Budget 2004-05 (£’000’s)**

<b>Social Justice and Regeneration</b>	<b>Final Budget 2004-05</b>	<b>% Change from Original Plans</b>
Social Housing Grant	59,400	5.3
Supported Housing Revenue Grant	14,792	5
Housing-General Capital Funding	211,200	2
Other Housing Revenue	61,389	7.8
Housing Revenue Account Subsidy	196,000	1
<b>HOUSING SUBTOTAL</b>	<b>514,781</b>	<b>2.7</b>
Community Purposes	68,619	3.4
Other Regeneration	2,104	207.6
Safer Communities	15,775	51.8
Pathway to Prosperity-social economy	389	37
Support for the Voluntary Sector	6,912	-12.6
Equality	655	5.6
<b>COMMUNITIES SUBTOTAL</b>	<b>94,454</b>	<b>9.5</b>
Reserve	2,000	100
<b>TOTAL</b>	<b>639,235</b>	<b>4</b>

## **Education**

With a budget allocation of just 3.4 per cent higher than originally planned, funding for education has caused major debate. Education has been omitted from the Assembly list of priorities, despite the fact that expenditure will have to increase to meet new criteria. For instance, The National Workload Agreement, which began in September, will require schools to employ more teaching assistants, leaving teachers to spend more time for marking and for preparing lessons. The Finance Minister emphasised that the local government budget included extra money via the Revenue Support Grant, which allocates £30 million to financing the Teachers Workload Agreement, in addition to £3 million in the education budget.<sup>73</sup> Plaid Cymru’s leader, Ieuan Wyn Jones, claimed the budget made “no provision at all to fund schemes designed to reduce pressure on teaching staff”, with £44 million needed to fund the agreement.<sup>74</sup>

Education also faces more expense with pressures to introduce performance-related pay for teachers, to reduce class sizes to below 30, and to meet school building legal requirements for disabled access. Opposition party leaders argued that the funds allocated to education by the Assembly Government were inadequate to meet these commitments. Welsh Liberal Democrat Leader Mike German said that in this budget:

<sup>72</sup> *Assembly Record*, 22 October 2003, p.33

<sup>73</sup> *Assembly Record*, 22 October 2003, p.30

<sup>74</sup> *Western Mail* 15 October 2003.

“... the losers will be schools and students. There will be less money for learning grants and less money to cut class sizes in schools.”<sup>75</sup>

However, Sue Essex insisted the overall financial support for schools was adequate, highlighting the fact that, once revenue support in the local education budget has been included, education funding had increased by 5 per cent since last year and 63 per cent since 1999.<sup>76</sup>

**Table 5: Education and Lifelong Learning Budget 2004-05 (£'000's)**

Education and Lifelong Learning	Final Budget 2004-05	% Change from Original Plans
Training and Enterprise Support	14,657	-7.8
Careers Wales	35,000	2.9
National Council-ELWa	520,762	7.4
Higher Education Funding Council for Wales	361,889	5.5
Student Access Funds	42,901	-27.6
Youth Initiatives	5,032	72.2
Teaching: Restructuring	16,625	-9.1
Schools Capital	52,185	13
Education-General Capital Funding	54,939	0
GEST	59,710	-14.8
ACCAC	12,797	6.1
Other Education	36,238	14.2
<b>TOTAL</b>	<b>1,227,320</b>	<b>3.4</b>

## **Local Government**

The 3.7 per cent increase from original plans in Local Government funding is likely to put pressure on local councils. This is particularly true when the increase includes £30 million in Revenue Support allocated to funding the Teachers Workload Agreement. Many Assembly Members voiced fears that this budget would lead to large council tax increases, a view underlined by Sue Essex's declaration that, “the choice between local expenditure and taxation is a local choice.”<sup>77</sup> Following the Chancellors announcement of an increase in the Block Grant, however, the Finance Minister is considering where to allocate additional funding stressing that she will be “recognising the needs of local government in Wales.”<sup>78</sup>

**Table 6: Local Government Budget 2004-05 (£'000's)**

	Final Budget	% Changes since Original

<sup>75</sup> *Ibid.*

<sup>76</sup> *Western Mail* 23 October 2003

<sup>77</sup> *Assembly Record*, 22 October 2003, p.46

<sup>78</sup> Assembly Government Press Release, 10<sup>th</sup> December 2003.

	<b>2004-2005</b>	<b>Plans</b>
Local Authority Revenue	3,357,170	3.9
Non Domestic Rates Collection Costs	5,172	0
Valuation Office and Local Government Other Services	14,920	-29.7
Depreciation of capital assets	3	0
<b>TOTAL</b>	<b>3,377,262</b>	<b>3.7</b>

## ***Economic Development and Transport***

Finance Minister Sue Essex stressed that the allocation of funds for Economic Development and Transport reflected a further priority highlighted in *Wales: A Better Country*. The 10.1 per cent increase from original plans would enable work to continue on the Economic Development Strategy *A Winning Wales*.<sup>79</sup>

**Table 9: Economic Development and Transport Budget 2004-05 (£'000's)**

<b>Economic Development and Transport</b>	<b>Final Budget 2004-05</b>	<b>% Change from Original Plans</b>
RSA and other Business Support	94,115	30.3
ICT Advice Infrastructure	14,332	14.2
Pathway to Prosperity Fund	20,165	1
Welsh Development Agency	207,550	0.3
Transfers to Local Government	15,819	0
Wales Tourist Board	22,557	0
Other Economic Development	1,395	21.8
WEFO	268,225	21.7
Trunk Roads, Motorways and Transport Services	554,782	2
Transport Grant and Other LA Grants	123,413	49
Local Transport Services Grant	8,800	2.9
Roads-General Capital Funding	19,809	0
Miscellaneous Transport	2,750	-15.4
<b>TOTAL</b>	<b>1,353,712</b>	<b>10.1</b>

## ***Environment, Planning and Countryside***

With only 1.9 per cent increase from original plans, the allocation of funds to Environment, Planning and Countryside was heavily criticised. Mick Bates, Countryside spokesperson for the Welsh Liberal Democrats, said that it amounted to

<sup>79</sup> *Assembly Record*. 22 October 2003, p.34

funding cuts in this sector. He claimed that “community regeneration, rural retail, procurement markets, and the Tir Gofal scheme for environmental improvements on farms” will suffer.<sup>80</sup> In particular, there was a decrease from original plans of 12.1 per cent in the funds allocated to farm environment programme Tir Gofal.

Nonetheless, Environment, Planning and Countryside Minister Carwyn Jones said that it would be inaccurate to describe the apparent reductions as cuts. In particular, he emphasised that funding had been reduced for the demand-led Tir Gofal scheme because demand had been less than expected adding “if the take-up improves, more will be spent under that heading.”<sup>81</sup>

**Table 7: Environment, Planning and Countryside Budget 2004-05 (£'000's)**

<b>Environment, Planning and Countryside</b>	<b>Final Budget 2004-05</b>	<b>% Change from Original Plans</b>
Planning	7,732	12.9
Flood and Coast Protection	9,130	11.9
Other Environmental Services	1,492	10.8
National Parks	10,229	7.3
Countryside Council for Wales	42,644	5.6
Environment Agency	21,510	21.4
Countryside Grants	2,087	12.4
Waste Strategy	29,544	1
Habitats Regulations	155	0
Sustainable Development	932	0
Regeneration and other Local Services	18,324	0
Tir Mynydd	36,000	0
Market Support Schemes	151,906	0
Rural Development Plan	35,873	-6.7
Rural Policy Division	4,050	8
Food and Farming Development	2,133	-4.7
Rural development programme	900	-34.1
Animal Health	7,841	-7.7
Agriculture and Fisheries Policy	3,479	20.8
Other Agriculture Services	3,111	120.5
Plant Health Services	157	-38.9
Forestry Commission	10,000	2
Forest Enterprise	17,908	-1.4
<b>TOTAL</b>	<b>417,137</b>	<b>1.9</b>

## ***Culture, Welsh Language and Sport***

Despite this sector’s relatively large increase of 26.8 per cent compared with original plans, there were concerns regarding National Lottery funding of a number of

<sup>80</sup> *Western Mail* 15 October 2003

<sup>81</sup> *Western Mail* 16 October 2003

Assembly Sponsored Public Bodies. Specifically, the budget does not appear to take account of the consequences of projected falls in National Lottery receipts.

This budget inaugurates a new Culture Fund which combines the spending of the cultural and sports funding bodies sponsored by the Assembly Government – the Arts Council for Wales, the Welsh Language Board, and the Sports Council for Wales. In Table 8 the funding amount set against each of these bodies is only for their running costs. The breakdown of how the Culture Fund will be divided between them will be provided towards the end of January 2004.

**Table 8: Culture, Welsh Language and Sport Budget 2004-05 (£'000's)**

<b>Culture, Welsh Language and Sport</b>	<b>2004-2005 Final Budget</b>	<b>% Changes since Original Plans</b>
National Museums and Galleries of Wales*	21,578	1.7
National Library for Wales*	11,529	1
Arts Council for Wales	2,154	0
Sports Council for Wales	2,720	2.6
Welsh Language	3,439	20.2
Other Arts and Libraries	1,048	-38.2
Culture Fund	50,037	7.5
Ancient and Historical Monuments in Wales	1,614	0
Cadw	7,748	0
<b>TOTAL</b>	<b>124,304</b>	<b>4</b>

\* This does not include Provisions for Pensions as this is forecasted expenditure only (Annually Managed Expenditure)

### ***Size Of The Reserve and Under-Spend***

With an under spend of 0.8 per of the 2002-03 budget, the remaining £91 million will be recycled into the expenditure plans for 2003-04. Sue Essex stated that she would use resources “from carry forward and other slippage to meet a limited number of pressures next year, and to begin delivering our manifesto commitments.”<sup>82</sup>

Such commitments include the free breakfasts scheme (estimated cost of £1.5 million) and free swimming for children and the elderly (estimated cost of £3.5 million).<sup>83</sup> Although Assembly Members have criticised the Labour government for funding such pledges in this way, the Finance Minister insisted that it is necessary to ensure pilot schemes are tested so that costs can be properly estimated.

A further issue concerns the reserves, which are now 0.3 per cent of the total budget. Last year, the budget was criticised for setting aside only £90 million (0.8 per cent of last years overall budget of £11.3 billion). With a further reduction in reserves this year, Plaid Cymru’s Finance spokesman Alun Ffred Jones claimed that the “budget

<sup>82</sup> *Assembly Record*, 22 October 2003, p.27.

<sup>83</sup> *Ibid.*

barely holds together.”<sup>84</sup> This is a significant issue when the level of under spending has also been reduced. Overall therefore, with low under spend (and this being recycled into the budget to help fund Manifesto commitments) and significantly low reserves, the budget is extremely vulnerable to unforeseen events.

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<sup>84</sup> *Assembly Record*, 22 October 2003, p.53

### **3. THE ASSEMBLY**

***John Osmond and Jessica Mugaseth, IWA***

#### ***Richard Commission***

In November the First Minister, Rhodri Morgan set out a speculative timetable and action plan once the Richard Commission on the Assembly's powers has published its report, expected towards the end of March 2004. Speaking at a Cardiff conference organised by *Progress*, a mainstream Labour Party London-based think tank, he proposed a period of consultation leading to a special Recall Conference in July 2004 to agree a response to the Richard Commission's recommendations. This would be conveyed to the UK Labour conference in the Autumn and, as the First Minister put it:

“Provided proposals are agreed at that Conference they will have a fighting chance of being reflected in the Manifesto upon which the Labour Party will fight the next General Election.”<sup>85</sup>

He declared that further powers for the Assembly need not necessarily be approved in a referendum:

“Proposals which flow from Richard, and which lie within that essential framework seems to me to fall within the umbrella of the original process and are far from signalling the inevitability of a second referendum ... The point I wish to make most forcefully is that a second referendum only comes into play under certain very specific outcomes, tax varying powers being the most obvious.”

