



The Constitution Unit



Strategy Wales
Strategaeth Cymru

Nations and Regions: The Dynamics of Devolution

Quarterly Monitoring Programme

Wales

Quarterly Report
November 2004



The Leverhulme Trust

The monitoring programme is jointly funded by the ESRC and the Leverhulme Trust



Quango Cull Falters But Continues

Monitoring
The National Assembly
September to December 2004

Edited By
John Osmond

In association with:

grayling strategy wales
grayling strategaeth cymru

£10

ISBN 1 904773 001

CONTENTS

SUMMARY.....	1
1. ASSEMBLY GOVERNMENT.....	2
QUANGO CULL FALTERS	2
QUANGO CULL CONTINUES.....	3
FIRST MINISTER’S PROGRAMME FOR THE YEAR.....	7
DELIVERING BETTER PUBLIC SERVICES	8
COMPULSORY TESTS FOR 11 YEAR-OLDS ABOLISHED	9
FIRST MINISTER APOLOGISES OVER D-DAY GAFFE.....	9
FIFTEEN YEAR TRANSPORT PLAN.....	9
NEW CREATIVE INDUSTRIES FUND.....	11
CONCERN OVER STATISTICS	12
TOMLINSON REPORT ON 14-19 EDUCATION	12
CAP ON ASSEMBLY GOVERNMENT ADVISERS TO GO.....	13
2. THE NATIONAL ASSEMBLY	14
HEALTH POLICY NO CONFIDENCE VOTE.....	14
RICHARD COMMISSION DEBATE.....	15
CALL FOR REFERENDUM	16
DEMANDS FOR LONGER ASSEMBLY HOURS	16
FIRE SERVICE POWERS DEVOLVED.....	17
ASSEMBLY BUILDING COSTS.....	17
3. FINANCE.....	18
FIRST THREE-YEAR BUDGET	18
BUDGET DEBATE.....	18
4. POLICY DEVELOPMENT	23
HEALTH AND SOCIAL SERVICES	23
ECONOMIC DEVELOPMENT AND TRANSPORT	24
EDUCATION	25
CULTURE, LANGUAGE AND SPORT	26
ENVIRONMENT AND RURAL AFFAIRS	27
FINANCE, LOCAL GOVERNMENT AND PUBLIC SERVICES	27
SOCIAL JUSTICE AND REGENERATION	28
5. THE LEGISLATIVE PROCESS.....	29
QUEEN’S SPEECH.....	29
PUBLIC SERVICES OMBUDSMAN (WALES) BILL	30
PUBLIC HEALTH WHITE PAPER	31

6. RELATIONS WITH LOCAL GOVERNMENT.....	32
LOCAL AUTHORITIES SEEK QUANGO POWERS	32
BUDGET PRESSURES	33
REGENERATION BUDGETS	34
SCHOOL CLOSURES	34
7. RELATIONS WITH WESTMINSTER AND WHITEHALL.....	35
WELSH PEERS ATTACK ENGLISH CHILDREN’S COMMISSIONER PROPOSAL.....	35
DARA DEFENCE CONTRACT WITHDRAWAL.....	36
WAITING LISTS.....	36
GAMBLING BILL	37
8. RELATIONS WITH EUROPE.....	38
CLOSURE OF THE WALES EUROPEAN CENTRE	38
NEW REGULATIONS ON STRUCTURAL FUNDS.....	38
AUDIT COMMITTEE REPORT ON EUROPEAN FUNDS.....	39
FEARS OVER EURO FUNDS PAYBACK.....	39
EUROSTAT CONTROVERSY	40
9. POLITICAL PARTIES	41
WELSH LABOUR	41
PLAID CYMRU	42
WELSH CONSERVATIVES	43
WELSH LIBERAL DEMOCRATS.....	43
10. PRESS AND THE MEDIA.....	45
FUTURE OF PUBLIC SERVICE BROADCASTING	45
CAMPAIGN FOR ITV 1 WALES	46
FEARS OVER BBC WALES JOB CUTS	47
WESTERN MAIL SUPPORTS WIGLEY’S RETURN.....	47

SUMMARY

At the end of November it was announced that three more quangos are to be absorbed into the Welsh Assembly Government: the Welsh Language Board, the Curriculum Authority for Wales (ACCAC), and Health Professions Wales, a body that was only established in July 2004. Meanwhile, other organisations - including the Arts, Sports and Countryside Councils for Wales - are to have their operations curtailed, with many of their functions, including strategic policy, taken over by the Assembly Government. Around 240 staff are expected to become civil servants as a result of the changes, which will be in place by 2007.

The announcement followed the decision in July that the WDA, Wales Tourist Board and ELWa were to be absorbed, covering what Rhodri Morgan described as 70 per cent of the quango state. However, a confidential merger proposal for the 'Big 3' quangos- from the so-called *Mergers Scoping Project* - was presented to a Cabinet sub-group on 18 November 2004 and was decisively rejected. The reasons were because it was felt to be weak on delivery and marred by internal navel-gazing. Meanwhile it was revealed that the merger of the 'Big 3' quangos was estimated to be costing £35 million.

In October the Welsh Assembly Government published *Making the Connections: Delivering Better Public Services in Wales*, a consultation document on producing efficiency savings and developing a new model for the public services in Wales. The targets set for resource savings are ambitious, with a total of £600 million value for money improvements to be achieved by 2010. This is equivalent to around 5 per cent of the current total investment in public services, which in broad terms will require that public sector agencies become around 1 per cent more efficient year on year for the next five years.

In what may be a harbinger of future co-operation the three Opposition parties joined in supporting a Plaid Cymru no confidence motion in the Government's health policies on health in November. Labour's majority survived but it was an indication of closer collaboration between the three Opposition parties. The key concern was, that despite big increases in health spending there has been a large rise in waiting lists in Wales since 1999 compared with the position in England where generally the size of waiting lists has been reduced.

Speculation is mounting that Blaenau Gwent AM Peter Law may stand as an independent in the constituency at the UK general election, expected in May 2005. He opposed the imposition of a woman's only shortlist after the current MP Llew Smith announced a year ago that he would be retiring. He objects to what is regarded as an undermining of local party autonomy. He is also unhappy at being dropped from the Cardiff Bay Cabinet, to make way for Liberal Democrat Ministers, following the formation of the coalition administration in the first term Assembly in October 2000. If he were to stand as an independent it would mean withdrawal of the whip and Labour losing its majority in the Assembly. The party would then be forced to continue as a minority administration, depending on a disparate opposition failing to unite against them, or attempt to forge a fresh coalition with the Liberal Democrats.

1. ASSEMBLY GOVERNMENT

Kevin Morgan, Cardiff University, John Osmond and Nia Seaton, IWA

Quango Cull Falters¹

As the First Minister made his announcement at the end of November on bringing further quangos into the fold of the Assembly Government (see below), most Assembly politicians assumed that the Welsh Development Agency, the Wales Tourist Board and ELWa (Education and Learning Wales), were well on their way to being seamlessly merged into the civil service. However, this was not the case.

In July 2004 the First Minister announced his intention to bring into government the three largest quangos, covering what he described as 70 per cent of the quango state. His plans for the remaining 30 per cent, including the Arts Council of Wales, were announced at the end of November.

However, a confidential merger proposal for the ‘Big 3’ quangos– from the so-called *Mergers Scoping Project* – was presented to a Cabinet sub-group on 18 November 2004 and was decisively rejected. The reasons were because it was felt to be weak on delivery and marred by internal navel-gazing. The Mergers Scoping Project was established in August 2004 to assess potential options for merging the ‘Big 3’ with the relevant departments of the Assembly civil service. The Scoping Project considered two main options:

- Minimum integration – replacing the Board with the Minister and (potentially) an advisory committee but keeping most of the operational activities, structures and branding of the ASPBs. In this model the chief executive officer would report to a Minister via an Assembly Government Director, providing a single reporting structure. This model is similar to the way that CADW currently operates.
- An integrated model by 2006 – replacing the Board as above, but allowing for full integration, bringing the ASPBs and their sponsor divisions into a single organisation. This would include a single reporting structure to Ministers. This option also includes an enhanced frontline capacity, moving resources closer to the customer.

Recognising that these were two extremes of a wide range of possible scenarios, and given the up-front costs and risks associated with a full integration model by 2006, a third option was also considered. This was integration by 2007, a model which allowed more gradual change, offering lower risks on the positive side but holding greater uncertainty for staff on the negative side.

¹ This section, by Kevin Morgan, is taken from his chapter ‘Cull of the Quangos’ in John Osmond (Ed.), *Welsh Politics Come of Age: Responses to the Richard Commission*, IWA, 2005.

The Scoping Project report - written in the main by WDA staff, but drawing on the discussions of the Coryton Group of senior officials from all the bodies involved - was keen to demonstrate that it was fully alive to the political exigencies of the operation, saying:

“All the options deliver the legal and technical requirements to have wound up the ASPBs, with their responsibilities reporting to Ministers by April 2006, as promised in the First Minister’s statement.”²

Meanwhile it was revealed that the merger of the ‘Big 3’ quangos was estimated to be costing £35 million, a figure that does not take into account additional amounts associated with redundancies and adjusting IT systems.³ Asked to comment on this figure an Assembly Government spokesman said:

“The costs and benefits will depend on both the timing and the manner of the merger. No decision on those has yet been taken.”⁴

Although the Scoping Project report was clearly work-in-progress, its rejection was a disturbing reminder that merging the quangos was easier said than done. The shortcomings of the merger process are manifold, but the most important defects concern the absence of real consultation – either with staff within the quangos or with clients and customers in the outside world. WDA staff, for example, are under the impression that there is no time to lose if the merger process is to be delivered to a political timetable established by politicians who know little about organisational design and delivery.

The lack of consultation is partly a reflection of this fast-track mentality, a mentality which breeds a feeling among staff that ‘getting it right’ is perhaps less important than ‘the quick fix’, a dangerous idea which needs to be addressed if the merger is to be sustainable. As for external stakeholders, it is totally naïve of politicians to claim, as they have done, that it will be ‘business as usual’ for the customers of the ‘Big 3’ quangos. A reorganisation on this scale can take at least two years, and probably three, to ‘bed down’, during which time employees would be less than human if their principal concerns were not job security and career prospects.

Quango Cull Continues

At the end of November it was announced that three more quangos are to be absorbed into the Welsh Assembly Government: the Welsh Language Board, the Curriculum Authority for Wales (ACCAC), and Health Professions Wales, a body that was only established in July 2004. Meanwhile, other organisations - including the Arts, Sports and Countryside Councils for Wales - are to have their operations severely curtailed, with many of their functions taken over by the Assembly Government. Around 240

² Welsh Assembly Government, *Summary Report of the Mergers Scoping Project*, 15 November 2004.

³ *Western Mail*, ‘Quango bonfire to cost more than £35m’, 19 November 2004.

