Cofnod y Trafodion
The Record of Proceedings

Y Pwyllgor Cyllid

The Finance Committee

03/12/2015

Trawsgrifiadau'r Pwyllgor
Committee Transcripts

Cynulliad Cenedlaethol Cymru   National Assembly for Wales

Cynnwys
Contents

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru
	Welsh Liberal Democrats
Christine Chapman	Llafur
	Labour
Jocelyn Davies	Plaid Cymru (Cadeirydd y Pwyllgor)
	The Party of Wales (Committee Chair)
Mike Hedges	Llafur
	Labour
Alun Ffred Jones	Plaid Cymru
	The Party of Wales
Julie Morgan	Llafur
	Labour
Nick Ramsay	Ceidwadwyr Cymreig
	Welsh Conservatives
Jenny Rathbone	Llafur (yn dirprwyo ar ran Ann Jones)
	Labour (substitute for Ann Jones)

Eraill yn bresennol
Others in attendance

Simon Brindle	Cyfarwyddwr, Y Lab, Nesta
	Director, Y Lab, Nesta
Yr Athro / Professor	Cyfarwyddwr, Sefydliad Polisi Cyhoeddus i Gymru
Steve Martin	Director, Public Policy Institute for Wales

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Bethan Davies	Clerc
	Clerk
Martin Jennings	Y Gwasanaeth Ymchwil
	Research Service
Gerallt Roberts	Dirprwy Glerc
	Deputy Clerk
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol
	Senior Legal Adviser

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Dechreuodd y cyfarfod am 09:01.
The meeting began at 09:01.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1]   **Jocelyn Davies:** Welcome, everybody, to a meeting of the Assembly's Finance Committee. Can I just remind you that, if you've got a mobile device with you, if you'd switch it to silent, I'd be very grateful. No need to turn it off. I've had apologies from Ann Jones, and Jenny Rathbone—welcome again—is substituting for Ann. We are expecting Julie Morgan, Peter Black and Nick Ramsay to join us very shortly.

09:02

Papurau i'w Nodi
Papers to Note

[2]   **Jocelyn Davies:** We've got the minutes of the meeting of 25 November to note. Are Members happy with those? Yes.

Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2016–17: Sesiwn Drosolwg
Welsh Government Draft Budget 2016–17: Overview Session

[3]   **Jocelyn Davies:** Well, we'll go to our first substantive item on the agenda, then, which is evidence on the Welsh Government draft—this year's draft budget. This is our overview session. Would the witnesses like to introduce themselves for the record, and then, if it's okay, we'll go straight into questions? Shall I start with you, Steve?

[4]   **Professor Martin:** My name's Steve Martin. I'm the director of the Public Policy Institute for Wales.

[5]   **Mr Brindle:** I'm Simon Brindle. I'm the director of Y Lab, which is a new partnership between Cardiff University and Nesta. Nesta's the UK foundation for innovation, and we are a public service innovation lab for Wales.

[6]   **Jocelyn Davies:** Okay. Thank you. Steve, would you like to give us just a brief introduction to what your organisation does, because we've already

had one from Simon?

[7]   **Professor Martin:** Fine, thank you, Chair. So, the public policy institute was set up just under two years ago. It's part of a UK network of What Works Centres; it's the Welsh representative of that network. Our role is to try and provide evidence that helps to improve the policy process and policy debate in Wales. So, we try and tap into expert advice and analysis about what works across the whole portfolio of Welsh Government responsibilities. We work quite closely with Ministers, we meet with them regularly to talk about what they see as their evidence needs, and then we put together a work programme, having consulted with quite a wide range of other people: Welsh Government officials, special advisers, our own board, academics within our network, and the other What Works Centres around the UK. We then suggest a programme of work that we think will be helpful to Ministers and policy makers more broadly, and then we undertake that.

[8]   **Jocelyn Davies:** Okay. Thank you. Can you explain the funding, then? What proportion of your funding—for both of you, really—comes from Welsh Government?

[9]   **Professor Martin:** So, just over half our funding is from the Welsh Government. The remainder, at the moment, comes from the Economic and Social Research Council.