And he added:

“Most of the proposals I have seen floated for fundamental changes in powers or in the voting system, of the 'quantum leap' kind and therefore constituting a strong moral or political case for a second referendum, have seemed quite 'off the wall' to me.”<sup>86</sup>

Commenting on the possibility of the Assembly acquiring further powers, Rhodri Morgan said:

“My suggestions is simply that we need to free ourselves of the rather simplistic, binary way of portraying the constitutional choices available to Wales as being either a retention of the status quo – as favoured by what least some of the Conservative party in Wales – or its replacement with the Scottish model – as appears to be favoured by the rest of them. We need to free

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<sup>85</sup> Rhodri Morgan, speech to Progress Wales Conference, Cardiff, 22 November 2003.

<sup>86</sup> *Ibid.*

ourselves from this sort of conceptual straitjacket. There are many alternative models which allow us to continue the momentum of devolution in which I think we have been engaged, ever since the election of a Labour government in 1997.

“To cite just one most obvious example, we have the model of legislative competence which is contained within the devolution settlement of Northern Ireland. I note that the evidence to the Richard Commission from Professor Richard Rawlings, for example, describes this as providing 'some useful comparative lessons in constitutional design'. The Northern Ireland model provides for three categories of legislation - matters which remain the responsibility of the Government in Westminster (defence, foreign affairs, for example); matters over which the Assembly in Northern Ireland hold primary legislative powers (health and education, for example), and matters over which the Assembly can legislate, but only with the consent of the Secretary of State. In a Welsh context, it is possible to imagine such an intermediate category dealing, for example, with matters which have a clear cross-border component, such as environmental issues or certain aspects of transport.”<sup>87</sup>

Following his address, the First Minister was questioned whether extending the Assembly's powers to embrace primary legislation would move outside the 'umbrella' of the 1997 referendum and so require a further plebiscite. His reply was that this was “not clear-cut”. On this critical point submissions made by two of his Deputy Ministers to the Richard Commission some months earlier probably reflects the general view of the Cabinet. As the Deputy Minister for Economic Development and Transport, Brian Gibbons, wrote:

“It is debatable that a further referendum is needed to approve the acquisition of primary legislative powers as the Assembly already has law making functions and the acquisition of primary legislation powers is only an extension on this.”<sup>88</sup>

John Griffiths, Deputy Minister for Health was more emphatic:

I do not believe a referendum on primary powers would be necessary. A mandate resulting from a UK general election manifesto commitment is perfectly adequate ... A referendum approved the establishment of the Assembly. A further one is not necessary for what amounts to evolution of the body.”<sup>89</sup>

The attention given to the question of a further referendum by these leading pro-devolution Ministers signals that the debate over extending the Assembly's powers has already begun inside a divided Welsh Labour Party, well ahead of publication of the Richard Commission's proposals. Another key sticking point, this time concerning the position of Welsh MPs at Westminster, was also identified by the First Minister in his address:

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<sup>87</sup> *Ibid*

<sup>88</sup> Written evidence to the Richard Commission, 25 June 2003.

<sup>89</sup> Written evidence to the Richard Commission, August 2003.

“I hear it said that the Commission's conclusions, if followed through, would inevitably lead to a diminution in the number of MPs sent from Wales to London. Once again, there is an inevitability about such a conclusion which I reject. Whatever changes the Report might produce, the case for retaining the current level of Welsh representation seems to me to be a strong one. Compared to our European neighbours, it certainly could not be said that we have an over-representation of democratic bodies in Wales.

“The comparison most often drawn is between our position and that of Scotland. The origins of the current blood-soaked process to reduce the number of Scottish Members of Parliament from 73 to 59 appears, now, to be rather obscure. Despite a great deal of ill-informed comment outside of Scotland it cannot be laid at the door of the so called 'West Lothian question'. It is much more to do with equalising the ratio of electors to Members of Parliament in Scotland and England. It is true, of course, that if a simple per-head-of-the-population comparison is made between English and Welsh parliamentary seats, then Welsh MPs represent, on average, fewer constituents than their English counterparts. But that crude global comparison hides so many important factors such as geography, very low rural population density levels and the lack of flexibility within the umbrella of relatively small preserved counties as to be more confusing than illuminating.

“My position is straightforwardly this: political responses to the recommendations from the Richard Commission Report need not have a direct line of consequence for Welsh representation at Westminster.”<sup>90</sup>

Meanwhile, Welsh Liberal Democrat leader Mike German has called for a convention to be established in the wake of the Richard Commission to take its recommendations forward. As he put it:

“Given the reluctance of the Labour Party to offer a view on future powers, there is a case to be made for a powers convention. To its credit, Plaid Cymru called for a convention some months ago but it was looking to duplicate much of the work of the Richard Commission. The Richard Commission has had written submissions from 79 organisations and individuals and given evidence from such a wide range of contributors, the role of the Convention would be to campaign for the Commission's findings to be implemented. There will be a huge temptation for the Welsh Labour Party to hide its blushes by filing the Commission's report on a dusty shelf, along with Professor Eric Sunderland's report on electoral arrangements for local government. A Convention representing a wide range of Welsh interests would make it difficult for the Commission to be ignored.”<sup>91</sup>

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<sup>90</sup> Rhodri Morgan, *op. cit.*

<sup>91</sup> *House Magazine*, September 2003

## **Assembly Seating**

A wrangle between the Government side and the Opposition parties about seating arrangements in the chamber, that preoccupied the Assembly in the wake of the May elections, was resolved by a Standing Committee established to settle the matter.<sup>92</sup> Labour AMs now sit together on the left hand side of the debating chamber, and on the right-hand side, Plaid Cymru have two frontbench seats, with the other two allocated to Conservative Group leader Nick Bourne and Liberal Democrat leader Mike German.

Each party group will sit more or less directly behind their leaders. The Standing committee also established some key principles for the allocation of seats – both in the present chamber and in the new debating chamber under construction. In case of further disagreements Standing Orders will be amended in order to allow the Presiding Officer to make the final decision.

The seating changes prompted former Labour AM and Secretary of State for Wales Ron Davies, to accuse the Assembly of reverting to Westminster-style confrontational politics. Giving the annual Welsh Political Archive lecture at the National Library in Aberystwyth in early November he declared:

“It’s ironic that as public disenchantment grows, the Assembly itself is increasingly trying to ape the discredited Westminster model. We now have a ‘Government’ on one side and an ‘Opposition’ on the other, with all the certainties and dogmas that such a division inevitably brings.”<sup>93</sup>

However, speaking after a Minority Party debate in early December, and referring to the possibility of a censure motion on Health Minister Jane Hutt, Conservative leader Nick Bourne said one consequence of the new seating arrangements was to increase Opposition co-operation:

“We agree on a range of issues. It’s not beyond the bounds of possibility that co-operation will be taken a stage further.”<sup>94</sup>

## **Assembly Committees Membership Change**

A new report from the Constitution Unit at University College London on the operation of the Committees in the Assembly says they suffer from a high membership turnover.<sup>95</sup> Table 1 shows the extent to which committee membership changed during the first term, with the membership of two of the committees – Agriculture and Environment - changing completely during the period. The report concludes that this large turnover is not conducive either to effective scrutiny or policy-making.

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<sup>92</sup> See the previous Monitoring report *Wales Unplugged*, IWA, August 2003.

<sup>93</sup> Western Mail, 8 November 2003.

<sup>94</sup> Western Mail, 3 December 2003.

<sup>95</sup> *Scrutiny under devolution – Committees in Scotland, Wales and Northern Ireland, November 2003.*

**Table 9: Membership Turnover in Assembly Committees**

	Turnover
Agriculture and Rural Development (June 1999-April 2003)	122%
Culture (June 1999-April 2003)	25%
Economic Development (June 1999-April 2003)	60%
Education and Lifelong Learning (November 2000-April 2003)	33%
Health and Social Services (June 1999-April 2003)	75%
Environment, Planning and Transport (April 2000-April 2003)	122%
Local Government and Housing (March 2000-April 2003)	13%

The report's recommendations include:

- Chairs should not sit on more than one committee.
- Verbatim records of proceedings should be produced.
- Training sessions for members should include effective questioning skills.
- Sub committees should be experimented with as a way of concentrating expertise and saving time for the full committee. The Scottish Parliament's use of a 'reporter system' should be examined in which one or two members investigate an issue and report back to the full committee

The glossy nature of the National Assembly reports are recommended as a way of giving committees an identity and are credited for being more engaging than the more Westminster-style publications of the Northern Ireland and Scottish institutions.

The Minister's report used in Wales was held as an example for the Northern Ireland and Scottish institutions to emulate. However, the concerns of AMs over the ministerial monthly report being fitted in as one of several agenda items, putting members under pressure, was also highlighted. It was also recognised that the length of time allowed for scrutinising the Minister is dependent on the chair, one of whom believed that "scrutiny is probably as effective a way of developing a policy, in this institutions, as any other". However, a respondent on another committee said that "at present it is inevitable that the Minister sets the agenda with the monthly report because there is insufficient time for us to get suitably briefed on the report." This member suggested replacing the monthly report with a dedicated quarterly session. Another member questioned the effectiveness of monthly reports, describing it as "useless... because the formal report we get now is merely a list of diary engagements."

## **May 2003 Election**

The Electoral Commission has reported on the administration of the May 2003 election, voter turnout, public awareness and the media.<sup>96</sup> Key themes were:

<sup>96</sup> The Electoral Commission, *The National Assembly for Wales Elections 2003. The Official report and results*. Cardiff: November 2003.

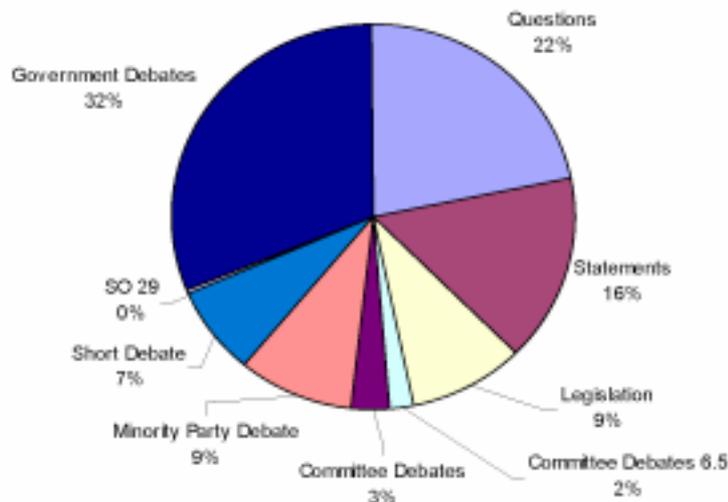
- **The information deficit:** The Commission calls for the communications strategies of all those concerned with the National Assembly and its elections – political parties, candidates, Assembly Members and the National Assembly itself – to address themselves to the information deficit, not merely at election time, but between elections and in the long term.
- **Voter attitudes to the National Assembly:** The report demonstrated that many voters perceive the National Assembly has failed to deliver against their expectations, although hostility to devolution as such is limited. A majority say they would like be more likely to vote if the Assembly had more powers, though the Commission says this should not be exaggerated.
- **The nature of the election campaign:** this can have a substantial affect on turnout, including the perceived importance of the political issues to be decided in the election and the nature of the competition between political parties. Research undertaken for the Commission suggests that the low-key nature of the campaign in many areas of Wales, including the lack of contact between candidates, political party activists and the public, influenced turnout.
- **Lack of engagement of younger people:** Levels of awareness about the National Assembly and the election were especially low among the young, with only 19 per cent of those under 35 voting. It was not apparent that any of the parties directed campaigns specifically at younger voters.
- **Role of the media:** the media gave low prominence to the campaign, treating it as a ‘second-order’ election. The problem was exacerbated by the absence of a competitive, all Wales national press and the fact that many television viewers receive broadcasts from English channels.
- **The need for more convenient methods of voting:** Opinion research showed that greater choice in voting methods and increased convenience would encourage some non-voters to vote. The Commission recommends that innovative voting methods should be explored.
- **Emphasising the Positive:** Despite fall in turnout, interest in politics shows little evidence of a decline. Relatively few voters believe that devolution has made the governance of Wales or the provision of public services worse. Significant numbers of people may be more inclined to vote if the process of voting were made easier and they could be persuaded that elections were more likely to make a difference to their lives.