⁴ *Ibid.*

staff are expected to become civil servants as a result of the changes, which will be in place by 2007. Outlining his plans the First Minister told an Assembly plenary session:

"In 1999 we achieved political devolution, but it would be true to say that administrative devolution did not follow. Most people would still be surprised by the number of bodies that administer government policy in Wales, and it really was about time we did something about that. You can justify the existence of arms-length bodies in government, but there is no such thing as arms-length public money. Ministers are always responsible for its allocation and the Assembly is always responsible for its scrutiny. There is no dodging that responsibility. Bringing in the 'Big 3' in July was a major step, and in this announcement we have gone a long way towards completing the job we started. This is a significant further shrinkage in the quango state."⁵

The detailed proposals are as follows:

- The Welsh Language Board will cease to be a quango and its staff and functions will transfer to the Welsh Assembly Government. An office will be established to undertake its regulatory function, initially in an advisory capacity.
- The functions of the Curriculum and Assessment Authority for Wales (ACCAC) will be merged with the Welsh Assembly Government.
- Health Professions Wales will be wound up and its functions transferred to other bodies.
- The Assembly Government's relationship with the Arts Council of Wales will be redefined by bringing their strategy, policy and planning capabilities together with Assembly Government officials. In addition the Assembly Government will take responsibility from the Arts Council for directly funding six arts bodies with national remits – the Welsh National Opera, the BBC National Orchestra of Wales, the literary body Welsh Academi, the dance group Diversions, Clwyd Theatr Cymru, and Theatr Genedlaethol Cymru. These account for £8.2 million of the Arts Council's £23.5 million grants budget. The body distributes a further £11.3 million in lottery funding.
- A new Culture Board, to be chaired by the Minister for Culture, Welsh Language and Sport will be established. Membership will include the Chair and Chief Executive of the Arts Council for Wales, a representative of the Welsh Books Council and a representative from local government.
- No significant changes are proposed to the structure of the National Library of Wales or the National Museum and Gallery of Wales. However, their relationship with the Welsh Assembly Government will be strengthened with the President and Director General of the NMGW and the President and

⁵ Assembly *Record*, 29 November 2004

Librarian of the NLW will be invited to become members of the Culture Board.

- The Sports Council for Wales will continue to distribute grant aid and lottery funding, but as with the Arts Council, the strategy, policy and planning capability will be brought together with that of the Welsh Assembly Government.
- There are no plans to change the statutory functions or structure of the Countryside Council of Wales, but the implementation of the Tir Gofal scheme will transfer to the Assembly Government, providing farmers and landowners with access to agri-environment schemes through a single source.
- No changes are being proposed to the structure of the Environment Agency Wales, but the statutory guidance in this area will be updated and reinforced.
- Six Agricultural Wages Committees and six Agricultural Dwelling House Committees, all classified as advisory ASPBs, will be scrapped and replaced by one unified body.
- The Ancient Monuments Board for Wales and the Historic Buildings Council for Wales are currently advisory ASPBs and will become advisory panels within the Welsh Assembly Government.
- The Royal Commission on Ancient and Historical Monuments in Wales will remain an executive body. Pooling resources will take place in order to provide a more integrated brand.
- No changes are being proposed to the structure of the Higher Education Funding Council for Wales.
- The Assembly Government will be consulting with a view to bringing in the functions of the Wales Youth Agency and use the funds released to deliver the spectrum of activities for which we currently fund the agency.
- The Wales Centre for Health will be established as an independent source of advice, and the Assembly Government will consult on the conferring on it the functions of some nine health advisory ASPBs.
- No changes will be made to the structure of the Care Council for Wales.

In addition the Assembly Government will invite proposals for integration between the NHS Trusts and Local Health Boards where there co-terminosity and integration can enhance service delivery. Here change will be incremental. As Rhodri Morgan put it:

“The NHS was restructured in 2003-04 and further change must be organic rather than wholesale.”⁶

⁶ *Ibid.*

The most controversial part of the package was the shake-up of the Arts Council of Wales. A few weeks before the announcement the Opposition parties had united around a Liberal Democrat sponsored plenary debate urging that the Arts Council be left as an arms length body and its functions ring-fenced. Support for this came from Labour members of the Culture Committee, including the Chair, Newport West AM Rosemary Butler, Rhondda AM Leighton Andrews, and Cardiff South and Penarth AM Lorraine Barrett. In a letter sent to Culture Minister Leighton Andrews argued:

“There are good reasons why historically since the Second World War there has been an intermediary structure for the awarding of grants to arts organisations, not least to ensure a degree of independence to allow free artistic expression.”⁷

In Westminster five Welsh Labour MPs headed by Rhondda member Chris Bryant, a member of the Commons Culture Committee, signed a motion condemning any interference with the Arts Council.⁸

Meanwhile, attention was drawn to a Schedule in the Wales Act 1998 dividing Assembly Sponsored Bodies into four categories, depending on which could have functions removed or added. Schedule 4 of the Act lists the National Library, the National Museum, the Arts Council, and the Sports Council as bodies that can only gain functions, and not lose them. This schedule explains why the Arts and Sports Councils are not being completely absorbed into the Assembly Government. As Charter bodies and thereby within the purview of the Queen and Privy Council, the four organisations are protected from abolition by the Assembly Government. However, in removing a major part of the Arts Council’s funding responsibilities, the Assembly Government appears to be relying on Section 32 of the Wales Act which enables it to undertake any activity to support the arts in Wales. The end result is that there are now two organisations supporting the arts: the Arts Council of Wales, albeit stripped of a substantial part of its budget; and the Assembly Government operating through the new Culture Board chaired by the Minister. In response the Chairman of the Arts Council, Geraint Talfan Davies, said:

“We welcome the proposed creation of a Culture Board. However, we have serious concerns about several aspects of the proposals, including the implied separation of strategy formulation from the grant-giving operation and the proposed separate treatment for the six national arts companies.”⁹

Concerns were also expressed at the bringing ‘in-house’ of the Welsh Language Board which, it was feared would result in the politicisation of the language. The point was made by the Chair of the Board, Meri Huws, in a letter sent to the First Minister in late September:

⁷ *Western Mail*, 13 November 2004.

⁸ *Western Mail*, 19 November 2004.

⁹ *Western Mail*, 1 December 2004.

“It is certainly the case that decisions which are taken by specialist, impartial bodies are less likely to be the subject of political mischief-making than those taken by the Government directly.”¹⁰

The same issue was taken up by the former Culture Minister in the first term coalition government, Liberal Democrat AM Jenny Randerson, in the debate immediately following the announcement, when she asked Rhodri Morgan:

“Do you not realise the risks you are taking with the language, First Minister? You are returning it to the political arena. Through the work of the Welsh Language Board and the cross-party consensus that made *Iaith Pawb* possible, we have taken the language out of the political arena. We have the opportunity for real progress now. Do you accept that you will be turning the language into a political football again?”¹¹

The point was also taken up the Conservative leader Nick Bourne who declared:

“This is a dangerous move, because it will lead to politicisation of the language where there is broad consensus on it, and there is a twin danger of the issue being sidelined. The Welsh Language Board is a powerful brand name and you are putting that in jeopardy for little return.”¹²

First Minister’s Programme for the Year

Returning after the summer recess, the First Minister, Rhodri Morgan, set out his vision for the year during the first media briefing and plenary on September 21. He promised further work on key election pledges such as free school breakfasts, free swimming for old age pensioners and prescription charge cuts. He also re-affirmed his confidence in Health Minister, Jane Hutt, following criticism of the Assembly’s health policy, and stood by the Labour party response to the Richard Commission proposals. However, Opposition parties were quick to criticise the programme and the Government’s 18-month record. Michael German, Leader of the Welsh Liberal Democrats, argued in plenary that the Assembly Government’s track record was only “... notable for its lack of action, lack of progress and lack of delivery”¹³

¹⁰ BBC Wales website (www.bbc.co.uk/wales), 21 November 2004.

¹¹ Assembly *Record*, 30 November 2004. ‘Iaith Pawb’ (Everybody’s Language) is the Assembly Government’s policy document for promoting the Welsh language.

¹² *Ibid.*

¹³ Assembly *Record*, 21 September 2004..

Delivering Better Public Services

In October the Welsh Assembly Government published *Making the Connections: Delivering Better Public Services in Wales*, a consultation document on producing efficiency savings and developing a new model for the public services in Wales.¹⁴ The targets set for resource savings are ambitious, with a total of £600 million value for money improvements to be achieved by 2010. This is equivalent to around 5 per cent of the current total investment in public services, which in broad terms will require that public sector agencies become around 1 per cent more efficient year on year for the next five years.

This is to be achieved through a new, more co-operative model of service delivery in Wales, with scale economies to be achieved through more effective co-operation and co-ordination between agencies across the whole of the public sector in Wales and more innovative use of ICTs in service delivery. For example, it is estimated that £120 million's worth of value for money improvements are attainable through better, more collaborative, public procurement by 2008, building on the foundations laid by the Welsh Procurement Initiative.

There are already positive efforts being made across many of the major public bodies in Wales to achieve efficiency savings. Local government is already making good progress towards the development of more joint working arrangements, particularly in the area of routine, back-office functions. For example, Cardiff and Blaenau Gwent Councils have developed joint delivery of key IT services. However, there is room for further progress, particularly in relation to the development of shared service consortiums such as for the procurement of social care goods (medicines and health care equipment). Further progress is also needed in the area of e-government which is not particularly well-developed across Wales compared with England. More dedicated funding in the short-term for such initiatives will be needed to release resources over the longer-term.

A public services improvement board to be chaired by the First Minister will oversee development of the new public services strategy. Rhodri Morgan, described the policy, as a “big agenda change” and emphasised that models for public services in Wales would stand in contrast to those being developed elsewhere that are based on a competitive model.¹⁵ The Minister had recently called plans to introduce greater competition into public services amoral and emphasised the difference between his approach and that of the Prime Minister, Tony Blair.¹⁶ Opposition parties, however, criticised the document for its lack of clarity. Nick Bourne, Leader of the Assembly Conservative party, argued the document was a demonstration of the government’s obsession “with doing things differently in Wales”.¹⁷

¹⁴ Welsh Assembly Government (2004) *Making the Connections: Delivering Better Public Services in Wales*, Welsh Assembly Government, October 2004.

¹⁵ Assembly Press Release 19 October 2004

¹⁶ www.bbc.co.uk/wales/news 19 October 2004 s

¹⁷ *Ibid.*

Compulsory Tests for 11 Year-olds Abolished

Ambitions to create a distinctive education policy for Wales were pursued during November by the passing of legislation to end compulsory Key Stage Two tests for all 11 year-olds in Wales. The announcement follows the publication of the Dougherty Assessment Review Group and the ACCAC (Qualifications and Curriculum Assessment Authority) report on the future of statutory testing for 11 year-olds.¹⁸

The move will set Wales further apart from England which, though it will abolish Key Stage One tests for seven year-olds next year has yet to consider Key State Two. According to Rebecca Smithers, Education Editor of the Guardian, claimed, the Welsh Assembly Government initiative is likely to “put further pressure” on Westminster to review its policy on statutory testing.¹⁹

First Minister Apologises Over D-Day Gaffe

Following public out-cry at the failure of the First Minister to attend 60th D-day Anniversary celebrations held in June, he issued a public apology. World War II veterans had expressed anger at the Minister’s failure to appear alongside political leaders in ceremonies to commemorate the occasion. Instead he was at a meeting to discuss the 2010 Ryder Cup and had sent the Minister for Social Justice and Regeneration, Edwina Hart, in his place. In his apology the Minister acknowledged that it was an error of judgment not to have attended and stated that any perceived slights was “utterly unintentional”.²⁰

Fifteen Year Transport Plan

A 15-year transport strategy worth £8 billion was announced by the Minister for Economic Development and Transport Andrew Davies in December. Aided by additional powers to be granted by a planned Transport (Wales) Bill, the strategy aims to create an integrated transport network across Wales.²¹

¹⁸ Dougherty Assessment Review Group is chaired by Professor Dougherty from the University of Aberystwyth Wales. The group was tasked with undertaking a full review of National Curriculum Assessment arrangements currently in force and consider future options for Assessment in co-ordination with ACCAC’s similar review. Members of the group include head-teachers, Directors of Education, comprehensive and primary school teachers and members of ACCAC.