[10]   **Mr Brindle:** Y Lab is an investment made by Nesta and Cardiff University to cover the core costs of our team, so there was no Welsh Government funding into the core of Y Lab. But it's been very much designed to work with public sector partners, and Welsh Government being a principal one of those, to support them in delivering their projects. And the way we work is to engage with them, so that they design innovation at the beginning of their projects and actually cover the costs of work that we might bring into their projects within their own funding.

[11]   **Jocelyn Davies:** I see. So, can other people commission work from you?

[12]   **Mr Brindle:** Yes.

[13]   **Jocelyn Davies:** So, the Welsh Government could commission a specific piece of work from you.

[14]   **Mr Brindle:** Yes.

[15]   **Jocelyn Davies:** Okay, thank you. So, how do you gather, then, the best ideas from inside Wales and outside of Wales, and then deliver them in the Welsh context? Steve, do you want to—?

[16]   **Professor Martin:** Yes, thank you, Chair. I think the division of roles between us and Y Lab is that we're interested in what's already known about what works, and Y Lab gets involved at the point where nobody seems to know what would be the best thing to do—and there could be a variety of reasons for that, which, perhaps, Simon will elaborate on in a minute. So, what we do is, having identified an issue that we think it would be useful for people in Wales to have more robust independent evidence about, we then talk to our network, which is quite broad-ranging and growing over time. We identify an expert, or experts, who we think have relevant knowledge and expertise to bring to the issue. Then, we engage with them in a variety of ways. Sometimes, we do a review just based on the literature ourselves and we produce a report, or sometimes a briefing, but more normally what we do is to commission either one expert or a group of experts to do some analysis and thinking, write a report, come and brief the Minister, and/or we convene workshops or round tables, perhaps bringing six or seven experts together, sometimes with some practitioners as well, sometimes with officials, and occasionally with a Minister sitting in on the proceedings. They chew over an issue that we've primed them to do by writing a briefing first of all. So, there are a variety of ways in which we work, but they're all about tapping into expertise in Wales, but much more broadly as well, and saying, 'Professor X, you've been studying this issue for the last 20 years; we've got this problem in Wales, would you come and apply your expertise to this and help us to think through what we should do?'

[17]   **Jocelyn Davies:** Okay, thank you. Simon, have you got anything to add? Yes, I'll come to Ffred in a minute, but have you got anything to add and then I'll bring Ffred in?

[18]   **Mr Brindle:** Yes. I think part of the rationale behind setting up Y Lab was a growing awareness and a desire within Nesta to take good ideas that it found in other parts of the UK and beyond and get them to influence and work with devolved administrations. So, there's also work going on in Scotland about how the support of innovation and public services could happen there. It's rare that organisations are starting from a completely blank sheet of paper; often, someone has done something very interesting and novel, but other people might not know about it, so there's an

information-flow role about spotting good work that's happened elsewhere that we might, as an organisation, have been directly involved with, and bringing that to the attention of the relevant people in Wales. I think then there's also an issue where people are facing particular problems, and, rather than diving straight in and doing something at a risk, to do it in a controlled way that allows the approach of innovation to test, trial, adapt and develop as things go on, and then scale up on the best ideas that emerge that have been shown to work.

[19]   **Jocelyn Davies:** Ffred, did you have a supplementary?

[20]   **Alun Ffred Jones:** Mae gen i gwestiwn i Mr Steve Martin. A ydy'r gwaith rydych chi'n ei wneud, dywedwch i'r Llywodraeth, yn cael ei wneud yn gyhoeddus?

Alun Ffred Jones: I have a question for Mr Steve Martin. Is the work that you carry out, say for the Government, carried out publicly?

[21]   **Professor Martin:** Thank you. It depends a little bit what you mean by 'public'. So, the work programme that we undertake, both for the Government and more broadly with the other independent funding that we have, is published, and everything that we produce in written form is published, too. We're trying hard to make sure that what we do is available to as many people as possible, and those are the two mechanisms that we have. For the workshops that we run, we pick the participants in those quite carefully, and they're usually experts, as I said, plus perhaps one or two officials, who are there to help the experts understand the Welsh context. So, they're not open, public debates. That said, we are running conferences and public seminars as well. So, it's a mixture, but, by and large, it happens in the public eye.