The Electoral Commission made a number of key recommendations, the most prominent of which refers to increasing powers to the National Assembly. The report states that because the National Assembly does not have primary responsibility for its own elections, it regards itself as legally unable to promote them or to develop a public information and communications strategy around them. Consequently, the Assembly is unable to disseminate clear information to the electorate about its powers, responsibilities and achievements. The report argues that in the interests of administrative efficiency, it is important that the most appropriate body gives a clear lead, in this case the National Assembly. The Electoral Commission gives an recommends that responsibility for secondary legislation governing the conduct of its own elections should be devolved. This would enable the Assembly to develop an appropriate communications strategy.

## ***Business in the First Term***

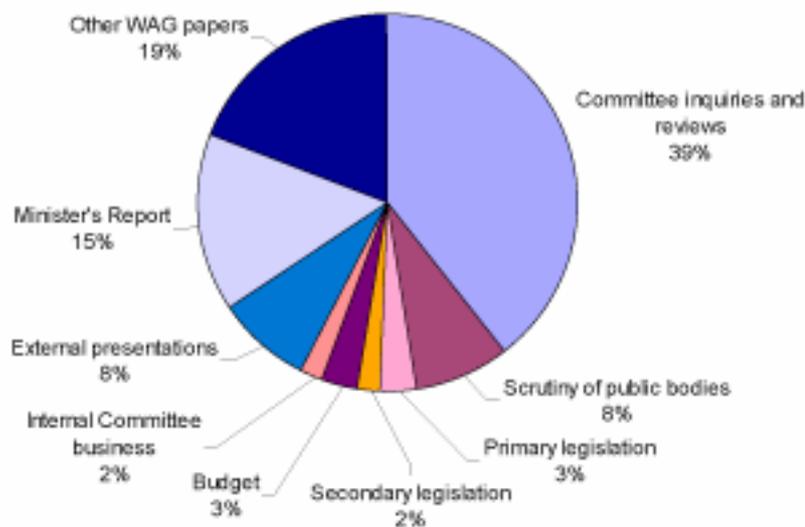
A statistical analysis produced by the Presiding Office covers the Assembly business in the first term. The first diagram shows that over a third of the time was spent on 424 Government debates. The second shows that inquiries and reviews took up the majority of the time of the committees, with a significant amount of work also taken up by government papers, including the Minister's report:

### **Breakdown of Plenary Business for First Assembly**



### **Allocation of subject committee time**

% of time envisaged on committee agendas: 1999 (July) - 2003 (April)



## **4. POLICY DEVELOPMENT**

***Jessica Mugaseth, IWA***

### ***Health and Social Services***

A £7 million package was announced in October to improve primary health care across Wales. The money will be directed to seven measures called Enhanced Services, connected with the start of the implementation of the new GP contract. The seven Enhanced Services are:

- Access within 24 hours to a member of the primary care team and much sooner in an emergency.
- Higher payments for flu vaccinations for under 65 at-risk groups.
- £1.4 million to assist practices for summarising medical records as part of the preparation for the quality and outcomes framework, which will improve the accuracy of records and public health information.
- £500,000 to Local Health Boards to ensure a full service is in place for the treatment of violent patients.
- £1.9 million is being made available this year for Local Health Boards to commission the anti-coagulation monitoring service for Warfarin monitoring. This is work that is increasingly being undertaken in primary care, providing relief for hospital haematology departments.
- Provision of near patient testing, which is regular blood monitoring of patients who are reliant on certain complex rheumatology drugs.
- Care of dependent drug users in co-ordination with others. This will involve well-managed methadone or other substitute medication schemes and associated counselling.

Following the critical report of Professor Brian Edwards into unacceptable long waiting times for orthopaedic services in Gwent, Health Minister, Jane Hutt, announced £10.72 million capital funding to extend provision in south Wales. In his report Professor Edwards recommended an extension of capacity in orthopaedic services to address current pressures and predicted future demands. The £10.72 million capital funding over the next two years will enable the development of St Woolos Hospital and Llandough orthopaedic ambulatory care and diagnostic centres. St Woolos will provide extra capacity with two additional orthopaedic theatres and additional staff, a 30 bedded ward and post operative care facility in addition to some additional outpatient facilities. The centre at Llandough will provide extended outpatient services, additional x-ray services, 15 overnight beds. In addition, twin theatres which will provide care for day cases and routine orthopaedic procedures with a very short length of stay. Another £5 million will be contributed on a recurrent basis to support the developments.

Over £11 million was allocated to Local Health Boards to help rescue health inequalities in Wales. The allocation of the funding follows recommendations on how it should be distributed made by the Standing Committee on Resource Allocation,

chaired by Professor Peter Townsend. The boards will receive specifically targeted funding to reduce inequalities and to improve access to health services for the people most in need in Wales.

An initiative aimed at increasing awareness and understanding of health inequalities and inequities in access to health services was set up with funding of up to £15,000. *The Equity Training and Advocacy Grant's Programme*, was launched in September and is being piloted in three Local Health Boards. The equity training grants aims to help doctors, nurses and other health professionals, as well as members of other organisations to work together to identify severe unmet health needs, and to consider action to address them. The grants programme will assist in stimulating new local responses to local challenges and increase awareness and understanding of health inequalities and inequities in access to health services.

The first meeting of the advisory team established to look at the role of a Commissioner for Older people in Wales met in October. The group, chaired by Deputy Minister for Health and Social Care, John Griffiths, will consider the Commissioner's status, powers, role and responsibilities and will present their report and recommendations in March 2004.<sup>97</sup> Additionally, a new Cabinet sub-committee on the needs of Older People has been established. The committee met for the first time in November, chaired by the Minister for Health and Social Services, Jane Hutt. It will meet three times a year to monitor the progress being made in implementing the Strategy for Older People launched earlier this year. Jane Hutt has announced new targets designed to bring about improvements in the health of older people:

- Reduction in deaths from stroke by 20 per cent in the 65-74 age group by 2012.
- Reduction in hip fractures by 10 per cent in the 75 plus age group by 2012.
- An increase in moderate to vigorous exercise behaviour in the 50-64 age group and narrow the gap between the most deprived and least deprived groups.

Secondary legislation passed by the National Assembly provides NHS Wales with enhanced income generation powers. The legislation enables it to form companies to market intellectual property arising from research and other activities. Giving NHS Trusts these income-generation powers is an important development in the management of NHS resources. The two main aims of this legislation are exploiting NHS intellectual property to improve health and healthcare delivery in NHS Wales and making more income available.

The Health Minister announced proposals to make Direct Payments mandatory. The Direct Payment scheme allows local authorities to make payment to people to meet the cost of community care and service for which a person has been assessed. The scheme enables day to day control of the money and care packages to pass to the person who has the strongest incentive to ensure that it is spent properly on the

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<sup>97</sup> Organisations represented in the group are: the Welsh Local Government Association, Society of Local Authority Chief Executives, Association of Directors of Social Services, Local Health Board representatives, a NHS Trust Chief Representative, Age Concern Cymru, Help the Aged, National Old Age Pensioners Association of Wales, Wales Pensioners, Pensioners Forum Wales, UK Government (Department for Work and Pensions), Office of the Children's Commissioner and Disability Rights Commission in Wales.

necessary services, and who is best placed to judge how to match available resources to needs. Initially direct payments were only available to disabled people aged 18-64. In 2000 the Welsh Assembly Government made regulations to extend the coverage of direct payments to people aged over 65. The scheme was extended in July 2001 to incorporate young carers (including 16-17 year old carers) and to people with parental responsibility for a 16-17 year old disabled child. The proposals currently out for consultation would extend the scheme even further over the next two years so that the offer of Direct Payments will be made mandatory :

- By the summer of 2004 for all the existing eligible groups, including disabled people aged over 65.
- By the end of 2004 for all people aged over 65.
- By the end of 2005 for all adult groups.

In September, the Health Minister launched a consultation document on *Informing Social Care*. This asks people to give their views on information systems within the social care sector. It sets out the challenges now facing social services departments including information sharing, security of information and the importance of quality information to management decision making.

## **Education**

Regulations were passed which introduce school fora across Wales that will present the views of governing bodies and headteachers to local authorities and bring enhanced transparency to school budgets. There are opportunities for non-school members to be members but they cannot make up more than 25 per cent of a forum.

The Welsh Baccalaureate pilot project began in September at 18 centres across Wales. Following an evaluation the Assembly Government will take a decision on whether the qualification should be made available to all students in Wales from 2006.

New statutory Induction Arrangements in Wales were launched by Education Minister Jane Davidson. The Assembly Government has provided an Induction and Early Professional Development Handbook to provide Newly Qualified Teachers (NQTs) with the information and support they will need during their induction period. Induction is statutory in Wales for all NQTs who gained their teacher status after 1 April 2003. It is hoped that it will provide a bridge from initial teacher training into effective professional practice by providing NQTs with a programme of well-targeted support. During their induction period, NQTs have a 90 per cent teaching timetable<sup>98</sup> as well as having access to the support of a trained Induction Tutor. The induction period will be followed by a two year programme of flexible and coherent early professional development to support new teachers in their professional development. This is the pilot scheme with the final Early Professional Development Programme to be rolled out nationally from September 2004.

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<sup>98</sup> That is, 90% of the average teaching timetable of a teacher in the school who does not have additional responsibilities to enable them to undertake their induction activities.

## ***Economic Development***

Arriva Trains took over the Wales and Borders franchise from early December. This first all-Wales franchise for local train services will last for the next 15 years, subject to five year performance review assessments<sup>99</sup>.

A Broadband Wales Director for Wales, Michael Eaton, a former BT marketing specialist, was appointed in September, closely followed by the recruitment of eight Broadband Wales Taskforce Representatives throughout Wales. Their objective is pursue the Assembly Government's targets for bringing broadband communication to every home and business in Wales.

Also launched in September was the new Wales Trade International aerospace development cluster. Its aim is enhance the positioning of Welsh aerospace companies in global markets and lead to increased international trade.

The Assembly Government has commissioned consultants overseen by a steering group of interested parties to look at the feasibility of establishing an intra-Wales air service.

## ***Culture, Sport and Welsh language***

Culture Minister Alan Pugh announced the allocation of £2 million for the arts outside Cardiff. The money will be directed towards developing the performing arts across Wales aiming to help tackle barriers to access. Most of the new money will be spent on putting more high quality drama on the stages of medium-sized theatres - growing the indigenous theatre in Wales, supporting Welsh writers, directors and performers. The remainder of the funding will go to support small-scale venues right across Wales. The Minister has also asked the Arts Council to undertake a feasibility study on developing better national approaches to English language theatre.

From April 2004 all Cadw-run historic sites will accept the Euro. The move follows the successful pilot of the policy in four sites over the summer when almost €6,000 (£4,000) was taken.

Linda Tomos, currently Director of the Wales Information Network at the University of Wales, Aberystwyth, has been appointed as the new Head of CyMAL, the new Museums Archives and Libraries policy development association. Based at Aberystwyth, CyMAL, a new division of the Welsh Assembly Government, will become fully operational from April 2004.

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<sup>99</sup> See the previous quarterly report *Wales Unplugged*, IWA. August, 2003.

‘Mountain Weather Wales’ a freely available £12,000 pilot weather forecast covering the Brecon Beacons and Snowdonia has been launched and will be evaluated at the end of this financial year.

## ***Environment, Planning and Countryside***

A state of the environment report on Wales was published in October.<sup>100</sup> Improvements highlighted include:

- Bathing and drinking water quality in Wales.
- A 50 per cent reduction in litter on Welsh beaches since 1997.
- Successful take up of the Assembly’s agri-environmental scheme, Tir Gofal.

There has also been significant improvement in public footpaths and air quality. The report also recognised the impact of the Assembly Government 50-year sustainable woodland strategy with 46 per cent of Welsh woodlands now being managed sustainably, as certified by the UK Woodland Assurance Scheme.

However, the report was critical of the increase in carbon dioxide emissions from burning fossil fuels that have increased in Wales by 10.6 per cent during the decade to 2000. It also criticised the 12,000 kilometres of Welsh streams and rivers that are still acidified, unable to support the plants, animals and fish that they should. Some streams are virtually lifeless. A major criticism is the way Wales deals with waste. Wales is currently at the bottom of the European recycling league table. In 2000, just 6.2 per cent of waste was recycled in Wales compared with 10.9 per cent in England.

The report also highlights the problem that wildlife continues to be threatened by a wide range of environmental problems including overgrazing and nutrient enrichment from fertilisers and other sources. It recommends the development of an over-arching Environmental Strategy for Wales, to co-ordinate aims and actions, promoting leadership and focus.