¹⁹ *The Guardian*, 10 November 2004

²⁰ *Western Mail* 24 September 2004

²¹ *Assembly Press Release*, 7 December 2004.

Among the proposals are plans to reduce congestion on the M4 by creating a 14-mile relief toll motorway south of Newport area, through the former Llanwern steelmaking site between junctions 23 and 29 connecting Magor with Castleton. Construction is planned to begin within the next five years and is expected to cost more than £360 million.²²

The announcement set out further spending to improve road links throughout Wales together with plans to launch by 2006 a subsidised twice-daily air service between Swansea, Cardiff and RAF Valley on Anglesey. It follows an in-depth analysis of existing and future transport requirements to deliver a strategic fit between transport objectives and the vision set out in *Wales: A Better Country* and *People, Places and Future* - the Assembly Government's spatial plan for Wales.

The CBI and the Road Haulage Association welcomed the M4 relief road but opposed the proposed toll, saying it would be too close to the tolls already charged for incomers into Wales at the Severn bridge. Environmental groups opposed the new motorway with Friends of the Earth Cymru saying their preferred option would be widening the existing M4 to three lanes. Meanwhile Cardiff Business School traffic expert, Anthony Beresford, said the new road could become 'a white elephant' for much of the day:

“The feature of the area here is the flow is very tidal. You get peak travel which is bunching into the two hours in the morning and the two hours in the evening. Outside those hours I think people will find the toll road very unattractive because the original route around Newport will still be quite good. I think we will have a toll road that will be a white elephant for 20 hours a day.”²³

In north Wales there will be a further £1billion investment in the A55, additional improvements on the A494/A550/A55 corridor in north east Wales, plus an enhancement of the strategic role of Holyhead to maximise benefits from links with Ireland. Other projects include:

- Bringing forward the completion of the A465 between Abergavenny and Dowlais Top to within the next ten years
- Improvements to the A40 West of St Clears, including the provision of by-passes for Robeston Wathen and Llanddewi Velfrey.
- £69m for the Porth / Lower Rhondda Fach relief road.
- £29m for the next phase of the Ceredigion Link Road improvement from Alltwalis to Synod Inn, including a Llandysul bypass.
- £17m for improvements to the A497 Abererch to Llanystumdwy in Gwynedd.

²² *Western Mail*, 7 December 2004.

²³ BBC Wales news online www.bbc.co.uk/Wales/news, 13 December 2004.

- £95m for the Port Talbot Peripheral Distributor Road
- £7m for the Ammanford Distributor Road,
- £27m for the Greater Bargoed By-pass near Caerphilly.
- the A48 / A4226 (Five Mile Lane) route between the A4232 at Culverhouse Cross and Cardiff International Airport, will be improved to take airport traffic away from A4321 through Wenvoe. This investment, which complements the recently announced introduction of passenger services to the Vale of Glamorgan Railway next Spring, and the provision of a dedicated rail - bus link, will support growth in demand at the airport.
- Investigations will be carried out into options to enable airport traffic to avoid Culverhouse Cross, including consideration of a new link from the M4 in conjunction with a major park and ride / modal interchange at Junction 34.

New Creative Industries Fund

At the end of November Economic Development and Transport Minister, Andrew Davies, launched a new Creative intellectual property (IP) Fund worth £7 million. The fund will support media, television and film projects in Wales and aims to increase commercialisation in the sector.²⁴

The establishment of the fund follows a report, commissioned by the Assembly Government *Creative Success - A strategy for creative industries in Wales*.²⁵ Under the strategy companies and projects will be given funds in exchange for a share of intellectual property generated, with a view to recouping in this way the value of the original grant. Welsh Liberal Democrat, Jenny Randerson AM, criticised the fund as too little, too late”, but it was welcomed by Christopher O’Neill, Head of Cardiff School of Art and Design, who claimed it would prevent the haemorrhaging of Welsh talent from the industry.²⁶

²⁴ *Western Mail* 24 November 2004

²⁵ The report’s authors are: Dai Davies, a leading music industry expert; David Swallow , a WDA executive, and James Price the WDA’s chief-economist.

²⁶ *Western Mail* 24 November 2004

Concern Over Statistics

Economics Professor, Peter Sloane, of the University of Wales, Swansea, has raised serious questions about the production of key economic statistics in Wales.²⁷ He claims that key statistics, such as Gross Domestic Product (GDP) and Gross Value Added Rates (GVA) for the most recent years are not available for some areas and in some cases those that are available date back to the 1990s.²⁸

These claims come after the publication of the Allsop Review by the Westminster government, which recommended, “sea-changes” costing £20 million to the ways in which economic data were collected and analysed.²⁹ A key recommendation in this report was for the improvement of regional statistics and for greater co-operation between the Office of National Statistics and statisticians in the devolved administrations. However, Professor Sloane argued that further changes would need to be made beyond these reforms to improve the situation.³⁰ Conservative AM Alun Cairns argued that the lack of appropriate statistics demonstrated the failure of the Assembly Government to meet data needs post-devolution. In response the Government claimed that figures from the Office of National Statistic continue to be a “useful tool in analysis of economic trends”.³¹

Tomlinson Report on 14-19 Education

Mike Tomlinson, a former Chief Inspector for England, unveiled major changes, in his proposals for the future of 14-19 education in England. The proposals would see the replacement of GCSE and A level qualifications with a four-year diploma aimed at developing key skills. In Wales, the piloting of the Welsh Baccalaureate, now in its second year, has, many argue, put Wales ahead of the game.³² The developments in England are thought likely to provide added impetus to the development of the Welsh Baccalaureate, with Wales continuing with its plans to establish a separate qualification standard to England.³³ Speaking at the “Bac in the Bay” conference on in September Jane Davison, Minister for Education and Lifelong Learning, declared:

“Key skills are the skills employers and higher education tell us they want - the Welsh Baccalaureate will deliver those skills”.³⁴

²⁷ *Western Mail* 4 October 2004

²⁸ *Ibid.*

²⁹ The Allsop Review conducted by, Professor, Richard Allsop, Fellow of Economics at New Collage Oxford, focused primarily on the question of whether the changing economic structure of the UK is being properly reflected in the nature and frequency of official economic statistics. The review made a number of key recommendations and can be found at www.hm-treasury.gov.uk

³⁰ *The Western Mail* October 2004

³¹ *Ibid.*

³² www.bbc.co.uk/Wales/news 18 October 2004

³³ *The Western Mail* 19 October 2004

³⁴ *Assembly Press Release* 24 September 2004

Cap on Assembly Government Advisers To Go

Following the publication of the Civil Service Draft Bill by the Westminster Government in November the cap on the number of special advisers to the Welsh Assembly Government looks set to be abolished. At present the Assembly Government is entitled to employ up to six advisers in the Cabinet Office in Cardiff.³⁵ The Draft Civil Service Bill will rule out limits on the numbers of advisers in both Cardiff and Whitehall and make future appointments subject to approval from the First Minister and Secretary of State for Wales. Rhodri Morgan welcomed the Bill as a “natural evolution” in the devolution process.³⁶

In December the first appointment under this new dispensation was David Egan, Professor of Education at the University of Wales Institute, Cardiff, who joins the Assembly Government as political adviser to Education Minister Jane Davidson.

³⁵ *Western Mail* 16 November 2004

³⁶ *Ibid.*

2. THE NATIONAL ASSEMBLY

Nia Seaton, IWA

Health Policy No Confidence Vote

In what may be a harbinger of future co-operation the three Opposition parties joined in supporting a Plaid Cymru motion of “no confidence in the Government’s policies on health” in November. The key concern was, that despite big increases in health spending there has been a large rise in waiting lists in Wales since 1999 compared with the position in England where generally the size of waiting lists has been reduced.

The debate reflected growing pressure on the Assembly Government over its health policies. In October Cardiff Central Labour MP, Jon Owen Jones, published an open letter to the First Minister, Rhodri Morgan, criticising out-patient waiting times.³⁷ In September the Welsh Conservative Party called for the resignation of the Minister for Health and Social Services, Jane Hutt.³⁸

Health and Social Services Minister, Jane Hutt, responded by listing investments and improvements made to the health services. Plaid Cymru, she said, had failed to “welcome the opportunities that devolution, has brought for the health of people in Wales.”³⁹ In response Plaid Cymru’s leader Ieuan Wyn Jones presented the following statistics:

“In 1999 Labour pledged that no-one would wait more than six months for an out-patient appointment. A total of 75,256 people are now on this list. We were also told that no-one would wait more than 18 months for hospital treatment, but 1,172 are waiting ... There are 18,254 people in Wales waiting more than six months for out-patient orthopaedic and trauma appointments. There are 279 such people in the whole of England. ... If we performed as well as England, the figure should be 50, not 18, 254 ... Things are getting worse despite the fact that more money is being spent on health in Wales. In 1997, the health budget was £2.7 billion.; by 2007, it will be £5.5 billion. Waiting lists have doubled despite the fact that spending on health has doubled.”⁴⁰

³⁷ See Section on ‘Relations with Westminster and Whitehall’.

³⁸ *Western Mail* 18 September 2004.

³⁹ www.bbc.co.uk/wales/news 11 November 2004

⁴⁰ *Assembly Record* 23 November 2004

Richard Commission Debate

On 6 October 2004, the Assembly debated a government motion proposing that the National Assembly:

1. Having considered the report of the Richard commission, calls on the First Minister to urge the Secretary of State for Wales to bring forward proposals to amend the Government of Wales Act 1998 for the following purposes:

- a) to effect a formal separation between the executive and legislative branches of the Assembly;
- b) to reform existing electoral arrangements in order to eliminate anomalies;
- c) to enhance the legislative powers of the Assembly.

The First Minister announced that, if a Labour government is returned in a general election next March, a White Paper will be published shortly afterwards setting out the proposals for the advancement of devolution in Wales. The White Paper would put forward two options:

- i. a more evolutionary approach of having greater framework legislative powers given to the Assembly, without the need for a referendum. This could be implemented by 2007, subject to approval; or
- ii. the more revolutionary approach of devolving primary legislative powers to the Assembly, based on the model of the Scottish Parliament. This would require approval via a referendum, and if agreed, could be implemented by 2011.

The White Paper would then be followed by a consultation period, suggested to be around six months, so that a final decision would be likely to be made around October 2005.

The opposition parties rejected the motion and introduced a number of amendments, including the amendment by Plaid to use Section 36 to hold a referendum on full law-making powers for the Assembly. Rhodri Glyn Thomas, deputy party leader of Plaid Cymru, claimed that, the First Minister, had “caved in” to opposition from Labour MPs “at a time when the people of Wales wanted real leadership.”⁴¹

Outlining the Conservative party response to the Richard commission, Nick Bourne, Welsh Conservative leader, criticised the First Minister’s proposals as “far worse than the current settlement.”⁴² He argued that a ‘preferendum’, allowing people to vote on all options including independence and abolition would be the only way to secure a stable foundation for the Assembly’s future.⁴³

Welsh Liberal Democrat leader Mike German’s response endorsed the Richard commission’s recommendations. He said Rhodri Morgan’s were in danger of

⁴¹ *Ibid.*

⁴² *Ibid*

⁴³ *Ibid*

“squandering” the moment of opportunity and optimism created by the publication of the Richard Commission findings.⁴⁴

However, Labour AMs stood by the First Minister’s motion, claiming that it represented the quickest and surest way of enhancing legislative powers for the Assembly. The motion was eventually passed unimpeded, with all Labour AM’s voting in its favour.