[22]   **Alun Ffred Jones:** Felly, mae hyd yn oed y gwaith rydych yn ymgymryd ag ef ar ran y Llywodraeth i adolygu rhyw raglen, neu beth bynnag ydy o, neu ryw waith polisi i gyd yn cael ei gyhoeddi ac ar gael i bawb, felly, i'w ddarllen yn gyhoeddus.

Alun Ffred Jones: So, even the work that you undertake on behalf of the Government to review some programme, or whatever it is, or a piece of work related to policy is all published and made available to all, therefore, to read in the public arena.

[23]   **Professor Martin:** Yes, that's right. So, reports were published through our website, and we have a protocol, which was agreed with the Government,

which is that everything needs to be published within six weeks of having been submitted to a Minister or Ministers who have asked us for it. So, we've been keen to avoid what's happened sometimes with research that I've been involved with in the past, where you submit a report and it takes nine months for it to appear. So, I'm pleased that the First Minister has agreed. There's just this very short window before we bring stuff out. Sometimes, we do it more quickly than that.

[24]   **Alun Ffred Jones**: Diolch yn fawr.

[25]   **Jocelyn Davies**: Okay. Chris, did you want a supplementary?

[26]   **Christine Chapman**: Yes. I just wonder whether you could clarify what the interface is with local government from either of your organisations. I'm not quite sure how it would work. Obviously, Steve, you were working for the Welsh Government initially, but obviously it does impact on local government, for example, and Simon as well. How does the relationship work?

[27]   **Mr Brindle**: It's quite early days for us in Y Lab because I came into post to set up the organisation in the late summer. We're still in the recruiting phase and in discussion with potential partners for taking forward projects and pieces of work. How I see it working is that any organisation can approach us. We have a limited resource and time that we can actually deploy. So, we have to try and prioritise where we think we can help the most. Sometimes it might be Welsh Government money that a local authority has been awarded, but actually they're looking for support in taking that forward. A good example of that is the discussions that we're having with several recipients of some of the more complex invest-to-save funding; so, rather than having a go and seeing what happens in three or four years' time, to be at the start of the project, trying to turn it into a proper trial and test of what they're doing to show the proof concept.

[28]   **Christine Chapman**: But it's mainly via Welsh Government initially.

[29]   **Mr Brindle**: Not necessarily. I think if authorities wanted to work with us, we'd be happy to do that, but they would be looking to make that investment in their innovation within their core activity.

[30]   **Christine Chapman**: Okay.

[31]   **Jocelyn Davies:** Okay. Peter, shall we come to your question No. 4?

[32]   **Peter Black:** Yes. Thank you, Chair. Apologies for being late.

[33]   **Jocelyn Davies:** That's okay.

[34]   **Peter Black:** What processes do you have for developing, and particularly testing, new solutions to major public service challenges?

[35]   **Mr Brindle:** I think it depends on the complexity and nature of the intervention. If it is a highly complex, potentially risky, expensive solution, then we would very much want to be supporting that public organisation to be quite rigorous in designing its trial and experiments, having control groups, doing it at a small scale, making sure that you've got a baseline of data, and making sure that you understand what the nature of the intervention is. A good example in the past that the Welsh Government was involved with was the free breakfast programme. That was actually a randomised controlled trial. So, when the National Assembly for Wales considered that as a potential piece of legislative requirements, you were able to draw on quite a strong evidence base and actually the impact of that policy. Whereas where an organisation or department is actually taking it forward without doing that level of rigour, you're slightly operating blind. You're not sure if it's going to work. There are many things that people do where others have done it is quite similarly, next door or in another country, in which case you're adapting what they're doing and you can do that a bit quicker and easier. There are some things that are of smaller scale and, actually, it's just a case of understanding what you're trying to achieve. So, it very much depends on the scale and complexity and the risks involved with the new project.