In early October, a consultation on the revision of the National Assembly’s sustainable development scheme was launched by Environment Minister Carwyn Jones. *Starting to Live Differently* outlines proposals to revise the scheme in light of experience to date and includes a set of proposed areas for inclusion in a new action plan. The consultation will run until early January aiming to have a revised scheme by March 2004 when Wales will host a major conference on Sustainable development attracting countries from across the globe.

A public consultation on the options for future Flood Defence arrangements in Wales was launched in September seeking views on options for future administration and funding:

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<sup>100</sup> *State of the Welsh Environment 2003*, available from the Countryside Council for Wales, the Environment Agency, or the Forestry Commission Wales.

- **Option 1** A single Committee funded primarily by an Assembly Government block grant.
- **Option 2** Three regional Committees funded primarily by Local Authorities via a levy with Assembly Government block grant support for capital works.

Consultation has started on reform of the Common Agriculture Policy. The consultation paper seeks views on the regional operation of the re-shaped CAP and whether to apply partial coupling, the National Envelope, the National Reserve, set aside and the new dairy premium. Further consultation will relate to cross compliance issues, rural development and more detail on the operation of the dairy premium regime.

Carwyn Jones took the unusual step of making a public apology in the *Western Mail* for the delayed payments of CAP subsidies.<sup>101</sup> Meanwhile, the Audit Office published their report in to the delayed payments to farmers in Wales. The report outlined the payments and confirmed that the delay was:

“... because the new information technology system designed to authorise payments was not operational in time. This project was adversely affected by the outbreak of foot and mouth disease and the need to take account of complex new European regulations.”<sup>102</sup>

The Auditor General concluded, that while the Assembly Government did not provide the standard of service that farmers have a right to expect, it had learnt some lessons:

“It is encouraging that the Assembly has made a very successful start in terms of the CAP payment round beginning in the autumn of 2003. This should help to improve the relationship between the Assembly and its clients in the farming community.”<sup>103</sup>

Carwyn Jones announced an extra £50,000 funding for Young Farmers Clubs. It will enable the Clubs to fund a number of field workers and development officers, run basic food hygiene training courses and enable young people to develop driving skills.

A Review is now underway which will set water price limits for the 2005 to 2010 period. The review is conducted by the Office of Water Services (Ofwat). At the same time the Assembly Government will have a major role in the process in providing published Ministerial guidance to Ofwat and in determining the scope and timing of the environmental and drinking water programme which will be taken into account in the review in respect of water companies wholly or mainly in Wales. As part of the process, water companies, including Dwr Cymru, published their draft business plans for wider public consultation in August. They showed likely upward pressures on water bills, in the case of Dwr Cymru by around 5 per cent per annum over the 5 year review period. The review will have a significant impact on the extent of investment in infrastructure affecting water supply and the environment in Wales.

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<sup>101</sup> *Western Mail*, 22 September 2003.

<sup>102</sup> Auditor General for Wales, Late payments to farmers in Wales. Cardiff, November 2003.

<sup>103</sup> *Ibid.*

## ***Finance, Local Government and Public Services***

A draft Wales Spatial Plan was been put out for consultation in October. *People, Places, Futures* is the first document of its kind in Wales. It is intended to be a working document for the next 20 years, subject to reviews on an eight year cycle with a 're-fresh' every four years. The plan acknowledges that no single economic development model can necessarily be repeated across Wales, recognising that each region has its own distinct attributes and challenges. Objectives for the Spatial Plan are to:

- Help integrate the policies and actions of the Assembly and others to achieve the vision of a sustainable Wales.
- Provide a context for guiding public and private investment decisions.
- Promote debate on the future role of places and regions within Wales.

The Minister has agreed to proposals to allow Amateur Sports Clubs across Wales a discount on their rates. From April 2004 Community Amateur Sports Clubs will be able to receive mandatory rate relief at 80 per cent of their bills – which could be increased to 100 per cent at the discretion of local authorities.

It was announced in November that business rates for 2004-05 will be pegged in line with the annual increase in the retail price index, with the uniform business rate set at 45.2p.

## ***Social Justice and Regeneration***

In partnership with Oxfam, Social Justice Minister, Edwina Hart announced funding of £44,300 over two years for an outreach worker to fight for a better deal for homeworkers. Homeworkers are people who carry out work in or around the home for an income. They are often poorly paid, have few employment rights and inadequate health and safety provision. The dedicated project worker will support and organise groups of homeworkers in Wales.

A new Welsh Refugee Integration Forum will assist refugees to integrate in Wales and promote a better image of refugees and asylum seekers.

Nigel Appleton, Principle of Contact Consulting, was appointed expert adviser to assist the Social Justice and Regeneration Committee in its policy review of housing for older people. The review will consider the policies and programmes aimed at the housing needs for older people in Wales. It will look at current provisions of housing for older people in Wales and what new provision is needed to cater for an ageing population.

## **5. THE LEGISLATIVE PROCESS**

***Sarah Beasley, Cardiff Law School<sup>104</sup>***

### ***Progress of Westminster Bills Conferring Functions on the National Assembly***

#### **Health and Social Care (Community Health and Standards) Bill**

The Bill makes the following main provisions in respect of Wales:

- Part 2, clauses 68-73 - in relation to health reviews and investigations functions. These clauses contain some NHS health care Wales-only provisions, in addition to some provisions that apply both to England and Wales. In addition, clauses 90 to 99 provide for social care functions that apply only to the Assembly.
- Part 4 - The dental and medical provisions in this Part apply to Wales and the powers to make subordinate legislation are exercisable in relation to Wales by the Assembly.

The Bill narrowly survived a vote in the Commons. Following representations by Welsh MPs, led by Cardiff Central MP Jon Owen Jones, the Health Minister John Reid amended the bill to give Welsh patients representation on the boards of English foundation hospitals over the border.

#### **Anti-Social Behaviour Bill**

This Bill has wide reaching implications for the powers of the National Assembly:

- Clause 12: Inserts new section 218A, paragraph 7 of which empowers the National Assembly to produce guidance, to which registered/social landlords must have regard when preparing or reviewing their policies and procedures.
- Clause 17: Ensures that all functions of the Secretary of State arising from the amendments to the Housing Acts mentioned are, so far as exercisable in relation to Wales, to be carried out by the National Assembly for Wales.
- Clause 21(4): Enables regulations to be made by the National Assembly to make provision as to how the costs associated with the requirements of a parenting order should be met.

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<sup>104</sup> Thanks to Marc Wyn Jones, National Assembly for Wales, for his assistance.

- Clause 21(5): Enables the National Assembly to issue guidance to which local education authorities and responsible officers would have to take into account in deciding whether to apply for a parenting order.
- Clause 23(9)-(10): Clause 23(3)-(8) amends Schedules 4 and 5 of the Police Reform Act 2002 to enable community support officers and accredited persons to issue penalty notices for truancy. Clauses (9)-(10) empower the National Assembly to make an order applying these provisions to Wales. If such an order is made, regulations for Wales will be made and guidance issued by the National Assembly.
- Clause 57: Subsection 9 of which empowers the National Assembly to issue statutory directions to clarify the roles and responsibilities of the waste regulation authority (Environment Agency) and waste collection authorities in the exercise of their powers under s.59 of the Environmental Protection Act 1990 when dealing with illegally deposited waste.
- Clause 67: Empowers the National Assembly to commence the following provisions, in relation to Wales, by order: Part 2 and sections 19 to 22, 24(1), 46 to 51, 53, 57 and 58.

The Anti-Social Behaviour Bill successfully completed its passage through the House of Lords on 12 November 2003, and received Royal Assent on 20 November 2003

### **Draft Public Audit (Wales) Bill**

Following the establishment of an ad-hoc Assembly Committee to examine the draft Public Audit (Wales) Bill, the final report of the Committee was laid on 22 July 2003.

On 24 September 2003, the Assembly agreed a motion to:

- “1. Welcome the opportunity to contribute to the pre-legislative scrutiny of the proposed Draft Public Audit (Wales) Bill;
2. Note the report of the consideration of the draft Bill undertaken by the Public Audit (Wales) Bill Committee, which was laid in Table Office on 22 July 2003;
3. Endorse the intention of the Minister for Finance, Local Government and Public Services to continue discussions with the Secretary of State for Wales about securing an early legislative opportunity to introduce the Public Audit (Wales) Bill.”

### **Local Government Act 2003**

The main provisions of the then Bill, as affecting Wales, have already been set out in the June Edition of this Monitoring Report.

Since then, the Bill has received Royal Assent on 18 September 2003.

The National Assembly has the power to commence many sections of the Act. The Local Government Act (Commencement) (Wales) Order 2003 brings into force:

- On 27th November 2003 those provisions of the Act as specified in Part I of Schedule 1 to the Order.
- 1<sup>st</sup> April 2004 those provisions of the Act specified in Part II of Schedule 1 to the Order.

### **Communications Act 2003**

The Communications Act does not confer any functions on the National Assembly for Wales. However, under section 339 of the Act, the Secretary of State is required to consult the National Assembly for Wales when carrying out a review of the fulfilment by the Welsh Authority of its public service remits. He must also have regard to the opinions of the Assembly when reaching his conclusions.

Royal Assent was received on 17 July 2003.

## ***Developments Within the National Assembly***

### **The Local Authorities (Allowances for Members of County and County Borough Councils) (Past Service Awards) (Wales) Regulations 2003**

On 15 October 2003, the National Assembly narrowly voted in favour of introducing regulations providing for each local authority in Wales to determine which councillors in that authority would be eligible to receive a ‘past service award’ (gratuity) of up to £20, 000.

The regulations were made in exercise of the powers conferred upon the Assembly by the Local Government and Housing Act 1989 and the Local Government Act 2000. They came into force on the 16 October 2003.

In determining the eligibility of members for past service awards, authorities are required to stipulate certain conditions, such as members must have served for a period of not less than 15 years.

The implementation of these regulations has been controversial. Although they specify that ‘qualifying councillors must not stand for re-election at county and county borough level in 2004 in order to receive a payment’, they do not prohibit councillors from re-standing in future elections or from taking up other paid positions.

### **Approval of the National Minimum Standards for Sessional Care, the National Minimum Standards for Out of School Care, the National Minimum Standards**

## **for Open Access Play Provision, and the National Minimum Standards for Crèches**

On 11 November 2003, using powers under Standing Order 27.2(iii), the National Assembly agreed four motions in relation to national minimum standards. These motions will alter the national minimum standards for certain day care settings with regard to the qualifications required of the person in charge. At present in these settings, that person must have a level 3 qualification or be registered to train for such an award. All such awards must be obtained by 1 April 2005. The changes agreed on 11 November will alter the deadline to 1 April 2008.

They will also help to ensure that there is an appropriate route for those group leaders with a mix of qualifications and long experience that could be accepted as being equivalent to a level 3 qualification.

It is interesting to note that the procedure for achieving the above, that is via Standing Order 27.2(iii), involves subordinate legislation not required to be made by Statutory Instrument and not subject to parliamentary procedure. Instead, it is for the Minister to consider whether it is appropriate that the draft “be debated by the Assembly in plenary meetings; and if so he or she shall (...) lay the draft before the Assembly (...)”.

## ***Public Services Ombudsman for Wales***

Earlier this year, the Assembly Government put forward a proposal for a Public Services Ombudsman (Wales) Bill, which would create a new single Ombudsman’s jurisdiction for Wales, incorporating the existing three Ombudsmen posts (Local Government Commissioner, Health Service Commissioner and Welsh Administration Ombudsman) into one.

This proposal received cross-party support within the Assembly, and the Assembly Government announced on 21 September, as part of a debate on the Ombudsman, that it has since commended this proposal to the Secretary of State for Wales. The Bill has been included in the Queen’s speech and in the meantime, there will be an interim step where all three Ombudsmen offices in Wales will be held by the same person by the Autumn of 2004.

Also, as part of this debate on 21 September, the Assembly voted to support the proposal that they note the annual report of the Welsh Administration Ombudsman.