Call for Referendum

During its annual party conference in September Plaid Cymru signalled its intention to put forward a motion to propose a referendum on full law-making powers for the Assembly under Section 36 of the Government of Wales Act. The move followed Labour’s rejection of many of the Richard Commission recommendations. Originally suggested by Plaid Cymru AM Leanne Wood, the idea was adopted by the party and supported by Plaid Leader, Ieuan Wyn Jones, in his speech during the conference.⁴⁵ Section 36.1, a little known section of the Government of Wales Act, allows the Assembly to hold a poll:

“for the purposes of ascertaining the views of those polled about whether or how any of the Assembly’s functions should be exercised.”⁴⁶

Plaid’s amendment to utilise Section 36 failed, only supported by the Liberal Democrats.⁴⁷

Demands for Longer Assembly Hours

The Welsh Conservative party called for the Assembly to work longer hours similar to those in Holyrood and Westminster. They wish to see a reduction in the number of recess weeks and the introduction of fortnightly meetings for subject committees.⁴⁸ They also argued that the length and number of plenary sessions should be increased, with powers to extend plenary meetings beyond 5.30pm delegated to the Presiding Officer. They argued that the Assembly Government was trying to avoid deeper scrutiny of policy by refusing to countenance these suggestions.⁴⁹

⁴⁴ *Ibid*

⁴⁵ *The Western Mail* 25 September 2004

⁴⁶ Section 36.1 *The Government of Wales Act* 1998

⁴⁷ *Ibid*

⁴⁸ Press Release www.theconservatives.com 21 September 2004.

⁴⁹ Press Release www.theconservatives.com 21 September 2004.

In a related announcement, Rhodri Glyn Thomas, deputy group leader of Plaid Cymru, also called for greater scrutiny at the Assembly and for a return to a fortnightly subject committee schedule, to be put in place before the 2003 election.⁵⁰ Plaid argued that the planned merger of key quangos into the Assembly strengthens the case for a return to the old system.

In November, the *Western Mail* reported that a plan to re-launch the fortnightly system, with fewer members on committee bodies, is likely to be announced in the near future.⁵¹

Fire Service Powers Devolved

Fire service powers were formally devolved to the Assembly on in November. The powers were granted to the Welsh Assembly as part of the Fire and Rescue Service Act, that followed the nine-month UK-wide pay dispute. A draft framework on the fire service is currently under formulation at the Assembly and a further White Paper is expected shortly. The Minister for Social Justice, Edwina Hart, welcomed the move as an “ exiting opportunity” to create a co-ordinated strategy for community safety.⁵² The move was also welcomed by the fire service union in Wales. It is the latest in several movements of power from Westminster to Cardiff, including greater powers over agricultural matters and university top-up fees (see the policy development section of this report).

Assembly Building Costs

Originally estimated to cost £10 million, in 1998, latest forecasts have put the cost of the Assembly Building at around £67.6 million. Following the halting of the original contract in June 2003, new estimates placed the cost of the building, including fitting costs, at £55 million.⁵³ Having originally announced new costs of £60 million, Finance Minister, Sue Essex, was forced to acknowledge that another £7.5 million, spent on groundwork before 2001, was omitted from her original statement.⁵⁴

⁵⁰ *The Western Mail* 9 November 2004.

⁵¹ *The Western Mail* 9 November 2004.

⁵² *Assembly Press Release* 10 November 2004

⁵³ *The Western Mail* 18 October 2004.

⁵⁴ *Ibid*

3. FINANCE

James Foreman-Peck, Cardiff Business School

First Three-year Budget

Finance Minister, Sue Essex, announced the Assembly Government's budget for 2005-06 to 2007-08 in October (see Table 1 on the following page). The first three-year budget to be produced, it outlines a 20 per cent spending increase. In line with second term commitments and manifesto pledges, health and education received the largest increases - £5.5 billion and £1.5 billion respectively over the next three-years. Other programmes to receive greater investment were the Crime Fighting Fund, an extra £119 million, and Housing for the Elderly programme, a £30 million increase. Economic development and transport, traditionally a key beneficiary in budget announcements, received only a minimal increase in funding for the next three-years. Finance Minister, Sue Essex, defended this decision, claiming that the portfolio had received large funding increases in previous years:

“This budget reflects the priorities of a government with a vision and commitment to deliver both now and in the future.”⁵⁵

Whilst the budget was welcomed for its focus on early years education, concerns were raised about the way in which the figures were presented in the budget document.⁵⁶ In the 24 page document columns *Changes 2005-6, 2006-7 and 2007-8* indicate the accumulated spending figures over three years rather than the annual increase in spending, so that the Changes column for 2006-7 actually includes the increase for 2005-6 and 2006-7.⁵⁷ Whilst the Assembly government maintained its commitment to transparency, David Davies, Conservative AM, complained that the figures were misleading to voters.⁵⁸

Budget Debate

Campaigning in the North East for a 'Yes' in the regional assembly referendum, the First Minister remarked that a 'No' vote would end any prospect of revision to the

⁵⁵ Assembly Press Release 11 October 2004

⁵⁶ *The Western Mail* 25 October 2004

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*

Barnett formula⁵⁹. The north-east of England is the other significant part of the UK apart from Wales which, it has been suggested, is missing out under the formula.

⁵⁹ Martin Shipton, 'Rhodri tells Tyneside Vote Yes'; *Western Mail* 22 October, 2004.

Table 1. Assembly Government three-year rolling budget 2004 – 05 to 2007-08 (£millions)

Portfolio	2004-05 Original Plans	2005-06 Baseline	2005-6 Total Changes	2005-2006 New Plans	2006-7 Baseline	2006-07 Total Changes	2006-7 Indicative Plans	2007-08 Baseline	2007-8 Total Changes	Indicative Plans 2007-8
Health and Social Services	4,583,190	4,611,889	261,110	4,872,999	4,611,889	564,471	5,176,360	4,611,889	855,602	5,467,491
Education and Lifelong Learning	1,228,920	1,281,859	60,861	1,342,720	1,281,859	130,450	1,412,309	1,281,859	199,993	1,481,852
Economic Development and Transport	1,349,664	1,381,883	110,554	1,492,437	1,381,883	133,969	1,515,852	1,381,883	145,932	1,527,815
Culture, Welsh Language and Sport	124,660	127,406	11,531	138,937	127,406	15,795	143,201	127,406	24,718	152,124
Environmental Planning and Countryside	431,200	444,847	37,304	482,151	444,847	53,966	498,813	444,847	67,117	511,964
Social Justice and Regeneration	446,450	448,254	38,879	487,133	448,254	55,330	503,554	448,254	84,063	532,317
Local Government	3,337,487	3,371,511	203,091	3,574,602	3,371,511	356,546	3,728,057	3,371,511	518,826	3,890,337
TOTAL	11,780,895	12,607,633	101,221	12,708,854	12,607,633	998,971	13,596,604	12,607,633	1,810,061	14,422,373

Source: Assembly Government Final 2004 budget, October 2004

Although the connection between extra funding and an elected assembly in the north-east has not featured prominently in the British government's proposals, presumably the contrast between spending in the North East and in the devolved administrations would become increasingly difficult to justify to a regional assembly. The No vote must have been a disappointment because Rhodri Morgan believes academic studies have indicated that a revision would benefit Wales. Similarly in the budget debate, Dai Lloyd for Plaid Cymru, while welcoming the spending increase, complained that 'A needs-based formula would give us £800 million extra every year' for the budget.⁶⁰

Would a revised formula for the Assembly Government budget really increase the current total? If Ian McLean and Alistair McMillan's proposal – presumably the one referred to by the First Minister and by David Lloyd – was adopted, it would⁶¹. Since the UK government thinks sufficiently highly of Professor McLean's acumen to employ him as the principal investigator on a massive project to examine public expenditure in the English regions, we should consider this possibility seriously. McLean and McMillan's idea is that public expenditure per head relative to the UK average should vary inversely with relative regional GDP per head. They present a table showing how each region would fare if their rule were followed. Adjusted for regional price differences the per capita calculation implies that Wales would get about £600 million more.

The McLean/McMillan rule is in fact very arbitrary. It requires that a region with a GDP per head one percent lower than the UK average should receive one percent more public expenditure than the UK average. But why this one for one matching-why not more, or less?

The McLean/McMillan table gives the impression that they are merely proposing a redistribution of spending, not a change in the total. But because they do not allow for the differences in the size of regional populations, this may not be the case. For instance their calculation shows that the South East also would qualify for extra spending, though rather less than half as much per head as Wales. But since the South East population is more than twice the size of Wales's, £1 billion extra must be allocated to this supposedly prosperous region under the McLean/McMillan rule as well. If the sums do not add up there is little justification for the proposed formula or much chance that it will be implemented.

60 The Final Budget The National Assembly for Wales (The Record) Tuesday, 30 November 2004, p58.

61 Iain McLean and Alistair McMillan, *The Fiscal Crisis of the United Kingdom*: <http://www.nuff.ox.ac.uk/Users/McLean/index.htm>

An alternative approach is to assume that components of public expenditure across English regions, are allocated approximately according to measurable regional needs. The relationships can then be applied to predict comparable needs-based public expenditures in Wales. A fairly simple version of this method shows that, for education and health, Wales is already spending more than is warranted by 'needs'⁶². Moreover the block grant, covered by the Barnett formula, is considerably higher than necessary to support even this extra public expenditure on these two vital elements of well-being. So perhaps it is lucky for the Welsh Assembly Government that the North East voted 'No'.

A number of speakers in the Budget debate emphasised that Wales' problem is not spending, which is rising nicely. The dreaded 'Barnett squeeze' on the Assembly budget seems more of a cuddle. Rather, the weaknesses are in delivery. Despite free breakfasts for primary school children, and other initiatives, education can be represented as losing out to health spending⁶³. With a higher proportion of educational non-achievers and poorer school buildings than England, it would be reasonable to expect a rather larger educational budget for Wales. Moreover there are apparently wide and inexplicable differences in education spending per pupil between Welsh education authorities. High health spending itself has yet to deliver service improvements comparable to those in England, according to the Audit Commission report earlier this year⁶⁴.

In the face of all this carping it is a relief to see ahead a solution to at least one of the Assembly Government's supposed delivery shortcomings. During the budget debate, Elin Jones for Plaid drew attention to the apparent unbridgeable gap now separating the Government's target of achieving 90 per cent of the UK's gross domestic product by 2010, from the current level of 78.8 per cent. Fortunately for the Assembly Government, the Office of National Statistics has offered a way of meeting the objective, unnoticed in the debate⁶⁵. Welsh prices are almost 8 percent lower than the UK average. This means that so long as the target can be interpreted in real terms - that is, as a measure of what can actually be bought in Wales - we are already at 85.6 percent of the UK average, with only another 4.4 percent to go. If somehow a financial crisis transpired or could be arranged for 2010 to bring down the earnings of London and the South East, our Welsh relative GDP target would be comfortably met

62 J Foreman-Peck and L Lungu 'Needs and Welsh Public Spending' in *Merseyside and North Wales Economic Business Prospects*(forthcoming).

63 David Reynolds, 'Funding: Questions the Assembly must ask' *Western Mail*, 28 October 2004.

64 Audit Commission for Wales *Transforming Health and Social Care in Wales*, April 2004:
<http://ww2.audit-commission.gov.uk/wales/el/>

65 'Relative Regional Consumer Price Levels in 2004' by Damon Wingfield, David Fenwick and Kevin Smith. Published by the Office of National Statistics.