[36]   **Peter Black:** Do you find that there's a reluctance, especially given the state of public finances at the moment, for public sector bodies to commit to that sort of testing, given that they have very few resources, and even though there may well be savings along the line they can't see an immediate benefit to it?

[37]   **Mr Brindle:** I attended the public service leadership summit that was in Swansea a few weeks ago, with a lot of senior leaders across public services, and I think there was a very strong theme in that event that the status quo can't survive, things need to change, but we do need to do this with a bit of rigour and learn from each other.

09:15

[38]   I think the practical difficulty is that change often requires an investment and the dual running of services. You need to have a lot of assurance that you will achieve cashable savings if that's what you're seeking to do. I think, very much, the methodologies that we promote, and are trying to support people with, are about de-risking the change; that, actually, there's a stronger pool of evidence that emerges from doing things at a smaller scale, at a more rapid pace, than running blind and then retrospectively looking in. So, we're trying to do it in a way that reduces the barriers for people tackling exactly the kinds of issues you're describing.

[39]   **Peter Black:** So, your experience is that the public sector bodies are prepared to make that investment upfront, despite the risk, thinking that they will get a benefit at the far end of that process.

[40]   **Mr Brindle:** I think there's a challenge in both understanding the skills and approach for that, and part of the reason we were set up was to try and help them through that. I think different organisations have more or less capacity for that kind of making change happen. It could be that they're so busy doing the day to day that all of their cash flows make it difficult to make those investments. But I think that it's by exemplification and finding others who've done it, looking at the variations of service in Wales and finding the best practice, and actually helping people identify where they can make their savings, so it makes it easier for them. So, it's a role that Welsh Government, the public service leaders, everyone, has, to try and make it easier for those organisations to make those changes.

[41]   **Peter Black:** So, practically, it's really down to the Welsh Government to fund pilot schemes to actually get that going. In reality, that's how it works, is it?

[42]   **Mr Brindle:** I think there's lots of examples of organisations doing it for themselves. So, you can look at a range of metrics from local government or health and see big variations from organisation to organisation, but their neighbours don't necessarily fully understand or know why their service costs more than it does next door, unless they make those efforts to look at that. And, part of our role, I think, it to help reduce those barriers of information flow, so that it makes it easier for them to make those changes.

[43]   **Peter Black:** So, you facilitate the spread of best practice as well.

[44]   **Mr Brindle:** That's part of what we were set up to do, yes.

[45]   **Peter Black:** Okay; thanks.

[46]   **Jocelyn Davies:** Okay. Julie, shall we come to your questions?

[47]   **Julie Morgan:** Yes. My questions were really on the same lines. How can we ensure that, if there is a good idea and something operates really well, other public bodies take it up? And, also, the voluntary sector, or the third sector. So, I don't know whether you've got any comments about how you take that forward.

[48]   **Mr Brindle:** I think, as Steve described earlier, how we work together is, where there's really strong evidence at a policy level, at a ministerial level, the Public Policy Institute for Wales producing a report, the What Works Centres have been set up specifically to bring a bit of independent rigour about identifying what really does work, and identifying the strength of evidence behind those, because when you're running services, it's quite difficult to tell from the newspaper story, or the coffee table conversation, whether that is a really good idea that's pertinent to your services, or whether that's absolutely the right thing to be doing. So, the What Works Centres for bringing that evidence are a big part of that. And, I think, where we see our role in Y Lab is about where the evidence is weak. When people have to start to trial and experiment themselves to generate new evidence and insight, that can be quite risky, unless they take a staged approach in actually developing the testing. So, there's a lot of good practice out there and people are in a sea of information and noise, and I think our collective role is to navigate through that to help people identify what the evidence says, and then help them with the implementation roll-out where it is about stepping into new territory.

[49]   **Nick Ramsay:** Excuse me, I'm sorry to interrupt, but can you give us a concrete example? From what I've heard so far, this is all wonderful stuff, but you're talking about good practice, so can you give us an example of good practice? I'm just thinking of people watching this and thinking, 'What's going on?'