## ***Prescription Charges***

In July of this year, the Assembly Business Minister gave a statement to Members announcing that the government did not intend to take forward the Assembly

resolution of 4 February 2003 to provide free prescriptions for those suffering from chronic long-term illnesses. It does instead intend, in line with its manifesto commitment, to abolish prescription charges for everyone. Accordingly, on Wednesday 1 October, the Assembly agreed a motion to:

- “1. Confirm the intention of the Welsh Assembly Government to abolish prescription charges in Wales during the lifetime of this Assembly.
2. Agree that the commitments resulting from motion NDM1283 approved by the Assembly on 4<sup>th</sup> February 2003 are encompassed by this motion, and taken further by it.”

## 6. RELATIONS WITH LOCAL GOVERNMENT

*Jessica Mugaseth, IWA*

### ***Caerphilly Seeks Judicial Review***

Headed by Caerphilly County Borough Council frustrated local authorities across Wales are seeking a judicial review of Assembly Government protracted delays in approving their unitary development plans. Since the unitary authorities were established in 1996, only one unitary development plan – for Denbighshire – has been approved. Meanwhile the other councils are having to base their planning decisions on out-of-date development plans inherited from their predecessors.

Caerphilly's chief executive Malgwyn Davies, said the problem was especially acute for his authority since it had inherited policies from four different councils – the counties of Mid Glamorgan and Gwent, and the districts of Islwyn and Rhymney Valley. Gwynedd, Conwy and Powys were in the same position. Mr Davies said:

“Considerable resources are being devoted by local planning authorities to the production of UDPs, the adoption of which we have been continuously advised was a very high priority for the Assembly Government. Now, it seems, we are being told that every time there is a new draft guidance from the Assembly, Unitary Development Plans – however well advanced – must adapt to the changes circumstances This is contrary to the Assembly Government's own planning guidance.”<sup>105</sup>

Caerphilly council, which is supported by the Planning Officers Society for Wales, has asked the other 21 Welsh authorities to contribute to the legal costs, expected to be about £30,000. Malgwyn Davies claimed his council was receiving a great deal of support for its action. However an Assembly Government spokesman said:

“Caerphilly CBC have sought a judicial review of part of a direction the Assembly Government has issued. While they were not initially granted permission for a hearing, on re-examination by a second judge they have been given permission for a hearing to consider the issue, on a narrow point which does not relate to whether or not the direction is based on draft policy. There is no hearing date as yet. However, Assembly Government officials are in discussion with Caerphilly CBC with a view to resolving this matter satisfactorily with the council.”<sup>106</sup>

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<sup>105</sup> *Western Mail*, 16 December 2003.

<sup>106</sup> *Ibid.*

## **‘Golden Goodbyes’ Divide Councils**

After a heated debate Assembly Members narrowly voted to back the controversial scheme of severance payments by 30 votes to 28. The Conservatives brandished the scheme as “immoral bribery” while the Liberal Democrats argued that the payment was “deeply undemocratic”. However the Labour majority prevailed in the debate and the decision was passed to the local authorities.

The legislation allows all of Wales’ 22 local authorities to vote on whether they want to adopt the policy. They have to have served at least 16 years in local government and can receive £1,000 for every year served to a maximum of £20,000. The policy has highlighted the divergence in opinion between the Assembly Government and the local authorities with 14 of the 22 authorities rejecting the scheme.<sup>107</sup> In those councils which adopted the scheme, long serving members had until 20 November to decide whether or not to accept the payment and retire at the local government elections next year.

## **Local Authority Budgets**

Under the draft budget proposals, councils in Wales will receive a total of nearly £3.2 billion in revenue support from the Assembly Government in the 2004-05 financial year. This overall increase of 5 per cent ranges from a 3 per cent rise in Merthyr Tydfil to a 10.2 per cent increase in Newport. In addition to the Revenue Support Grant, Local Authorities can expect to receive funding from a range of special grants including the Deprivation Grant, based on the Welsh Index of Multiple Deprivation and the Performance Incentive Grant, which relates to performance targets agreed with local government. Despite the increase the Welsh Local Government Association expressed their “real concern and disappointment” with the provisional budget. As the Leader of the Welsh Local Government Association, Sir Harry Jones, commented:

“The provisional budgets figures could have huge and damaging repercussions across Wales. We appreciate the difficulties that the Assembly faces but following the recent publication of *Wales – A Better Country* and its commitments we must state up front that the Assembly cannot expect local government to meet its expectations within these provisional figures. With less than a 5 per cent increase we will struggle to fund existing commitments.”<sup>108</sup>

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<sup>107</sup> Councils rejecting the scheme were: Anglesey, Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Conwy, Wrexham, Denbighshire, Gwynedd, Merthyr Tydfil, Monmouthshire, Powys, Pembrokeshire, and Rhondda Cynon Taff. Those accepting the scheme (with number of councillors affected in brackets) were: Ceredigion (12), Neath Port Talbot (13), Swansea (9), Torfaen (6), Vale of Glamorgan (5), Flintshire (13), Newport and Carmarthenshire.

<sup>108</sup> WLGA press release, 14 October 2003.

## ***New Local Government Act***

The Assembly Government was closely consulted in the drafting of Local Government Act 2003 which completed its passage in September. The Act enables the Assembly to introduce items of secondary legislation in a number of different areas.

The Act covers capital finance, financial administration, grants, revenue matters, business improvement districts, non-domestic rates, council tax, housing revenue, charging and trading, together with miscellaneous matters such as the repeal of the prohibition of promoting homosexuality and the 2004 elections.<sup>109</sup>

## ***Local and European Elections***

The Local Government Act 2003 gives the National Assembly powers to introduce an order to change the date of local elections in Wales. The Minister for Local Government proposed to move the date of the 2004 local elections to combine with the European Parliament elections on the 10 June 2004. It is hoped that holding the elections on the same day will increase voter turnout. Additionally, the Assembly Government, with the support of the Secretary of State for Wales, put Wales forward as a pilot area to test postal voting for the European Parliament, local council and community elections next year. However, on the advice of the Local Government Association the Electoral Commission also advised against allowing Wales to go ahead. A spokesman for the Local Government Association said:

“We are defending the integrity of the electoral process. We felt there was an unreasonable risk [of fraud] by trialling three pilots at the same time.”<sup>110</sup>

However, the decision was attacked by the Secretary of State for Wales, Peter Hain who together with First Minister Rhodri Morgan had recommended the pilot:

“I think they are letting down the political system in Wales ... I think we have been let down by some of the local authorities, not all, and some of the returning officers.”<sup>111</sup>

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<sup>109</sup> The Act gives the Assembly Government powers in relation to: control of borrowing and credit; use of capital receipts; security for money borrowed; issue of guidance on capital finance; treatment of capital expenditure; operation of local authority companies; local authority accounting practice; specification of minimum reserves; determination of best value grants; emergency financial assistance to fire authorities; loans by Public Works Loan Commissioners; payments to reduce local authority debts; administration and finance of business improvement districts; non-domestic rates, including relief to small businesses; rating of meters; local retention of non-domestic rates; introduction of statutory revaluation cycle for council tax; power to change number of valuation bands; power to make fire authorities precepting authorities; reform of housing revenue accounts; charging for discretionary services; regulation of trading powers; matters relating to staff transfers; changing the date of the 2004 local elections; inspections of registered social landlords; use of income from fixed penalties; and commencement powers.

<sup>110</sup> Western Mail, 10 December 2003.

<sup>111</sup> *Ibid.*

## ***Growth Incentive Scheme***

Under section 70 of the Local Government Act, the Assembly Government is undertaking a consultation exercise to allow local authorities to retain some of their revenue from business rates to spend on their own priorities. The *Growth Incentive Scheme for Wales* would increase the incentive for local authorities to work in partnership with local businesses and others to maximise local economic growth and regeneration. Under the proposals a baseline will be set on the total rateable value for each local authority. The authorities will then be allowed to retain some or all of the business rates generated in excess of their baselines, and they will have complete freedom on how the extra revenue is spent. It is envisaged that the scheme will be launched in April 2005.

## ***Business Improvement Districts***

The Assembly has adopted the Business Improvement Districts (BIDs) system as one of the ways to achieve its aim of building stronger and more productive partnerships between local government and the business community in Wales. Currently being piloted across the UK, a BID is a partnership between a local authority and the local business community that develops and takes forward a project that will benefit the trading environment. BIDs secure sustainable funding in an area, building on what has already been achieved and addressing problems. The experiences of the Welsh pilot scheme in Swansea will be used to inform a tripartite working group in Wales. A group comprising representatives from business and local government has been set up to develop proposals and guidance for local authorities across Wales.

## ***Council Tax Bands***

New Council tax valuation bands announced by the Minister for Finance, Local Government and Public Services, Edwina Hart, will apply to all homes in Wales from April 2005. The bands are based on the most up-to-date house sales and it is expected that three-quarters of Welsh homeowners will benefit from, or be unaffected by the new bands. Existing proportions between the bands have been retained and a new Band I for very high value properties has been introduced.

## ***One Voice Wales***

*One Voice Wales: Un Llais Cymru*, a new organisation to represent the interests of the 738 town and community councils across Wales has already come under scrutiny from members of the Local Government committee. It is being formed through a merger between the Welsh Association of Community and Town Councils, members of the England and Wales Association of Local Councils. In addition it is hoped that the North Wales Association of Town Councils and the Welsh Association of Larger Local Councils will eventually join. A prospectus will be published in January 2004 inviting councils to join the new association, setting out what the organisation will offer. Meanwhile, John Phillips, former chief executive of Dyfed County Council was appointed as acting chief executive in early November.

## **7. RELATIONS WITH WESTMINSTER AND WHITEHALL**

*Jessica Mugaseth, IWA*

### ***Hain Presses for Welsh Motorway Tolls***

In December the Secretary of State for Wales, Peter Hain, called on the Assembly Government to consider road tolls to ease congestion along the M4 corridor. Speaking on the opening day of the first tolled motorway in England – the 27-mile section of the M6 around Birmingham – the Secretary of State suggested that the planned relief road around the south of Newport could be tolled. Motorists would then have the choice of going through the often congested Brynglas tunnels on the M4 at Newport or paying to travel on the relief road. Recalling that he had been involved in planning the relief road project during his time as a Welsh Office Minister he said:

“I know this is a desperately difficult bottleneck getting worse and worse every year since I first proposed it and there could be a point when it could well choke economic mobility.”<sup>112</sup>

However, Assembly Government Transport Minister Andrew Davies was quick to point out that this was a devolved matter:

“Although, naturally, I am interested in his views, this is a devolved matter and the Welsh Assembly Government will consider this and other proposals in the context of our determination to provide an integrated and uncongested transport network for Wales.”<sup>113</sup>

### ***Truancy and Identity Cards***

As part of the Anti-Social Behaviour Bill, the UK Government is proposing to introduce fines, ranging from £25 to £100, for parents of truant children. However, the Assembly Government has indicated that if the Bill is passed Welsh parents would not face the same threat. An Assembly Government spokesperson said:

“We believe the best approach to tackling truancy is to provide additional support to pupils at an early stage to avoid escalation of problems.”<sup>114</sup>

The Assembly Government has also indicated its opposition to compulsory Identity Cards in Wales. David Blunkett, Home Secretary, announced in November his intention to introduce compulsory ID cards across the UK but made it clear that it

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<sup>112</sup> *Western Mail*, 10 December 2003.

<sup>113</sup> *Ibid.*

<sup>114</sup> *Western Mail*, 4 October 2003.

would be up to the devolved administrations to decide whether access to their services would be dependent on production of a card. The First Minister responded to the proposals saying:

“The introduction of a national ID scheme is many years away. If and when the biometric ID card does become law at that stage it would be up to Wales, in just the same way as Scotland, to decide how it would be implemented as regards access to health and education services.”<sup>115</sup>

### ***Lottery Funding***

Alun Pugh, Minister for Culture, Welsh Language and Sport, said Wales should have more influence in determining priorities for lottery funding. Responding to the UK Government’s review of lottery distribution, the Minister said that the lottery had an important role in complementing the Assembly Government’s plans:

"One of the issues about lottery funding is that despite some good work by the lottery distributors in Wales, the deprived communities in Wales have not always received their fair share of funds and projects... Indeed, people on low incomes contribute a disproportionate share of their income to the lottery pot, making a good case to suggest that these communities should receive a disproportionate benefit."