4. POLICY DEVELOPMENT

Nia Seaton IWA

Health and Social Services

The Autumn session has seen continued debate on the issue of waiting lists, as well as policy announcements in key public health areas. First Minister Rhodri Morgan, announced a £1 reduction in prescription charges on 1 October, following the Assembly vote in favour in June. The reduction to £5 was heralded as a further step by the Assembly Government towards meeting its 2003 election pledge to completely abolish charges by 2007.⁶⁶

However, the Liberal Democrats criticised this step-by-step approach as yet another example of ‘last minute’ delivery on policy promises by the Government⁶⁷. Welsh GPs, while welcoming the move, urged careful regulation of the policy to ensure English patients on the border with Wales were not subsidised by Welsh health budgets and to prevent excessive numbers of patients seeking free prescriptions for over-the-counter drugs.⁶⁸

Health Minister, Jane Hutt, revealed during November that the MRSA ‘superbug’ figures for each hospital and NHS Trust in Wales would be published during 2005.⁶⁹ While welcoming the move, Conservative health spokesman, Jonathan Morgan, and Plaid Cymru leader, Ieuan Wyn Jones, raised concerns over the failure of the Assembly Government to commit to clear targets for the reduction in the levels of MRSA in Welsh hospitals, given that the Government in Westminster had already done so for England.⁷⁰

The Health Minister also committed herself to seeking a ban on smoking in public places when addressing the British-Irish inter-parliamentary body, which met in Wales for the first time in October.⁷¹ The bid to advance the Assembly’s cross-party 2003 commitment to a smoking-ban was also furthered by the launch of the Westminster Government’s White Paper on Public Health. The White Paper includes recommendations for a ban on smoking in all public places serving food by 2008 and a Wales-only clause that will allow the Assembly to adopt its own approach.⁷² The Assembly Government is likely to introduce a more general, blanket-ban on smoking, similar to that introduced in Ireland, even though recent surveys indicate support in Wales for only a partial ban.⁷³ The Health Minister said she believed the cross-party committee could make the wider Assembly’s case, stating that she was:

⁶⁶ *Western Mail*, 1 October 2004.

⁶⁷ *Ibid.*

⁶⁸ *Western Mail* 2 October 2004.

⁶⁹ *e-politix website* www.epolitix.com, 9 November 2004.

⁷⁰ *Ibid.*

⁷¹ Welsh Assembly Government Press Release 19 October 2004.

⁷² *Western Mail*, 16 November 2004.

⁷³ *Ibid.*

“... confident that the committee’s work and findings will play an important role in making the Welsh people better informed about the health risks.”⁷⁴

The committee on Smoking in Public Places, chaired by Labour AM Val Lloyd, will report to the Assembly by May 2005 on the potential impacts of a ban.⁷⁵

Economic Development and Transport

High levels of economic inactivity in Wales among people of working age continued to cause concern, despite an overall fall in the level of unemployment. Welsh GDP continues to be less than 80 per cent of the UK average. If Wales were to increase its employment rate by 100, 000 to that of the UK average, Welsh GDP could raise to be at least 86 per cent of the UK rate.

The Economic Development and Transport Committee received the first draft report on economic inactivity at its meeting on 13 October. The report, which summarises the responses to a consultation exercise, details the opinions of respondents on the causes of economic inactivity and makes recommendations for improving levels of economic activity. The main causes highlighted by respondents were a lack of confidence among the inactive, isolation, lack of affordable childcare, the benefits trap, and gaps in adult orientated vocational training, with ethnic minorities and those with disabilities experiencing particular problems.⁷⁶

Economic Development and Transport Minister, Andrew Davies, announced the 2000th project to benefit from European Structural Funding. The project will be run by *Credú* (Believe In Your Digital Future) a joint venture between Canllaw Online and Fujitsu, which aims to promote an inclusive highly skilled and entrepreneurial culture among young people in Wales. The project, known as a ‘Digilab’, will create 82 networked, up-to-the-minute information technology laboratories for children across Wales. The aim of the project is to close the skills gap by providing children with the opportunity to learn key technology skills from an early age.⁷⁷

Figures released by the Welsh Assembly Government demonstrate a continuing decline in manufacturing employment levels, with 26,557 jobs lost since 1997.⁷⁸ The Minister claimed the decline in manufacturing was the result of the movement by companies to low-wage countries.

⁷⁴ Welsh Assembly Government Press Release ,19 October 2004

⁷⁵ Further details on the committee and its work can be found in the previous two IWA Monitoring Reports.

⁷⁶ Review of Economic Inactivity Preliminary Report,13 October 2004

⁷⁷ Assembly Government Press Release 9 September.

⁷⁸ *Western Mail* 15 October 2004.

Conservative spokesman Alun Cairns, said the Minister should acknowledge there was a “problem” and that greater investment was needed in transport and training.⁷⁹ He also voiced concerns that policies needed to halt further decline would not be forthcoming, given the minimal increases for economic development in the Budget announcement. Although economic development was previously one of the areas receiving the highest levels of funding, it had lost out substantially in the budget announcement to health and education. While this was largely expected, given the Assembly Government’s changed policy focus in its second term, concern has been expressed that the a minimal increase just above the rate of inflation in the economic development budget will not be enough to tackle looming problems, such as loss of manufacturing jobs and problems with transport infrastructure.

Education

Issues surrounding funding and finance have also dominated education policy. While funding for education and lifelong learning received a boost in the budget, which increased funding by £531 million over the next three years, not all education sectors are perceived to have gained under the settlement. The bulk of the money was divided as follows:

- £67 million over three years for Early Years Education to develop the Foundation Phase and Integrated Children’s Centres across Wales.
- £126 million for post-16 education, with money to be spent on pay initiatives and building improvements.
- Other beneficiaries will be higher education, which will receive £56 million over three years, the Teachers Workload policy, which will receive £100 million and Basic Skills, to which £9 million will be allocated over the years up to 2007-8.
- £38 million over three years for 14-19 year olds, mainly being spent on initiatives, such as developing Learning Pathways and more school and work based learning.

While the NUT welcomed the commitment to funding early years, representatives of post-16 colleges have argued that the additional funding will do little but cover pay initiatives without reaching other areas in great need of investment.⁸⁰

Debate continued over the introduction of variable top-up fees for higher education. Higher Education Wales, the organisation representing university vice-chancellors and principals, argued that a lack of funding and the introduction of variable fees in England would mean that Welsh universities would be at a great disadvantage.⁸¹ A commission under Professor Teresa Rees, Pro Vice Chancellor at Cardiff University

⁷⁹ *Ibid.*

⁸⁰ *Western Mail*, 14 October 2004.

⁸¹ *Western Mail*, 4 November 2004.

is currently looking into the issue of university fees and is expected to report to the Assembly early in 2005.⁸²

Peter Clarke, the Children's Commissioner for Wales, published his Clwyd report on the inquiry into allegations of sexual abuse made against the late drama teacher, John Owen, of Ysgol Rhydfelen, Pontypridd. Despite criticism by outside groups of the report, the Education and Lifelong Learning Minister and Committee have both supported the report and its recommendations. Education Minister Jane Davidson said that the large majority of the recommendations that referred to the Assembly Government would be introduced.⁸³

Culture, Language and Sport

The £106 million Wales Millennium Centre was launched at a three-day celebration, at the end of November, with First Minister, Rhodri Morgan declaring:

“The opening of the Wales Millennium Centre is incredibly important not just for arts and entertainment - but for Wales as a nation.”⁸⁴

Concerns were, nonetheless, expressed over the adequacy of transport to and from Cardiff Bay by Plaid Cymru AM Owen John Thomas.⁸⁵ Culture Minister Alun Pugh said discussions were being held with train operators and other transport providers but conceded that it would be “some time before the planned multi-storey car park for the centre would be completed.”⁸⁶

A further modest advance in the status of the Welsh language was registered when Alan Pugh, announced that Welsh would be included for the first time on UK passports. From late 2005 the front page of new passports will include Welsh. The Minister stated that this option was made available following discussions with both the EU and Westminster and was “... a clear recognition of Wales as a nation with a distinct culture.”⁸⁷

The Culture Minister also announced that future finance for the National Eisteddfod would be conditional on the festival undertaking modernising measures and increasing its appeal to non-Welsh speakers. While the festival organisers have argued that more funding is needed to secure its future, they have also acknowledged that changes will need to be made to its structure that could see a reduction in the

⁸² The Rees Commission was created by the Assembly Government to analyse the case for the introduction of top-up fees in Wales and to advise on powers granted to the Assembly under the Higher Education Act of 2004. Members of the commission amongst others include senior lectures from leading Welsh Universities, Student body representative and trade union members.

⁸³ Assembly Government Press Release, 21 September 2004.

⁸⁴ Assembly *Press Release* 26 November 2004.

⁸⁵ *Western Mail* 2 October 2004.

⁸⁶ *Ibid.*

⁸⁷ *BBC Website* www.bbc.co.uk/wales 27 November 2004.

number of competitions contested at the festival and the adoption of a more commercial outlook.⁸⁸

Environment and Rural Affairs

Further powers over agriculture and farming will be devolved to the Assembly, if both Houses of Parliament approve a Transfer of Orders 2004 Draft Bill. The order will place the Assembly on a par with the Scottish Parliament in terms of its agricultural remit and will allow the Assembly more scope to legislate in areas such as control of animal disease and transportation of animals. Both Welsh farmers and the minister have welcomed the move.

The Auditor-General, Sir John Bourn, in his report *Waste Wales* asserted that Wales would face a massive crisis by 2010, unless improvements in waste management were made. His report stated that most existing landfill sites would be full by 2010 and that improvements needed to be made, if Wales was to lose its status as one of the countries with the lowest rate of recycling in Europe. He argued for a tightening of restrictions on illegal dumping and made recommendations that would strengthen the powers of the Assembly, the Wales Environment Agency and Defra to tackle this problem.⁸⁹ The Welsh Assembly has responded by launching a £1.5 million campaign to improve levels of recycling in Wales and to reach its target of increasing the amount of household waste recycled by 2010 by 40 per cent.⁹⁰

Finance, Local Government and Public Services

Discussions over funding settlements have posed many questions and dominated agendas across the whole of the Assembly government during this new session. Local government, in particular, has been keen to discuss the future financing of public services and has raised questions with the Finance Minister, as highlighted in the discussions of the budget.

Some beneficial financial relief was provided for small and medium enterprises by the Minister's announcement that restrictions on companies bidding for public contracts that exceed 40 per cent of their revenue will be lifted. The move is intended to benefit small medium enterprises that were previously prevented from applying and follows a campaign by Wynne Melville Jones, an Aberystwyth-based businessman, who pointed out similar restrictions did not apply in England. In future, companies will

⁸⁸ *Western Mail*, 20 September 2004.

⁸⁹ *Western Mail*, 28 October 2004.