[50]   **Mr Brindle:** If I mention what Nesta has been doing in the last year with NHS Essex, which is an organisation that has struggled on quite a few

fronts in terms of care for the frail and elderly. So, Nesta went in and did some work around a 100-day intervention with front-line staff to try and identify better ways of providing care for frail, elderly people in some of their localities. That led to a rapid-trials approach of different ideas that people in that service had, and it could range from quite complex things of changing policy in an organisation to really simple things such as putting post-it notes on folders so that the GP, on a Friday afternoon, had a good idea of who to contact for this patient.

[51]   **Nick Ramsay:** So, it can be quite small things like that, just—

[52]   **Mr Brindle:** Absolutely. So, a combination of small things and then empowering front-line services to experiment and trial, but be able to test those and then scale them up when they work is really important. The compound effect of those things in the localities where they were done was very promising. So that health board is looking to build that up because NHS England is very interested in taking that methodology to see if it can work in other health systems. Part of our role in Y Lab is talking to Welsh Government health people and health boards directly about that experience and how they might start to learn from that. So, this is good practice—ideas that happened elsewhere that they wouldn't necessarily know about unless we were bringing them and telling people about them.

[53]   **Professor Martin:** Can I just add, as well, that I think part of the rationale for both organisations is that a lot of this learning doesn't happen by accident or if people are just left to do it for themselves, particularly at a time, if I can say, when front-line staff are very pressed just delivering the services? So, analytical capacity, particularly in local government, we know, has been cut back quite severely in the last five years. Naturally, you want to protect social workers and teachers rather than analysts, but that means that the ability of organisations to scan for new approaches, to understand the evidence about what works best, is quite limited.

[54]   Academics, with all due respect to my colleagues, don't always think first and foremost, 'How can I apply this research in the real world?' So, I think we'd see both of our organisations very much as a kind of bridge between the academic research—which is often a very useful, but underutilised asset—and the real world, where policy makers and practitioners are grappling with problems. It's been, in some ways, surprising to me in terms of the amount of persuasion that academics need, and encouragement, to think, 'Well, you've got all this expertise from your years

and years of research; it actually is valuable, so let us take you and talk to the Minister'. There have been some really quite fascinating conversations between experts and Ministers and experts and officials, once you enable them to find each other, but, as I say, I don't think that happens naturally. People are locked in their own cultures and their own worlds.

[55]   **Julie Morgan:** And in terms—

[56]   **Jocelyn Davies:** There are a few Members who want to come in. Julie, then Chris and then Ffred.

[57]   **Julie Morgan:** In terms of the barriers to that happening, you've already cited one, and that is the stress on local government, for example. What are the other barriers that prevent what seems to be absolutely logical sense from happening?

[58]   **Professor Martin:** Simon will have some thoughts on this as well, but I think that, having worked across both communities, it's the culture and the values and incentives, as much as anything else. So, as I've described, academics, first and foremost, are interested in their teaching, their book and their journal article. There are honourable exceptions, but they are exceptions to the general rule. So, I think there's a task to be done to persuade the academic community to engage more. That's happening and there are lots of things that bodies like the Economic and Social Research Council are doing to encourage that. My own university is much more focused on impact now than, say, a decade ago.

[59]   On the other hand, it's not always the case that if you're a busy policy maker or practitioner, the first thing that you think is, 'Let's look at the international evidence base on this'. So, I think it's very easy to think of the solution before you've properly understood the nature of the problem. Quite often, what we get asked is, 'Can you find us an expert who will advise us about how to implement this policy?' We're very frequently saying, 'Well, are you absolutely sure that this policy is the answer to the problem that you're trying to address? Can we talk a bit more about the nature of the problem and understand that better? And then let's look at the evidence about which are the best approaches to tackling that'. So, I think it's that rush on the policy maker and practitioner side to a preferred solution, which everybody says is the right thing to do. In a relatively small policy community like Wales, it's quite easy for that sort of groupthink to take hold. So, suddenly, x is the answer to everything. You stop and you think, 'Is that really the case, and

what evidence is there?'

[60]   **Jocelyn Davies:** You've started something now because I've got three Members waiting to come in. Chris, then Ffred, then Mike.