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<sup>115</sup> *Western Mail*, 17 November 2003

## 8. RELATIONS WITH THE EUROPEAN UNION

*Jessica Mugaseth, IWA*

### ***Draft European Constitution***

After much debilitation and consultation with representatives from current and prospective Member States a draft European Constitution has been drawn up under the chairmanship of Valery Giscard d'Estaing.<sup>116</sup> The Constitution clarifies the role and responsibilities of the EU and its relations with its member states. The draft Constitution, represents a robustly statist, and to that extent confederalist, vision of the Union: it re-enforces the position whereby powers are conferred on the EU by Member States whose internal constitutional arrangements remain entirely their own affair.

That said, for Wales the Constitution has two principle effects. Firstly, the linguistic and cultural diversity is more recognised than hitherto. The Constitution ensures that this diversity is protected and all languages and cultures should have equal rights, as stated in the Universal Declaration of Linguistic Rights. Article I.3 (3) of the Constitutions states:

“The Union shall respect its rich cultural and linguistic diversity, and shall ensure that Europe’s cultural heritage is safeguarded.”

Secondly, subsidiarity is now better defined and will probably be better policed and observed as a result of the Constitution. Paragraph 2 of the protocol on the Application of the Principles of Subsidiarity and Proportionality states:

“Before proposing legislative acts, the Commission shall consult widely. Such consultations shall, where appropriate, take into account the regional and local dimension of the action envisaged”

Paragraph 4 of the Subsidiarity Protocol requires the commission to provide a detailed justification of any legislative proposal in terms of subsidiarity and proportionality, taking accounts of burdens entailed for territorial and local levels for government. Legislative impact assessments should take account of the

“... implications for the rules to be put in place by member states including, where necessary, the regional legislations.”

There is also a requirement to minimise:

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<sup>116</sup> For a detailed account of the impact of the Convention’s deliberations on Wales see: Professor Sir Neil MacCormick, ‘Two Cheers’, IWA, *Agenda* Winter 2003-04, extracted from his lecture launching the new Wales in a Regional Europe Research Centre at the University of Wales, Aberystwyth - *The Convention’s Draft Constitution: Anything in it for Wales?* 3 November 2003.

“... any burden, whether financial or administrative, falling upon the Union, national governments, regional or local authorities...”

Under the Subsidiarity Protocol, the Committee of the Regions will be able to challenge subsidiarity-infringing legislation of the Union, as will “national parliaments” which can in turn make whatever arrangements they see fit to involve “regional parliaments with legislative powers.”

Although progress was made in ensuring subsidiarity was a fundamental principle of the Constitution, to ensure that nations such as Wales were involved in the legislative process, the constitution still locates the element of decentralised Parliamentary control of these principles in the central parliaments of the member states:

“It will be for each national parliament or each chamber of a national parliament to consult, where appropriate, regional parliaments with legislative powers.”

The Constitution also states the predominance of the Member State and its subsidiary levels of government in devising its own policies, clarifying the role of the EU. Encouraging subsidiarity by better institutional mechanisms. Article I.9 (3) states:

“The Union shall act only if and in so far as the objectives of the intended action cannot be sufficiently achieved by the member states, either at central level or at regional and local level...”

In addition, article 1.5 (1) of the draft Constitution sets out the duty of the EU to recognise the different political levels of the member states and leaves all questions about government structures at the member state level exclusively to the States themselves:

“The Union shall respect the national identities of its member states, inherent in their fundamental structures, political and constitutional, including for regional and local self government.”

## ***Future of EU Funding***

The expansion of the EU to 25 members next year will dramatically alter Wales’ economic stance in the EU. In an enlarged Europe, areas like Wales which qualify for funding today because their economies are lagging behind the EU average, will be considerably richer than the vast majority of regions in the 10 new member countries. The UK government, supported by Sweden and the Netherlands, has announced that it would like the freedom to fund its own regional policy beyond 2006, what has become known as ‘repatriation’ of funds. Despite assurances from Whitehall, there is concern in Wales that repatriation of funds will lead to Wales losing out financially.

During a visit to Wales in late September Michel Barnier, European Commissioner for Regional Policy, argued strongly that Wales would be best served by the UK remaining inside the EU funding system when it resumes in 2007:

“I would like Wales to stay in the EU scheme and to benefit from a proper transitional stage (from 2007).”<sup>117</sup>

First Minister Rhodri Morgan responded:

“We want what is best for Wales...we have asked the UK government for more information – the hard numbers if you like so we can see what “not losing out financially” means in terms of pounds and pence.”<sup>118</sup>

Meanwhile, the Objective 1 region West Wales and the Valleys have joined forces with other similar regions across Europe who fear for the demise of Objective One Funding in an enlarged Europe. The Welsh region made representations to the European Commission with areas including Madeira, Merseyside, Murcia and Brandenburg. Economic Development Minister, Andrew Davies said joining forces with other regions would place Wales in a better bargaining position.<sup>119</sup>

## ***Foreign Missions***

At the beginning of September, the First Minister, Rhodri Morgan, led a trade mission to the Baltic States of Estonia and Latvia. *Wales in the Baltic Week* focussed on developing greater trading links between Welsh companies and their counterparts in the future EU countries of Estonia and Latvia. The First Minister undertook a number of engagements aimed at raising the profile of Wales in the Baltic States. Additionally, Rhodri Morgan took the opportunity of the high profile football match between Wales and Italy to raise the profile of Wales in Italy, enhancing developed links and initiating further discussion with prospective businesses.

Later in September the First Minister chaired a meeting of 150 European Regions in St Malo, Brittany to mark the 30<sup>th</sup> anniversary of the Conference of Peripheral Maritime Regions. As their spokesman on EU regional policy, Rhodri Morgan chaired a debate on the future of regional policy in an enlarged EU. Talking about the Wales’ role in the EU, Morgan said:

“As a recipient of £1.2 billion of structural funds, Wales is playing a key role in helping to shape future EU regional policy and we take every opportunity to have our voice heard on this subject at UK and EU level. Our membership of the CPMR is invaluable to us for this reason. It has provided us with opportunities to make our views known to key players in the European Commission.”<sup>120</sup>

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<sup>117</sup> *Western Mail*, 27 October 2003

<sup>118</sup> *Western Mail*, 25 October 2003

<sup>119</sup> *Western Mail*, 3 October 2003

<sup>120</sup> Assembly Government press release 11 September 2003

In November Alun Pugh, Minister for Culture, Welsh Language and Sport, represented the UK at a meeting of the European Union Culture Council in Brussels. The Welsh Minister, attending the Council meeting on behalf of the UK Culture Minister Tessa Jowell, met with his opposite numbers from across Europe on a meeting to discuss future cultural co-operation in the EU.

### ***Number of MEPs Reduced***

The Electoral Commission has recommended that the number of MEPs in Wales be reduced from five to four. The Commission's recommendation has been submitted to the Lord Chancellor and is likely to become law before the European elections next year. The change has been brought about by the forthcoming enlargement of the EU from May 2004. The number of MEPs returned is roughly in proportion to the size of electorate in each region.

## 9. POLITICAL PARTIES

*Gerald Taylor, University of Glamorgan*

### **Labour**

Labour, now in sole control of the Assembly government, were keen to show that they were delivering on the ten ‘key pledges’ of their election manifesto. They did so by publishing a document setting out their programme for government, *Wales: A Better Country*.<sup>121</sup>

Meanwhile valleys MP, Chris Bryant, claimed at a Valleys Forward fringe meeting at Labour’s Annual Conference that the Blair Government was guilty of socialism by stealth and should be more honest about its achievements in areas such as redistribution in order to reassure its grassroots. In contrast the Welsh Assembly Government had emphasised its ‘radical’ agenda.<sup>122</sup>

Chris Bryant was again in the news, alongside his Rhondda constituency AM, Leighton Andrews, welcoming new convert to the Labour Party, Paul Cannon, former policeman and founder of local charity Rhondda Against Illegal Drugs (RAID). Cannon has already been accepted on to Labour’s list of approved candidates for next year’s local government elections, and, perhaps as a consequence, immediately found himself attacked by Plaid Cabinet member of RCT council, Syd Morgan, over the business activities of RAID.<sup>123</sup>

However, undoubtedly the most successful Welsh politician in terms of publicity was the Secretary of State for Wales, Peter Hain. Hain found himself making headlines over potentially embarrassing subjects as taxation, at a Labour conference fringe meeting<sup>124</sup>, and later when his Jean Monnet lecture, delivered at the University of Wales, Aberystwyth, had a section which championed the European social model over that of the USA, deleted at the request of Foreign Office officials.<sup>125</sup> This was in addition to being noticed for attempting to popularise Parliament in his job as Leader of the House of Commons.<sup>126</sup> All this attention led some to conclude that Hain was now a serious candidate for the Labour Party leadership after Tony Blair.<sup>127</sup> Certainly

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<sup>121</sup> *Wales: A Better Country*, available at, [www.wales.gov.uk/themesbettercountry/strategic-e.pdf](http://www.wales.gov.uk/themesbettercountry/strategic-e.pdf)

<sup>122</sup> ‘Stop hiding policies, says MP’, *Western Mail*, 30 September 2003.

<sup>123</sup> ‘“Local hero” told of charity concerns’, and ‘Officials’ joint statement explains Raid’s position’, both *Western Mail*, 6 September 2003.

<sup>124</sup> ‘Hain again risks annoying No 10 by raising touchy tax issue’, *Western Mail*, 2 October 2003, and ‘Right to want more’, *Western Mail*, 17 September 2003.

<sup>125</sup> ‘Europe – not US – is our model for the good life, urges Hain’, *Western Mail*, 10 October 2003, and ‘Censors gag Hain over his lecture attacking US’, *Western Mail*, 11 October 2003.

<sup>126</sup> ‘Hain drives to reconnect people with Parliament’, and ‘“Return Parliament to the people”’, both *Western Mail*, 17 September 2003.

<sup>127</sup> ‘Can Hain beat Brown when Blair departs?’, *Western Mail*, 18 September 2003.

he appeared to have come a long way in the year since he first became Secretary of State for Wales.<sup>128</sup>

Outgoing Blaenau Gwent MP, Llew Smith, who will be retiring from Parliament at the next election, was ensuring that his departure would be remembered by his challenges to the UK Government over the dossier on Iraq weapons of mass destruction<sup>129</sup>, and by suggesting that Labour's left wing would soon be 'wiped out' in terms of parliamentary representation.<sup>130</sup>

The biggest headache for Labour, though, is undoubtedly Llew Smith and the Blaenau Gwent Labour Party's opposition to an all-women shortlist for the selection of a parliamentary candidate to replace him. This has led the constituency's AM, Peter Law, who was a Cabinet Minister under Alun Michael, to state that he will stand against any Labour Party candidate selected on an all-women shortlist.<sup>131</sup> Despite the fact that only 4 out of 40 Welsh MPs are women the local opposition has led two potential women candidates for the constituency, local councillor Gill Clark and Unison national executive member, Shirley Ford, to withdraw. However, the constituency's women's officer did declare support for women only shortlists although she had 'a lot of personal sympathy for Peter Law.'<sup>132</sup> On the eve of a selection meeting only 7 per cent of the 700 Labour party members in Blaenau Gwent attended, with more people demonstrating outside than inside the meeting. The outgoing MP, Llew Smith attacked the decision:

"I think it is appalling. Nobody is concerned whether my successor is a man or a woman – but what constituents are concerned about is that the local Labour Party should have the right to choose who their candidate should be... I find the whole thing totally unacceptable."<sup>133</sup>

In mid-December, Maggie Jones director of policy for Unison and a member of Labour's National Executive was selected as the Labour candidate for Blaenau Gwent. Despite a Labour spokeswoman stating that Jones has been selected by a "convincing majority", Llew Smith was unconvinced:

"85 per cent of the membership supported the boycott by refusing to vote. Members showed solidarity but if the Labour party do not wake up to this and Peter Law stands then this seat could be lost."<sup>134</sup>

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<sup>128</sup> 'A year in life of our man from Brussels', *Western Mail*, 5 November 2003.

<sup>129</sup> 'Glenda and Llew in fresh Blair dossier accusation', *Western Mail*, 28 August 2003, and 'Llew was first to query 45 minutes dossier claim', *Western Mail*, 3 September 2003.

<sup>130</sup> "'Cull of left' a wipe-out says MP", *Western Mail*, 6 October 2003.

<sup>131</sup> 'Welsh Labour hits crisis over women', *Western Mail*, 13 September 2003.