⁹⁰ *The Western Mail* 12 November

simply have to demonstrate that they ‘will not become over-reliant’ on Assembly Government money in order to be considered in the procurement process.⁹¹

The Finance, Local Government and Public Service committee considered the provisional Local Authorities Settlement for 2005-06 and raised a number of concerns with the Minister over revenue funding for the teachers’ workload agreement and support for special educational needs provision. The Minister said that services such as provisions for special educational needs would receive additional support from the funds allocated to the education and health budgets.⁹²

Social Justice and Regeneration

Social Justice Minister Edwina Hart Minister was cleared of bullying allegations raised by the former head of the Assembly’s Equality Unit, Charles Willie. An inquiry report concluded that the minister had not exceeded her authority in her treatment of Mr Willie.⁹³

The Assembly Government’s Substance Misuse Treatment Framework was published in November, setting out guidelines and standards for those providing treatment.⁹⁴

Deputy Social Justice and Regeneration Minister, Huw Lewis, officially opened the multi-million pound Bettws housing scheme with 125 new homes in Newport in October. It has been nominated and received several awards, including Considerate Constructors Awards for 2003 and 2004.⁹⁵

⁹¹ Assembly Government Press Release, 9 November 2004.

⁹² Committee Minutes 10 November 2004.

⁹³ *The Western Mail* 7 October 2004.

⁹⁴ Assembly Press Release 3 November 2004.

⁹⁵ Assembly Press Release 18 October 2004.

5. THE LEGISLATIVE PROCESS

Sarah Beasley, Cardiff Law School

Queen's Speech

On 23 November 2004, the Queen announced her government's legislative programme for the forthcoming year, comprising 37 Bills – of which 28 were full, not draft, Bills. Included in the programme were two Wales-only Bills – the Public Services Ombudsman (Wales) Bill and the Transport (Wales) Bill. These follow the three previous Wales-only Bills since the process of devolution began in Wales in 1999. In addition there are eleven other Bills with Welsh clauses or provisions, eight of which have been remitted to the relevant Assembly subject committees for further consideration.

The Queen's Speech setting out the legislative priorities of the Westminster Government on 23 November was

The Public Service Ombudsman (Wales) Bill will unite the work of three public service watchdogs, creating one point of contact for those wishing to make complaints about local health boards, local councils or the National Assembly. The Transport (Wales) Bill gives the Assembly more powers over rail and the integration of rail, bus and air services. The Bill will also allow the Assembly to subsidise non-commercial flights between north and south Wales making it possible to support the creation of a new North-South air service. The provisions may also help Economic Development and Transport Minister Andrew Davies in his goal of gaining greater government direction over the railways.⁹⁶

These two bills were greeted by First Minister Rhodri Morgan as “a breakthrough for Wales”, marking “a major milestone” post-devolution.⁹⁷ However, critics claimed it was far from being a historic moment. To the contrary, they said it highlighted the need for full Parliamentary law-making powers in Cardiff. Members of the Liberal Democrats and Plaid Cymru argued that the inclusion of two Wales-only Bills out of six put forward by the Assembly Government, did not reflect a successful or acceptable outcome for the people of Wales.

On 1 December, the Assembly debated a motion proposing that it:

1. Notes the content of the UK Government's Legislative Programme for 2004-05;
2. Welcomes the inclusion in the Programme of two Wales-only Bills;
3. Notes that the following proposed Bills are of particular relevance to the Assembly's responsibilities:

⁹⁶ *Western Mail* 29 September 2004.

⁹⁷ Assembly Government Press Release 23 November 2004.

- a) National Lottery Bill (Culture Committee)
- b) Equality Bill (Social Justice and Regeneration Committee)
- c) Education Bill (Education and Lifelong Learning Committee)
- d) Public Services Ombudsman (Wales) Bill (Local Government and Public Services Committee)
- e) Clean Neighbourhoods and Environment Bill (Environment, Planning and Countryside Committee)
- f) Animal Welfare Bill (Environment, Planning and Countryside Committee)
- g) Transport (Wales) Bill (Economic Development and Transport Committee)
- h) Railways Bill (Economic Development and Transport Committee)

4. Remits the above Bills to the subject committees indicated, for further consideration, and requests each committee to report to the Assembly as soon as may be.

In his opening statement in the Queen's speech debate, the First Minister drew attention to the short deadline for the subject committees to report back to the Assembly, due to the expectation that this year's parliamentary session will be shorter than normal. He suggested that "if the Assembly is to maximise its influence with regard to any of these Bills, the committees will need to have reached conclusions by the end of January at the latest." This is a very tight deadline, as recess began on 9 December and the Assembly will not be sitting again until 13 January 2005.

Public Services Ombudsman (Wales) Bill

This Bill follows on from the Assembly government White Paper: 'Making the Connections: Delivering Better Services for Wales', published in October 2004.⁹⁸ It establishes the office of the Public Services Ombudsman for Wales PSO(W). The offices of the Welsh Administration Ombudsman, the Health Service Commissioner for Wales and the Social Housing Ombudsman for Wales are to be abolished along with the Commission for Local Administration in Wales (and the office of the Local Commissioner for Wales).

The Bill makes provision for the PSO(W) to investigate those matters that currently are investigated by the existing ombudsmen/commissioners in Wales. The PSO(W) will have responsibility for investigating misadministration and service failure by the Assembly; its sponsored public bodies and a number of other publicly funded bodies; Welsh health service bodies (primarily NHS Trusts and Local Health Boards in Wales), certain health service providers in Wales, local government bodies in Wales and social landlords in Wales. Thus there will be a unified ombudsman service in Wales.⁹⁹

⁹⁸ ISBN 0 7504 3587 9.

⁹⁹ Public Services Ombudsman (Wales) Bill - Explanatory Notes

Public Health White Paper

Published on 16 November 2004, the White Paper *Choosing Health: Making Healthier Choices Easier* sets out government proposals for the future of public health.¹⁰⁰ Of specific importance for the Assembly are the proposals in Chapter 5 in relation to smoking in public places. The intention is to legislate to ensure that:

- “all enclosed public places and workplaces (other than licensed premises – which are dealt with below) will be smoke-free;
- licensed premises will be treated as follows:
 - all restaurants will be smoke-free;
 - all pubs and bars preparing and serving food will be smoke-free;
 - other pubs and bars will be free to choose whether to allow smoking or to be smoke-free;
 - in membership clubs the members will be free to choose whether to allow smoking or to be smoke-free; and
 - smoking in the bar area will be prohibited everywhere.”¹⁰¹

In her statement to plenary on the day of publication of the White Paper, the Assembly Minister for Health and Social Services focussed particularly on John Reid’s undertaking to

“... work closely with colleagues in the devolved administrations...so that joint action can be taken where appropriate and legislative opportunities provided for the devolved administrations where new powers are created for England.”¹⁰²

When pressed on whether this would translate into powers for the Assembly to be able to legislate to ban smoking in public places in Wales, she said:

“The key point is that we now have the legislative opportunity to take forward our plans and proposals, which are emerging from the Committee on Smoking in Public Places (...). I can give ... that commitment that we will have the powers to take forward the committee’s recommendations.”¹⁰³

¹⁰⁰ Cm 6374

¹⁰¹ ‘Choosing Health: Making Healthier Choices Easier’, para 76

¹⁰² Preface to ‘Choosing Health: Making Healthier Choices Easier’

¹⁰³ Minister for Health and Social Services, 16 November 2004

6. RELATIONS WITH LOCAL GOVERNMENT

Nia Seaton, IWA

Local Authorities Seek Quango Powers

Responding to the quango cull, the Welsh Local Government Association called for powers previously allocated to the Welsh Development Agency, Education and Learning Wales (Elwa) and the Wales Tourist Board to be devolved to local authorities. In particular, it argued for local direct control over:

- School 6th Forms and adult education
- Business support services
- Community regeneration projects
- Tourism development

The leader of the Association, Flintshire Labour councillor Alex Aldridge, argued that, while it fully recognised that some powers would be directly transferred to the Assembly Government:

“... a wholesale centralisation of all services would not be in the interests of business or other sections of the community.”¹⁰⁴

The association proposed that new regional and / or sub-regional organisations, jointly accountable to National Assembly and local government politicians, be established to deliver current ASPB services, where appropriate.¹⁰⁵ It argues that this would enhance democratic accountability in Wales, making services more responsive to local needs. It also argued that implementation of this policy would counter criticism that a bonfire of the quangos would produce an “unhealthy concentration of power” in Cardiff Bay.¹⁰⁶

Speaking after the latest announcement on November 30th on the future of other key quangos in Wales, such as the Arts and Sports Councils, Steve Thomas WLGA Director re-emphasised the Association’s support for the “democratisation of Wales’ public services” but argued that this latest announcement should not distract attention from “July’s main announcement over the major quangos in Wales, the WDA, WTB and ELWa.”¹⁰⁷

The First Minister responded to the WLGA's proposals at a Council meeting on 26 November. He emphasised that the ASPB merger was extremely complex, and that the Assembly Government’s priority was to maintain service quality to customers through the merger transition. Although new ideas are emerging within local

¹⁰⁴ WLGA *Press Release* 17 September 2004.

¹⁰⁵ WLGA Discussion Paper “*The Role of Local Authorities in a Post Quango Wales*” August 2004.

¹⁰⁶ WLGA *Press Release* 17 September 2004.

¹⁰⁷ WLGA *Press Release* 30 November 2004

government about how this could work, the First Minister expressed concern that devolving policy and delivery responsibilities through local authorities would prove too complex at this stage.

The CBI, Federation of Small Businesses Wales, the Institute of Directors Wales and Cardiff Chamber of Commerce responded to WLGA proposals with great scepticism. Claiming that the move would be a “huge retrograde step” for the provision of business services, the group in a joint letter to Economic Development and Transport Minister, Andrew Davies, urged rejection. In particular, they strongly opposed “the transfer of significant economic development powers, currently held by the WDA, to local authorities.” They claimed that local government had neither the expertise nor the scale to provide economic development services, and such a transfer:

“... would result in twenty-two miniature WDAs – far from the one-stop shop promised by the Assembly.”¹⁰⁸

The group also voiced concerns over local authorities’ track record and argued that the proposals were far from the ‘one-stop-shop’ ideal espoused by the Assembly Government.

Budget Pressures

Concern has been expressed over what was deemed ‘a tough’ Budget for local authorities.¹⁰⁹ Despite a 5 per cent increase in spending in the settlement for 2005-6, the WLGA said there was cause for concern. It argued that the increase will not be enough to counter current financial pressures and will create significant challenges for local authorities. The WLGA stated:

“Local government was seeking a larger increase than 5 per cent and this climate of pressures on frontline services will continue unabated. We do not claim to be fully satisfied with this, but recognise the Assembly government’s commitment to health services during a difficult period for public service funding.”¹¹⁰

Opposition parties in the Assembly also joined with Local Authorities in voicing reservations over the settlement, claiming that it could lead to future rises in council tax.¹¹¹

¹⁰⁸ Letter to Andrew Davies from David Rosser (CBI), Nonna Woodward (IoD), Russell Lawson (FSB) and Helen Conway (Cardiff Chamber), 14 September, 2004.

¹⁰⁹ www.epolitix.com/EN 2 November 2004.

¹¹⁰ WLGA Press Release 11 October 2004.

¹¹¹ www.epolitix.com/EN 2 November 2004.

Regeneration Budgets

A number of local authorities have come under criticism for under-spending the regeneration budgets allocated to them by the Assembly Government. The *Western Mail* revealed that 18 out of the 22 Welsh unitary authorities had failed to spend their regeneration budgets in full and some authorities had left millions unspent. Rhondda Cynon Taff appeared to have the largest under-spend at around £3.5 million, but was closely followed by Swansea, Bridgend, Cardiff and Pembrokeshire. All had failed to spend more than £1 million allocated to them. There was an added significance to the failure because the money had been earmarked for match European Funding.¹¹²

Responding to the criticism Councils argued that in many cases the money was earmarked for single projects, which had then suffered unforeseen delays and could not be completed. In other cases, blame has been laid at the Assembly Government's door for long delays in the consideration and approval of proposals. The Assembly Government and representatives from the WLGA agreed to set up an advisory panel in an effort to avoid repetition of the under spend.