[61]   **Christine Chapman:** I just wondered—I think this partnership is excellent because it is about practical strategies and academic evidence, and that's great. I just wonder how receptive—if you're going into an organisation—people who are working on the front line may be to this, bearing in mind that they're probably under a huge amount of pressure, and then, suddenly, you are seen as an outsider coming in and saying, 'Well, you know, you should do it this way'. I just wonder how you've overcome that because I think that's quite a common problem. What you're delivering, I think, is excellent, but it's how to cut through the disillusionment, quite often, people are feeling when there's lots of cuts.

[62]   **Mr Brindle:** I think it's definitely one of the things that we'll be testing ourselves. What we're doing—the investment from Nesta, the investment from the university—is an experiment in itself, so we need to measure ourselves the impacts and the barriers that we face. So, we'll be looking at those kinds of things. I think, for any of these kinds of innovations or change projects, if you like, one of the starting points is the realistic check of: what capacity is there to do these things, what's the above-and-beyond people are going to have to be doing, where's the capacity going to come from to do those things? I think the changes and adoption of things that fail is where there's been too little thought or investment made upfront to make that available for people to do. So, if you're asking someone who's flat out doing the day job, and you're simultaneously asking them to do the new thing, then that is a high-risk strategy. If you understand the resources you require to take forward those new approaches, so you free people up from the front-line services to be involved in shaping the changes, then that's when the successful embedded projects happen. And then you've got, 'How do you roll that from one to the other?', which is a different challenge.

[63]   **Christine Chapman:** Okay, thank you.

[64]   **Jocelyn Davies:** Mike. Because I think Ffred is going to wait until he comes to his questions. Mike, did you have a supplementary on this?

[65]   **Mike Hedges:** Yes. Groupthink: I think that is probably the most dangerous thing that exists—that something becomes believed to be the

right direction no matter what. Can I just give you a health example out of this? There is probably almost unanimous belief that health ought to be continually given more money—

[66]   **Nick Ramsay:** Hear, hear.

[67]   **Mike Hedges:** —but we know two things: we know the Nuffield report shows 'crude' productivity in hospitals has reduced by between 30 and 40 percent over 10 years, and we also know from Dr Keogh that 10 per cent of interventions in England—and I have no belief that it should be any different in Wales—either do harm or do no good. But I'm sure that, if somebody suggested that putting pound coins down a drain would benefit health, that would probably be agreed and somebody would have that job of doing it. It would probably do less harm than some of the things that are actually done in health at the moment, but that's—.

[68]   **Nick Ramsay:** I wouldn't dare say that. [*Laughter.*]

[69]   **Mike Hedges:** But, realistically, we have this groupthink: 'Give health more money no matter what. Don't worry about productivity. Don't worry about whether it does any good, because you're doing something'. How do we address something like that, or how do you address something like that?

[70]   **Jocelyn Davies:** Which one of you would like to—

[71]   **Mr Brindle:** Shall I start?

[72]   **Jocelyn Davies:** —tell us how to stop pouring money down the drain?

09:30

[73]   **Mr Brindle:** I'm happy to do that. Part of the solution to that is to understand the variations within the system and look for counter examples and then try to promote new practice as it emerges. A concrete example I can tell you about is ABMU were seeking additional capital resources to extend their current practice within, I think it was, renal support. They were running out of space to do dialysis within the hospital. They needed capital investment to scale up that resource and extend and build that practice to make it bigger, which would cost more money. For whatever reason, they did not get the capital money to do that service, so they had a crisis point—they had more patients than they could flow through their current status-quo

practice.

[74]   What they then did is pick up new ways of treating. They invested in dialysis equipment that could be given to people in their own homes and they redirected large cohorts of their patients through to that. That equipment meant that they could be treating themselves overnight on a more frequent basis; it meant that those individuals who previously were taking large chunks of time out of the day to go down to the hospital were now able to have free days and actually maintain and hold down jobs, which they couldn't do before, which is a big benefit. The equipment is actually a little bit more modern and gives better treatment, so, actually, they felt healthier, and that meant that the drugs that they were being supplied with—the chronic condition drugs—were reduced significantly. I was told by the chair of the health board that for each individual the drug bill fell by the order of £20,000 a year. So, that crisis point of not having the capital investment provoking a new way of delivering the service has reduced the cost point, improved the care, reduced the wraparound chronic management costs, and enhanced the lives of the individuals.