<sup>132</sup> 'Two Labour women quit poll race because eof ban on men', *Western Mail*, 14 October 2003.

<sup>133</sup> 'Women-only list slated by departing MP', *Western Mail*, 24 November 2003.

<sup>134</sup> 'Blaenau Gwent chooses Maggie', *Western Mail*, 12 December 2003.

## **Plaid Cymru**

For Plaid Cymru repercussions of the May Assembly elections continued into the Autumn with leadership elections, forced by the resignation of Ieuan Wyn Jones as both President and leader of the Party's Assembly Group.

In the midst of the debates amongst the contenders, the Party's Vice President, and aspiring President, Dafydd Iwan, found himself accused of racism and facing demands for his resignation from his party position following comments made at the National Eisteddfod that English people were moving to Wales to avoid Asian immigrants to England.<sup>135</sup> The main attacks were from the Labour Party with some apparently comparing Iwan to prominent members of the BNP.<sup>136</sup> Iwan defended himself saying that it was "a natural tendency among all living creatures to protect their own kind." He quoted Muhammad Ali, who was influenced by the teachings of the Nation of Islam in the United States, quoting the proverb 'Adar o'r unlliw hedant i'r unlle', translated as 'birds of the same colour fly to the same place'.<sup>137</sup>

During the leadership contest prominent academic commentator on Plaid, Professor Laura McAllister, argued that maintaining party unity had obscured the aim of independence. She suggested splitting Plaid Cymru to better attain its long term goals.<sup>138</sup> Not surprisingly this view was rejected by Plaid leaders.<sup>139</sup> It was also revealed that the two main contenders for the vacant President post, Iwan and Cynog Dafis, had met before the National Eisteddfod and Iwan had considered the possibility of remaining as Vice President and withdrawing from the Presidential race in favour of Dafis. He rejected this avenue as he wanted debate within the party and did not want to let down his supporters.<sup>140</sup>

Despite such issues Iwan won the Presidential race beating Dafis by 855, 17 per cent of the vote, whilst Ieuan Wyn Jones beat bookies favourite Helen Mary Jones by merely 71 votes, 1.3 per cent of the vote, on the second ballot.<sup>141</sup> This led to questions over whether the party could remain united with such a close call between Ieuan Wyn Jones and Helen Mary Jones, particularly given the nature of Ieuan Wyn's resignation following a supposed 'conspiracy' led by Helen Mary, and the divisions within the party over support for the two candidates.<sup>142</sup> Initial reactions included the denial of a 'curry conspiracy' to oust Ieuan Wyn Jones when he resigned as Party President and pronouncements of loyalty from Plaid AMs to their returned Assembly Group leader.<sup>143</sup> MEP Jill Evans was later confirmed as the Party's new Vice President as the only candidate for the post.<sup>144</sup>

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<sup>135</sup> 'Iwan faces quit call over race speech', *Western Mail*, 8 August 2003.

<sup>136</sup> 'Plaid fury after Labour accuses Iwan of playing the race card', *Western Mail*, 9 August 2003.

<sup>137</sup> Dafydd Iwan, 'Birds of a feather don't have to hate', *Western Mail*, 14 August 2003.

<sup>138</sup> Laura McAllister, 'Splitting headache for Plaid Cymru – but it could work', *Western Mail*, 29 August 2003.

<sup>139</sup> 'Academic offers two-Plaid solution', *Western Mail*, 29 August 2003.

<sup>140</sup> 'Plaid's rivals had secret meeting', *Western Mail*, 8 September 2003.

<sup>141</sup> 'Bookies predict Plaid upset', *Western Mail*, 16 August 2003.

<sup>142</sup> 'Divide we stand? New Plaid leaders facing battle for unity', *Western Mail*, 16 September 2003.

<sup>143</sup> 'There was no curry conspiracy, say Plaid four', *Western Mail*, 17 September 2003.

<sup>144</sup> "'New spirit of optimism' buoys Plaid contender Jill Evans in bid for post', *Western Mail*, 18 October 2003, and 'Jill Evans is Plaid's new vice-president', Plaid Cymru press release, [www.plaidcymru.org](http://www.plaidcymru.org), 7 November 2003.

However, attention soon turned to divisions of a different kind with the revelation that the two newly elected leaders of the party had not voted for each other.<sup>145</sup> At the party's conference the party's new President, Dafydd Iwan, supported calls to change the party's constitutional aims from 'full national status' for Wales to 'independence'. The motion was overwhelmingly supported by delegates, despite party old guard members such as Assembly Presiding Officer Dafydd Elis-Thomas reiterating their opposition. Despite his previous opposition to independence Iwan told the party conference that Ieuan Wyn Jones also supported the change, but the returned leader of the Assembly Group missed the crucial vote. At the time he was 'working on his speech' to conference, a speech which talked of 'self-government' for Wales but not independence.<sup>146</sup>

At the conference RMT trade union leader, Bob Crow, was given a platform from which he attacked the Labour Party's attitude to the trade unions and said that he was keen to forge closer links with Welsh and Scottish nationalists.<sup>147</sup>

The return of Ieuan Wyn Jones as Assembly Group leader saw a reshuffle of the Plaid frontbench. This took his main rival, Helen Mary Jones, from education to the environment, planning and countryside portfolio, with Janet Ryder taking over the education and lifelong learning. Meanwhile Dai Lloyd became the spokesperson for finance, local government and public services, Rhodri Glyn Thomas took on health, Janet Davies became spokesperson for transport and chief whip, and Alun Ffred Jones was charged with leading the party's local government election campaign. Leanne Wood retained her role for social justice and regeneration, and Owen John Thomas for culture, sport and the Welsh language.<sup>148</sup>

## **Conservatives**

Conservatives in Wales, as elsewhere in the UK, registered their anger and annoyance at the attack on Party leader Iain Duncan Smith, with Assembly Group leader, Nick Bourne claiming that 'the membership will be aghast and furious' if MPs failed to support Iain Duncan Smith, whilst Monmouth AM, called for disloyal MPs to be threatened with de-selection.<sup>149</sup> However, as elsewhere, such objections soon melted away with the coronation of Michael Howard as Duncan Smith's replacement.

The new leader instated a slim-lined shadow cabinet with just 12 key posts compared to the previous 22. The 'inner-circle' will be supported by satellite Secretaries of State, one of whom will be the new Shadow Secretary of State for Wales, Bill Wiggin. In Cabinet Wales' interests will be merged with those of Scotland, Northern Ireland and the English regions through the Midlands-born Yorkshire MP David

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<sup>145</sup> 'Comeback kid Ieuan's new mandate', *Western Mail*, 16 September 2003.

<sup>146</sup> 'Plaid's new double-act already doing the splits', *Western Mail*, 20 September 2003, and 'Plaid rift opens up as Assembly group leader misses independence vote', *Western Mail*, 22 September 2003.

<sup>147</sup> 'Creators of Labour Party poised to sever all connections', *Western Mail*, 20 September 2003.

<sup>148</sup> 'Shadow Cabinet reshuffle for Plaid', *Western Mail*, 8 November 2003.

<sup>149</sup> 'Grassroots furious at rebel MPs', *Western Mail*, 29 October 2003.

Curry, Shadow Secretary for Local and Devolved Government Affairs. Bill Wiggin, MP for Leominster replaces Nigel Evans who rejected the post. He will represent Wales in parliament but will not sit at the Shadow Cabinet table.

Meanwhile, Conservative AM, David Melding was calling for his party to end their suspicions of devolution and call for a Welsh Parliament with law-making powers in a speech to the Institute of Welsh Politics at the University of Wales, Aberystwyth.<sup>150</sup> Despite calls for Melding to be expelled from the Assembly Group<sup>151</sup>, he was supported by a fellow AM, Glyn Davies who admitted that he was personally in favour of greater powers, although he did confess he would prefer to see the Assembly abolished than remain as it is.<sup>152</sup> Felix Aabel, parliamentary candidate for Brecon and Radnorshire also voiced his support for more devolution of powers in Wales.<sup>153</sup> All this publicity about pro-devolution, and possible factions, within the Conservative group enticed Nick Bourne to make a public statement declaring “complete unanimity within the group.” In a keynote speech to the party Mr Bourne said

“The settled will of the people in 1997 was for devolution in its current form. That is our policy; that is our message. Any other message is not the party’s message.”<sup>154</sup>

Whilst one section of the Conservative Party were calling for further devolution, the former Secretary of State for Wales, John Redwood suggested that there should be a fresh referendum on the Assembly. This idea was lambasted by other senior Tories as “crazy” and “out of touch.”<sup>155</sup>

Meanwhile, whilst Conservative Assembly Group leader, Nick Bourne was denying ambitions to stand as a parliamentary candidate in Cardiff North<sup>156</sup>, the Party’s only constituency Assembly Member, David Davies, was being selected to fight against Monmouth at the next General Election. He said he wished to become a House of Commons ‘whistleblower’ warning MPs against devolving powers to the English regions.<sup>157</sup>

Two other Conservative AMs, Alun Cairns who claimed that ‘genuine poverty’ only existed in rural areas, and the party’s agricultural spokesman, Brynle Williams, who denied any proven link between BSE and CJD, were attacked as ‘absurd’ by Labour’s Environment Minister Carwyn Jones.<sup>158</sup>

Nick Bourne outlined the development of a permanent policy forum ‘to create vote-winning ideas for the party in Wales’, at a fringe meeting at the Conservative Party Conference.<sup>159</sup>

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<sup>150</sup> ‘Tory: Power to the Assembly’, *Western Mail*, 27 October 2003.

<sup>151</sup> ‘Melding in the firing line’, *Western Mail*, 29 October 2003.

<sup>152</sup> ‘Tory leader draws line’, *Western Mail*, 13 November 2003.

<sup>153</sup> ‘Tory hopeful backs Melding’s call for a Welsh Parliament’, 3 November 2003

<sup>154</sup> ‘Tory leader draws line’, *Western Mail*, 13 November 2003.

<sup>155</sup> ‘Redwood’s crazy idea’, *Western Mail*, 8 October 2003

<sup>156</sup> ‘Bourne denies aspirations for election to Parliament’, *Western Mail*, 16 October 2003.

<sup>157</sup> ‘Tory Am favoured to unseat Labour MP in Commons poll’, *Western Mail*, 26 September 2003.

<sup>158</sup> ‘Tory statements absurd, says AM’, *Western Mail*, 17 October 2003.

<sup>159</sup> ‘Bourne wants a think tank with deep blue Welsh water’, *Western Mail*, 7 October 2003.

## **Liberal Democrats**

The Electoral Commission published initial figures for parties spending on the May Assembly elections, and revealed that only Labour and the Liberal Democrats exceeded the £250,000 expenditure ceiling. The next biggest spenders were the Conservative Party, £80,788; Plaid Cymru, £72,976; United Kingdom Independence Party, £62,632; the Green Party, £19,167; and John Marek Independent Party, £9,633; with Unison spending £29,263 as a third party.<sup>160</sup>

The Liberal Democrats were also concerned with funding of local authorities, putting forward proposals to replace council tax with an old Liberal favourite, local income tax.<sup>161</sup> Meanwhile in the Liberal Democrat Conference edition of *House Magazine* Welsh Liberal Democrat leader, Mike German, called for a broad coalition to campaign for greater powers for the Assembly. To be called the Powers Convention the campaign would seek to pursue greater powers if they were called for by the Richard Commission.<sup>162</sup>

## **Forward Wales, Cymru Ymlaen**

Dr. John Marek, the Deputy Presiding Officer and independent AM for Wrexham officially launched a new political party promising to fill the gap left by the “right-wing” Labour Party. Forward Wales/ Cymru Ymlaen is a new left wing political party committed to building “a sustainable socialist society.”<sup>163</sup> The party has gained the support of several unions including the RMT, GMB and the fire brigade union. Following the Scottish Socialist Party, Forward Wales's constitution requires that members elected to the National Assembly should receive an annual workers' wage. The party will be campaigning for the Assembly to have the same powers as Scotland and ‘sensible’ left-wing policies. In December there was speculation that the new party might recruit the former Secretary of State for Wales and Caerphilly AM Ron Davies who, it was suggested, might stand in next June’s European Parliament elections.<sup>164</sup>

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<sup>160</sup> ‘Parties are polls apart in spending’, and ‘Welsh Lib-Dems campaign bill shock’, both *Western Mail*, 28<sup>th</sup> August 2003, and Electoral Commission website, [www.electoralcommission.gov.uk/media-centre/newsreleasecorporate.cfm/news/224](http://www.electoralcommission.gov.uk/media-centre/newsreleasecorporate.cfm/news/224).