School Closures

In a controversial move Carmarthenshire County Council announced a £110 million re-organisation of its schools, to include new buildings, but also a significant number of school closures. It is believed that the plans will involve reducing the number of primary schools by 43 from 133 to 90.¹¹³ While the council has said the move represented a step towards providing high quality school environments for the county's children, parents of children in schools likely to be closed and language support groups, such as *Cymdeithas yr Iaith*, have raised concerns over the effects on tight-knit and Welsh speaking communities in the county.

Speaking in plenary, First Minister, Rhodri Morgan, argued that decisions on school closures were largely a matter for local authorities but expressed sympathy with the difficult political decisions faced by local authorities in seeking to provide access to high-quality education in sparsely populated areas.¹¹⁴

¹¹² *Western Mail*, 29 September 2004.

¹¹³ *Western Mail*, 16 October 2004.

¹¹⁴ *Assembly Record*, 23 November 2004.

7. RELATIONS WITH WESTMINSTER AND WHITEHALL

Nia Seaton, IWA

Welsh Peers Attack English Children's Commissioner Proposal

During the debate on the Children's Bill several members in the House of Lords objected strongly to the proposals for an English Children's Commissioner with powers over non-devolved areas of legislation in Wales, Scotland and Northern Ireland. Children's Commissioners for Wales, Scotland and Northern Ireland were established during the Assembly's first term, with powerful remits of investigation. Proposals for the English commissioner are weaker and have created fears that the establishment of this post will weaken the powers of the existing commissioners, creating confusion among children seeking protection. The Bill has also been criticised for its apparent lack of consistency with the principles of devolution enshrined in the devolved institutions at Cardiff, Edinburgh and Belfast.

Speaking during the debate Lord (Kenneth) Morgan argued that the proposals amounted to little more than an "English-plus" commissioner making the bill "an interesting aspect of imperialism". He argued that, beyond the obvious confusion this would create for Welsh children, the Bill was a bizarre return to a "for Wales see England" mentality from a government that had itself initiated the devolution process, adding:

"I believe that their (the Government's) proposal is inconsistent with devolution, and it is inconsistent with a proper and coherent strategy for the children of all the nations on these islands."¹¹⁵

Baroness Finlay of Llandaf and Lord Livsey of Talgarth also condemned the Bill. Both noted the negative impact it would have upon children in Wales, with Lord Livsey arguing that the implication of "protection by remote control from England" would be a "wrong that must be put right."¹¹⁶ Lord Thomas of Gresford one of the strongest critics of the Bill argued that, given the unified objections to the proposals by many Welsh MPs, the Welsh Assembly, Welsh voluntary sector and Welsh people:

"It may be that the Government will have their way but it will not carry Wales with it."¹¹⁷

¹¹⁵ *Hansard*, House of Lords debates, 10 November 2004.

¹¹⁶ *Ibid.*

¹¹⁷ *Ibid.*

Dara Defence Contract Withdrawal

In September the Minister for the Armed Forces Adam Ingram signalled that RAF contracts for the maintenance of Harrier Jets will be withdrawn from the Defence Aviation Repair Agency (Dara) in St Athan, in the Vale of Glamorgan, and returned to internal military operations at RAF bases in England.¹¹⁸

Dara was initially set up by a statutory instrument in Parliament in 1999, with Government support forthcoming during its construction phase. Its ongoing operations are meant to be sustained by customer rather than tax revenues. The agency was developed to allow government defence work to obtain the efficiency and productivity gains of a market based business. £77 million was granted from Westminster, together with £15 million from the WDA, to develop the site at St Athan into a state-of-art facility. The move by the Ministry of Defence to withdraw the contract will mean the loss of 500 jobs at the agency and could, opponents argue, threaten the future viability of the site, given that the RAF contract accounts for 70 per cent of the agencies work.

The move was strongly condemned by Vale of Glamorgan MP John Smith who described it as “ the economics of a madhouse”. He said returning the work to the RAF would result in the loss of efficiency savings. Previously, 4,000 military personnel had completed the work involved compared with 1,450 for the same functions at St. Athan.¹¹⁹

Assembly Government Economic Minister Andrew Davies agreed, but denied the move would threaten the future of the site and vowed to increase efforts to attract new work to St Athan. He added that the First Minister had

“... discussed this announcement with Adam Ingram, Minister for Armed Forces and expressed our deep concern with the decision.”¹²⁰

Waiting Lists

In an open letter to Rhodri Morgan published Cardiff Central MP Jon Owen Jones criticised the length of waiting lists in Wales. He raised concerns after being involved in aiding a constituent who had waited 17 weeks for diagnosis for breast cancer.

The letter gives a detailed analysis of the situation in Wales in comparison with England where 31,358 of 31,801 of patients waiting to be diagnosed for breast cancer are seen within 10 days, compared with only 13 per cent in the MP’s Cardiff constituency.¹²¹ The letter also condemns the lack of available statistics on waiting

¹¹⁸ *Western Mail*, 18 September 2004

¹¹⁹ *The Western Mail*, 3 November 2004

¹²⁰ *The Western Mail*, 22 September 2004

¹²¹ *Western Mail*, 16 October 2004

times for this procedure, which the MP claims took him “the best part of a month to discover.” He also expressed deep scepticism over the response made by Jane Hutt, Minister for Health and Social Services, claiming it was “unacceptable and complacent” to lay the blame at the door of the Cardiff NHS Trust without accepting any personal responsibility.¹²²

Shadow Welsh Secretary Bill Wiggin also criticised waiting lists times, claiming that a Conservative Government would give people waiting for operations the choice of being treated in a Welsh private or English NHS hospital. This policy would be implemented in place of the Welsh Labour Government’s second offer scheme, where patients waiting more than 18 months are given the option of having treatment in England. Mr Wiggin’s suggested policy was criticised by the Labour for only offering the option to those who could afford to pay. Dr Tony Calland, Welsh chairman of the British Medical Association was also sceptical of the policy, claiming that it would result in the exporting of waiting list problems and so “ extend waiting lists in England”.

Gambling Bill

Culture Secretary, Tessa Jowell, faced opposition from Welsh MPs, including those from her own party over the Gambling Bill, which, among other proposals, set out plans to launch “mega-casinos”, open 24 hours a day with unlimited jackpots.¹²³ In the original bill it was intended that Wales would receive six such casino. However, following protest it is expected that a compromise will be achieved during the Standing Committee stages, which will see the number reduced from six to one.

¹²² www.bbc.co.uk/wales 17 September 2004.

¹²³ *Western Mail* 2 November 2004.

8. RELATIONS WITH EUROPE

Nia Seaton IWA

Closure of the Wales European Centre

The Wales European Centre (WEC) will close its offices in Brussels because of the merger of key the WDA, Wales Tourist Board and ELWa into the Assembly Government. The WEC was established in 1991 to express Welsh views on key European matters. Previously a key advocator of Welsh concerns in Europe, the body saw its funding fall dramatically when the Assembly Government withdrew its funding in 2003.¹²⁴ This financial support will decline further when many of its other partners, such as the WDA, Tourist Board and Elwa are absorbed. The Assembly government plans to continue strengthening it's own office in Brussels and will shortly move to new buildings with the Welsh Local Government Association.¹²⁵ Whilst, this move will create a single voice for Wales in Europe, some have indicated concern over the number of lobbyists left in Brussels to promote Welsh interests following the closure.

New Regulations on Structural Funds

At its October meeting the European and External Affairs Committee considered the issue of new Structural Fund regulations and the impact of these changes for post-2006 funding. The First Minister reported that the European Commission was currently considering the regulations, deferring a planned multi-lateral meeting on the issue to allow time to review the responses of individual member states.¹²⁶

With regard to the UK Treasury's commitment to Structural Funds for Wales, from January 2007 onwards, the First Minister said the Treasury would be unlikely to sustain the 1 per cent per cent GDP ceiling and current levels of funding for Wales. This would mean a significant reduction in the money available to match European funding for projects post-2007 when the new regulations are introduced. He said the Treasury would have to be persuaded of Wales' case. Any potential reduction in funds for areas of deprivation in Wales could be made up by theme-based policies, such as the Assembly's Communities First Initiative.

¹²⁴ www.bbc.co.uk/wales/news 9 December 2004.

¹²⁵ *Ibid.*

¹²⁶ European and External Affairs *Committee Minutes*, 14 October 2004.

Audit Committee Report on European Funds

On 30 November the Assembly's Audit Committee published its report on the use of European Structural Funds. Entitled *European Structural Funds: Progress in Securing Benefits for Wales*, the report recounts progress made on reforms recommended in 2002 by the committee. The report follows the National Audit Commission on the same issue published in July of this year.¹²⁷ Previously the committee had found serious flaws in the way European money was being spent, with problems in the launching of suitable programmes. In its latest report the committee notes that good progress has been made since 2002, expressing greater confidence in the ability of Wales European Funding Office (Wefo) to take full advantage of future funding allocations.¹²⁸ It also gave consideration to the reforms needed in the Office before the next round of funds, which begin in January 2007 and finish in December 2013. It recommends future reforms, including:

- A review of Wefo's appraisal structure to ensure that it is clearly defined, measured and realistic, yet challenging
- Wefo should consider developing a system of reasonable and proportional sanctions against sponsors who repeatedly fail to submit claims without undue delay.¹²⁹

Fears Over Euro Funds Payback

Fears have been raised that the Assembly Government could have to pay back funds totalling millions to the European Commission due to errors made in the implementation of competition regulations by the education and training body, EIWa.

The issue arose as a result of controversy surrounding the granting of an EIWa contract for trainee apprenticeships to a Yorkshire firm.¹³⁰ Explaining why explaining why the £millions contract had been given to a firm outside Wales, ELWa said it had been subject to European-wide competitive tendering.

This prompted opposition AMs to raise questions as to why these regulations, in place in Europe since 2001, had not been applied by EIWa to previous projects. A failure to have done so could result in the body having to payback millions to European funds.

¹²⁷ For more information on the National Audit Office Report see IWA Monitoring Report June-September 2004 p. 36

¹²⁸ Assembly *Press Release* 30 November 2004

¹²⁹ Audit Committee Report "*European Structural Funding: Progress on Securing Benefits for Wales*" 30 November 2004 p.19

¹³⁰ *The Western Mail* 16 September

Eurostat Controversy

The omission of Wales from a map of Europe published on the cover of the latest Eurostat statistical compendium generated considerable newspaper and other media coverage in the both the Welsh and London-based press. The United Kingdom Independence Party saw the gaffe it as harbinger of success for its policy of withdrawing Britain from the EU. Blame was placed on sub-contractors used by Eurostat, which expressed embarrassment that the error had not been noticed when the document was proof-read.¹³¹

¹³¹ *Western Mail*, 6 October 2004.

9. POLITICAL PARTIES

John Osmond, IWA

Welsh Labour

Speculation is mounting that Blaenau Gwent AM Peter Law may stand as an independent in the constituency at the UK general election, expected in May 2005. He opposed the imposition of a woman's only shortlist after the current MP Llew Smith announced a year ago that he would be retiring. He was also unhappy at being dropped from the Cardiff Bay Cabinet, to make way for Liberal Democrat Ministers, following the formation of the coalition administration in the first term Assembly in October 2000.