<sup>161</sup> ‘Local income tax “fairest way to fund councils”’, *Western Mail*, 3 November 2003, and ‘Lib-Dems to press for council tax abolition’, *Western Mail*, 4 November 2003.

<sup>162</sup> icWales website, [icwales.icnetwork.co.uk/0100news/newspolitics/](http://icwales.icnetwork.co.uk/0100news/newspolitics/)

<sup>163</sup> [www.johnmarek.org](http://www.johnmarek.org)

<sup>164</sup> *Western Mail*, 13 December 2003.

## 10. PUBLIC ATTITUDES

*Jessica Mugaseth, IWA*

### **May 2003 Election Survey**

Following the poor 38 per cent turnout in the May elections, the Institute of Welsh Politics at the University of Wales, Aberystwyth undertook a survey of the results.<sup>165</sup> This covered a variety of issues including voting behaviour, constitutional preferences, attitudes towards the parties and perception of the party leaders. The report produced from the findings gave an insight into public perception not only of the National Assembly as an institution but also the political actors within the system. Despite the apparent lack of interest in the National Assembly, reflected in the poor turnout in the May 2003 elections, there has been continual support for some form of devolution in Wales.

#### **Constitutional Preference (%) in Wales 1997-2003**

Constitutional Preference	1997	1999	2001	2003
Independence	14.1	9.6	12.3	13.9
Parliament	19.6	29.9	38.8	37.8
Assembly	26.8	35.3	25.5	27.1
No Elected body	39.5	25.3	24.0	21.2

Sources: 1997 Referendum survey, 1999 National Assembly election survey, 2001 Welsh Life and Time study, 2003 Wales Life and Times Survey.

The survey also revealed that a clear majority of Welsh voters would like the Assembly to be the most powerful level of political authority, with 56% of the population wanting the Assembly to have more influence over the way Wales is run.

#### **Most influence over 'the way Wales is run'**

	2001		2003	
	Does Influence	Should Influence	Does Influence	Should Influence
National Assembly	17	56.2	22.4	56.0
UK Government	64.4	26.3	57.9	29.1
Local Councils	15.5	16.5	15.0	13.8
European Union	3.2	1.0	4.7	1.2

<sup>165</sup> See Wyn Jones, R and Scully, R. 'Coming Home to Labour'? *The 2003 Welsh Assembly Election*. Paper presented to the Annual Conference of the Elections, Public Opinion and Parties specialist group of the Political Studies Association, Cardiff 12-14 September 2003.

This view is explained to some extent by the fact that according to the survey results three times more people trust the National Assembly to serve the interest of Wales than they trust the UK government to do the same. The study showed that 67.6 per cent believed the Assembly acted in Wales' best interests "at least most of the time" against only 23.1 per cent who gave the same response for the UK government.

**Trust in UK Government/ National Assembly to 'act in Wales' best interests', 2001/03 (%)**

	2001		2003	
	UK Govt	NA	UK Govt	NA
Just about always	1.9	12.1	2.1	12.1
Most of the time	22.4	49.2	21.0	55.5
<b>Trust at least most of the time</b> <i>(i.e. two rows above combined)</i>	<b>24.3</b>	<b>61.3</b>	<b>23.1</b>	<b>67.6</b>
Only some of the time	58.7	31.9	57.9	26.3
Almost never	17.0	6.7	19.0	6.0

However, the Assembly Government should note the fact that over three quarters of the respondents thought the Assembly looked after some parts of Wales more than others, notably the south with emphasis on Cardiff.

**Views on 'bias' of National Assembly**

Response (would you say that the National Assembly...)	%
Looks after interests of all parts of Wales equally	18.1
Looks after some parts more than others	75.9
Neither/ both	6.0

**Who National Assembly is biased towards (if seen as biased in above question)**

Response	%
Cardiff	56.1
South Wales as a whole	39.0
Rest of Wales	2.4
Somewhere else	2.5

The public's perception of the impact of the National Assembly on standard of living has increased over time. More people do believe that the Assembly has improved their quality of life since 1997. However the results do indicate that there is a yearning for greater delivery by the Assembly, with more than half of the respondents thinking that the Assembly has made no difference at all.

**Impact of the Assembly on the standard of living**

	1997	1999	2001	2003
Improve	31.0	28.3	34.7	37.8
No difference	56.3	66.2	57.4	54.5
Reduce	12.7	5.5	7.9	7.7

## 11. PRESS AND MEDIA

*Jessica Mugaseth, IWA*

### **Assembly Powers**

The *Western Mail* has been making continual calls for further legislative powers for the National Assembly, which ahead of the report of the Richard Commission has taken on the character of a campaign. For example, responding to the Assembly Government's four-year strategy *Wales: A Better Country* the paper recognised the opportunity that Rhodri Morgan and his cabinet have to:

“... create traditions of communication and service which will allow the Assembly to mature into an institution worthy of international respect.”<sup>166</sup>

However, it warned that the Assembly will be judged on the Government's achievements and that the prospect of increased powers will rest on the Assembly's ability to prove its worth:

“It will emerge over the next four years as either a body deserving of law-making powers or as a dysfunctional ego-driven talking shop. These are days when history will be made.”<sup>167</sup>

The paper made further references to Wales needing a stronger devolution settlement in its response to the Queen's Speech. The newspaper attacked the First Minister for saying that Wales should be grateful for achieving a single Wales-only Westminster Bill. It argued instead that Wales needs further powers to introduce legislation on important issues ranging from banning smoking in public places to St David's day becoming a public holiday:

“The fact is that the current devolution settlement is not working, and that it will continue not to work until Wales gets the legislative powers it should have been granted at the same time as Scotland.”<sup>168</sup>

The paper speculates that the Richard Commission will recommend extra powers for the Assembly and argues that Wales is not reaching its full potential because of the weak devolution settlement:

“Many people are frustrated by the current settlement – and for good reason. Without primary law-making powers it remains extremely difficult to devise distinctive policies that will break new ground. Of course AMs can juggle with budgets, but initiating new ideas in a context where full legal powers are

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<sup>166</sup> *Western Mail*, 24 September 2003.

<sup>167</sup> *Ibid.*

<sup>168</sup> *Western Mail*, 3 December 2003.

not available is likely to restrict the political imagination further than is desirable.”<sup>169</sup>

The *Western Mail* called for David Melding “to be applauded for urging his party to embrace a National Assembly with greater powers”<sup>170</sup>. It praised the maverick Conservative AM for recognising the benefits of devolution for both Wales and the Conservative party. It continued that Wales has gained from the presence of the Conservative party:

“The Assembly has much to offer the Conservatives and they have much to offer the Assembly. They have shown that they can play an important role in providing opposition to the Assembly’s labour administration asking pertinent questions and representing the view of their constituents.”<sup>171</sup>

In turn the National Assembly benefit from presence of the Conservatives:

“A war of ideas, where there are constant battles between new and viable policies is exactly what Welsh politics needs.”<sup>172</sup>

The paper argued that further devolution would not only benefit the Assembly as an institution but also the political parties of Wales. Referring again to David Melding, it claimed:

“Perhaps he is able to see beyond the concerns of a stronger Assembly – to the opportunities which it would present to all political parties in Wales.”<sup>173</sup>

## ***Barnett Formula***

In its analysis of the Assembly Government budget the *Western Mail* concurred with the financial priorities for health and economic development. However, the third priority, Social Justice, was described as a ‘nebulous concept’. The paper questioned whether responsibilities relating to the redistribution of wealth remain mainly with Westminster rather than Cardiff Bay. It was also concerned over the additional burdens the education budget will face over the next few years – including the National Workload Agreement. The paper’s remedy was to call for a revision of the Barnett Formula to reflect the needs of Wales:

“The plain fact is, Assembly budgets will come under increasing pressure until there is a revision of the Barnett Formula.”<sup>174</sup>

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<sup>169</sup> *Ibid.*

<sup>170</sup> *Western Mail*, 27 October 2003.

<sup>171</sup> *Ibid.*

<sup>172</sup> *Ibid.*

<sup>173</sup> *Ibid.*

<sup>174</sup> *Western Mail*, 14 October 2003.

## **Plaid Cymru Leadership**

The election of both Dafydd Iwan and Ieuan Wyn Jones to lead Plaid Cymru baffled the *Western Mail*. It described the decision by the members of Plaid Cymru “on the surface seems a strange combination of choices.” The difference between the two men, who did not vote for each other, is somewhat stark. The paper recognised the ability of Dafydd Iwan “to rouse Plaid Cymru’s core supporters” but expressed concern that “leading a political party requires more than the ability to inspire the converted.”<sup>175</sup> It suggested confidence in Ieuan Wyn Jones to take on this role, tentatively hoping that:

“Perhaps we have seen the birth of a new invigorated Ieuan Wyn Jones... because there is not doubt that the National Assembly needs a strong opposition.”<sup>176</sup>

Before the Plaid Cymru conference the newspaper prophetically called for Plaid to set out a clear stance on their constitutional aspirations:

“The way the party communicates its beliefs is crucial to its aspiration of forming the government of Wales. If the party can’t agree to use the same words and phrases in relation to such a fundamental element of its manifesto, it will not endear itself to the mass of voters whose support it needs for its dreams of governing to become reality.”<sup>177</sup>

It expressed the need for Plaid to show unity in its policy for the benefit of both Wales and the party. Stating that Ieuan Wyn Jones must not shy away from stating immediately and clearly where he stands on the fundamental issue:

“Plaid Cymru’s senior politicians can repeat the unity mantra as much as they want but the leadership needs to demonstrate this unity and Ieuan Wyn Jones can make a start by plain speaking. Only when Plaid Cymru’s leaders start delivering the same message will the party be able to re-build its standing force to be reckoned with in Welsh politics.”<sup>178</sup>

## **Members Interests**

BBC Wales political programme *Dragon’s Eye* investigated the declaration of interest of the Assembly Members, discovering that at least four were breaking the rules by not disclosing the nature of their partners’ work.<sup>179</sup> Not declaring what spouses do is a criminal offence under the Government of Wales Act. In all four cases the AMs were paying their spouses out of Assembly funds. Following the revelation, the Office of

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<sup>175</sup> *Western Mail*, 16 September 2003.

<sup>176</sup> *Ibid.*

<sup>177</sup> *Western Mail*, 18 September 2003.

<sup>178</sup> *Western Mail*, 19 September 2003.

<sup>179</sup> The programme was broadcast on 23 October 2003, naming Ann Jones (Labour), Mark Isherwood (Conservative), Jocelyn Davies (Plaid) and Eleanor Burnham (Lib Dem) as the AMs in question.

the Presiding Officer confirmed that the matter had been referred to South Wales Police.

Meanwhile, the South Wales Echo was also pressing the AMs to declare their allowances and expenses for the past year. By the end of November it had received accounts for 31 of the 60 AMs. The paper is pressing for the Assembly to follow the lead of the Scottish Parliament in publishing members claims annually. However, the Assembly has thus far, resisted this, claiming publication would breach the Data Protection Act.<sup>180</sup>

### ***Welsh Daily Star***

The folding of the Welsh Mirror prompted the creation of a new tabloid newspaper dedicated to Wales. The Welsh Daily Star was launched in November as “a fresh newspaper”. Hugh Whittow, the deputy editor of the Star (and a Welshman), claimed the newspaper would be fun and entertaining “giving the people of Wales what they want, what they talk about in the pubs and on the streets – girls and sport!”<sup>181</sup>

The Welsh edition will be printed in Swansea and the paper will have an office in Cardiff with 10 journalists. The Star has signed up a number of big name columnists including Wales’ rugby international Rupert Moon, who will write on a range of subjects, not just sport, and Wales footballers Mickey Thomas and Kevin Ratcliffe. It will have a different masthead to the English edition and will lead with Welsh news and sport stories.

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<sup>180</sup> *South Wales Echo*, 28 November 2003.

<sup>181</sup> *Dragon’s Eye*, 13 November 2003.