If he were to stand as an independent it would mean withdrawal of the whip and Labour losing its majority in the Assembly. The party would then be forced to continue as a minority administration, depending on a disparate opposition failing to unite against them, or attempt to forge a fresh coalition with the Liberal Democrats. It was noteworthy that in an education debate in early November Peter Law voted with the opposition parties to pronounce that "variable tuition fees are, in principle, wrong".¹³² In the debate he said:

"I would be failing in my duty to the people of Blaenau Gwent if I did not say how much I regret and feel ashamed of the fact that my Government in Westminster reneged on a manifesto commitment and introduced this ... We are all here to represent our communities and the greater good of the people of Wales. There comes a time when you must stand up on a principle, when you think that that is right. That is why we are sent here. This is our parliament – or as near as we can get to a parliament; this is our democratically elected Assembly. This is the theatre of expression for the people of Wales, and this is where people believe that we have a duty to speak on their behalf. The comfort-zone approach – sitting in the Chamber with hands up and mouths closed – is not what the people expect of us on issues such as this."¹³³

Renewed speculation about Peter Law's intentions at the general election was prompted by the attendance of the UK party chairman, Ian McCartney, at a party function in his constituency at the end of November. Declaring he would not be attending the event Mr Law said:

"I have never withdrawn my statement that I would consider standing as an independent. There's immense feeling in the community. It is perhaps worse even than when the selection was made. There's very deep seated ill-feeling

¹³² Assembly *Record*, 2 November 2004. The vote, on an amendment to a motion delegating functions of the Higher Education Act 2004 to the First Minister, was agreed by 31 to 27 (Economic Development Minister Andrew Davies, also voted for the amendment, presumably in error)

¹³³ *Ibid.*

among the community about what has happened and the way in which we have been exploited. People are not going to let it go lightly. Most party activists are not working in the General Election campaign at all and many have left the party in disgust.”¹³⁴

The retiring MP Llew Smith said the selection of Maggie Jones, who splits her time between her home in Brynmawr in the constituency and her work for Unison in London, had been a pretext to impose a Blairite candidate:

“People in Blaenau Gwent don’t care less if it is a man or woman. But they recognise the tradition of our community and they are not going to have some New Labourite dumped on them. If Peter Law decided to stand then in my opinion there’s a serious chance that he will win – partly because of the high regard which the constituency has for him and also because the Labour Party in Cardiff is treating the electorate like idiots.”¹³⁵

Blaenau Gwent, formerly Ebbw Vale and represented by Aneurin Bevan and Michael Foot, is one of the safest Labour seats in the UK, with a 19,313 majority at the 2001 election.

Plaid Cymru

In a rare intervention Plaid Cymru’s honorary President, 92-year-old Gwynfor Evans, has urged former leader Dafydd Wigley to come out of political retirement and lead a fresh campaign for a Welsh Parliament. In an interview with the *Western Mail* in November - instigated at his request - he said there was a need for a grassroots campaign across Wales and Dafydd Wigley was the man to lead it:

“Dafydd Wigley’s personality will help to stir things up – there’s no doubt about that. There is so much to say about the injustices facing Wales – the fact that we are on course to have a poorer GDP than Slovenia, the way Wales is penalised by the Treasury’s funding formula.”¹³⁶

The call will increase pressure on Dafydd Wigley to also make a comeback in standing in then Assembly elections in 2007. A boundary revision in north-west Wales had created three new seats: Dwyfor and Meirionnydd, to be contested by the Presiding Officer Lord Elis-Thomas; Arfon, combining Caernarfon with Bangor, to be contested by the sitting AM Alun Ffred Jones; and Conwy, including Nant Conwy, which has to find a candidate. It is this last seat which is being earmarked by party strategists for Dafydd Wigley who, it is believed, would stand the best chance of winning.

¹³⁴ *Western Mail*, 30 November 2004.

¹³⁵ *Ibid.*

¹³⁶ *Western Mail*, 8 November 2004.

Meanwhile, Adam Price, Plaid Cymru MP for Carmarthen East and Dinefwr, called for a coalition of the opposition parties to deal with the waiting list crisis facing the NHS in Wales:

“It is worth reminding Rhodri Morgan that this option is there to the opposition parties to bring his government down. There has been discussion among party members since the start of the year about working with the other opposition parties in a number of ways. There’s practical problems and ideological problems, but it’s an interesting idea. It remains my view that this is something we should be looking at, but it would have to be as a response to the crisis in the NHS. That would have public support, putting aside political differences to relieve the crisis in the NHS.”¹³⁷

Welsh Conservatives

The Conservative Assembly leader Nick Bourne added his voice to the calls for Opposition collaboration to oppose Labour. Speaking at a fringe meeting at the Conservative Party conference in Bournemouth in September, on *Devolution: the Way Forward for Wales*, he acknowledged that there were marked policy differences:

“We make an unlikely line-up. But in the face of one-party rule, it would also be failing the people of Wales not to examine the potential for agreements on co-operating in concerted opposition and to search for different ways ahead – ways of getting Welsh Conservative policies implemented.”¹³⁸

He added that any moves to increase the powers of the Assembly should be approved by the public in a referendum, arguing that the move would “provide for a secure constitutional settlement.”

Welsh Liberal Democrats

In another indication that the Opposition parties are lining up against Labour Liberal Democrat Assembly leader Mike German, launched a sustained attack on Rhodri Morgan at his party’s conference at Llandrindod in October:

“On the NHS Rhodri has continued to back failed policies. It ‘s as though it has become a badge of honour to back [health Minister] Jane Hutt. On reform of the Barnett formula, perhaps the single most effective way of boosting Wales, Rhodri prefers not to touch the issue. To hell with rational argument.

¹³⁷ *Western Mail*, 22 September 2004.

¹³⁸ *Western Mail*, 4 October 2004.

On EU structural funds, Rhodri refuses to stand up for Wales. On D-Day Rhodri made a terrible misjudgement. Rather than representing Wales in the last of the major commemorations of D-Day, he goes to the golf club.”¹³⁹

The conference threw out a plan for all-women shortlists which would have barred men from standing for the party in target seats at Westminster and Assembly elections.

¹³⁹ *Western Mail*, 18 October 2004.

10. PRESS AND THE MEDIA

Nia Seaton, IWA

Future of Public Service Broadcasting

The future direction of public service broadcasting dominated both the coverage of the sector and the minds of those working within it. Ofcom's review of public sector broadcasting and the implications of the switch from digital to analogue provision raise many important questions about the future of such services in Wales.¹⁴⁰ These concerns were evident at a joint Institute of Welsh Affairs and Ofcom conference held in Cardiff on 19 November.

In particular, S4C looks set to experience radical changes in the run up to the switch from analogue to digital provision in 2012. Concerns over the channel's future have increased over recent years due to falling viewing figures, estimated at just over 4 per cent of the total Welsh audience. In addition the channel faces a loss in advertising revenue once the digital switch over is complete and it loses the English programming currently provided to it by Channel 4.

Speaking at the IWA conference, Ed Richards, Ofcom's Senior Partner, Strategy and Marketing Developments, outlined three options for the future of S4C:

1. The shape of S4C would remain the same. The channel would be supported by Government funding and advertising revenue but more frequent reviews of its provision would take place. Under this option the ten hours of Welsh language programming currently provided for free by the BBC would continue.¹⁴¹
2. This option would involve a complete take over by the BBC. The S4C brand would be retained but the channel would be run by the BBC, which would be given additional grant money from the government. S4C would lose its independent status.
3. S4C would convert into a Public Service Publisher. As defined by Ofcom, this would be a small organisation set up to commission programmes for terrestrial, and digital services, as well as for broadband technology. The running of the commission would be put out to tender every 10 years, with mid-term reviews of the body. Funding would be raised by government grants or by increasing licence fees and would be divided between the group running the organisation and those it then commissioned to create/run programmes.

¹⁴⁰ Ofcom completed Phase 2 of the review of public service broadcasting in September. This phase is part of a larger review of the sector, which, is set to change considerably when channels change from providing analogue to digital provision in 2012. Ofcom is the public service broadcasting regulator responsible for setting guidelines and monitoring compliance of providers with the rules of public service broadcasting.

¹⁴¹ The market value of the programming currently provided by the BBC for free is estimated at around £20.3 million

The content of these programmes would also naturally be run along public service broadcasting guidelines as already established.

The three options are currently under consideration. While Option two is said to offer the greatest cost savings, the likely redundancies and loss of independent status entailed have been seen by some as an obstacle. Option three is considered to be the most radical of the three but is a model that Ofcom has suggested not only as a future direction for S4C but also other regional networks and public sector broadcasting providers.

Huw Jones, S4C's chief-executive, responded to the options by emphasising the importance of the channel's mission in providing Welsh-medium programming. He stressed that this should not be forgotten in any decisions made on the channel's future direction.¹⁴²

In a related announcement, Huw Jones also announced that he would be stepping down as chief executive of S4C from December 2005. The S4C authority, whose membership includes Dafydd Wigley, former president of Plaid Cymru, former chief executive of ELWa Enid Rowlands and chairman of the WDA Roger Jones will appoint his successor.

Campaign for ITV 1 Wales

Following announcements by Ofcom that cuts in Welsh programming on ITV1 are likely following the digital switchover, Labour AM Leighton Andrews, a former consultant to HTV, has launched a campaign to protect local output. Despite the fact that regional programming in Wales, Scotland and Northern Ireland has received greater support from Ofcom than regional programming in England, the AM claims that Ofcom has prematurely thrown the towel in defending ITV 1 Wales arguing that more can be done to save the channel's content.¹⁴³

In the past HTV, followed by ITV 1 Wales, has lobbied Westminster for reductions in the licensing fee it pays to the government, arguing that the current fee level undermines the channel's ability to comply efficiently with public sector broadcasting requirements. Leighton Andrews favours these reductions, arguing for the need to protect the channel's output in Wales "for as long as we can".¹⁴⁴ In any move to give public sector broadcasting responsibilities to PSPs, argued that Wales should be guaranteed its own independent group with funding to commission programmes for the Welsh market.

¹⁴² *Western Mail*, 16 October 2004

¹⁴³ *Western Mail* 18 October 2004

¹⁴⁴ *Ibid.*

Fears Over BBC Wales Job Cuts

Fears of job cuts within BBC Wales, that originally surfaced at the beginning of November, have been confirmed by the recent announcement from BBC Director General, Mark Thompson, that £18 million will be cut from the BBC Wales' budget. This 15 per cent reduction in funding for the station will involve some compulsory redundancies, implemented over the next few years.¹⁴⁵ Although exact numbers have not yet been confirmed it is expected that the majority of cuts will occur within administrative departments. While, some job losses are expected to be offset by a movement of some BBC departments out of London, trade unions have warned of possible industrial action. The announcement comes at a time of grave concern over the future of broadcasting in Wales and has added to fears that the production of home-grown programmes made for Wales in Wales will be significantly reduced in future.

Western Mail Supports Wigley's Return

In an editorial on 9 November the Western Mail expressed support for the return of Dafydd Wigley to the Plaid Cymru leadership.¹⁴⁶ Echoing sentiments expressed by the party's veteran Honorary President Gwynfor Evans, interviewed in the same issue, the editorial argued that his return was the only viable option for the party as it sought to arrest its decline. Gwynfor Evans said Dafydd Wigley's return from political retirement was needed to secure strong leadership for a campaign for full Parliamentary law-making powers in Cardiff.

¹⁴⁵ *Western Mail*, 8 December 2004.

¹⁴⁶ *Western Mail*, November 9 2004.