[75]   **Jocelyn Davies**: That's a good example.

[76]   **Mr Brindle**: So, part of what we need to do is to find a way that those kinds of case studies are more easily translated and disseminated to other bits of the system and that, over time, people can actually—rather than do the status quo when they're thinking about investments or reviewing a service—ask 'What is the best practice? What are the new ways of delivering services that are emerging?'

[77]   **Jocelyn Davies**: Steve, have you got something to add to that?

[78]   **Professor Martin**: The only thing that I would add to that, I think, is that what Simon is talking about is really process re-engineering, which makes a huge amount of sense. As you know better than me, often the struggle is to persuade the clinicians and the public that this isn't just about a cut, it's about improving the service. So, I think there's a lot more that we need to do over time to explain to people the reasons why we're reconfiguring services, because all of us are excited by change, but many people out there are a bit worried about change and scared about differences in the service that they're receiving. So, I think there's a big job to be done in terms of dialogue with the public and the front-line professionals to win them over.

[79]   Jocelyn Davies: And with people who develop policies. So, you've got a captive audience here this morning, I think. Julie, shall we come back to your questions?

[80]   Julie Morgan: Yes. What about the skills and capacity in Wales to analyse particularly big data—are they there?

[81]   Mr Brindle: In part. There are people who can do this and do it well. There are a few challenges, partly because, probably, the ultimate solution for some of this activity is for people to do it collaboratively. You could imagine an overview analytical review looking at multiple organisations and local authorities working together to actually develop plans together. That's starting to happen, particularly in some of the mature collaborations.

[82]   In terms of issues around big data, which you mention, there are a couple of blockages in the system there: we have less open data than there is in England, in particular, and that means that you have a smaller pool of people looking at the information that's there because it's not in the kind of resource that anybody can tap into. Also, potentially, the data quality might be at risk there, because, once you expose it to an open system, people might spot errors and issues. So, the new kind of approach, the work that Nesta's been doing around open data through a challenge process, basically says, 'This information is there and here's a public service problem'—it could be skills information or it could be employment, or so on—and that taps into the creative capacity of the private sector or third sector to ask, 'What are your best ideas to tackle that solution, given that this data exists?' We're a couple of steps away from being able to operate that kind of process in Wales, but a lot of the information is there, and some of it's cultural, about—as Steve mentioned—the analytical capacity and finding ways of actually putting the attention of analysts on those real-world problems.

[83]   Jocelyn Davies: Okay.

[84]   Professor Martin: I agree with that. Again, I think there's a lot more that we could do to involve people with the quantitative skills to apply those to the data that we have available, and to the problems that we want to address. That does really involve a dialogue early on. Part of your question was about how we make sure that we're not kind of pushing out information about better ways of doing things that nobody wants to know about. That has to be about co-production of the whole analytical process from

beginning to end, so that the practitioners and the analysts are talking together right at the beginning and all the way through.

[85]   **Julie Morgan:** And a final question from me, then. I know the digital innovation fund—I think it has been launched, hasn't it?

[86]   **Mr Brindle:** Yes.

[87]   **Julie Morgan:** How do you think that's going to contribute to these developments?

[88]   **Mr Brindle:** It's a relatively small level of investment, but I think it could be significant in a couple of factors. Part of that fund will be used to support the creation of a digital innovators network who will come together and work across public services together, and we'll be supporting them to upskill them, both in terms of their awareness of the cutting-edge technologies and the potential of that both in the private sector, but also public sector, best practice. Then we'll be facilitating, through that network, a couple of exemplar projects that would seek to show the potential of digital innovation so that it would have a relevance and impact to others. So, there may be prototypes and small-scale examples of things that could be tackling quite significant problems that others could then think about picking up and doing. I think that one of the issues that we have is a lack of awareness and understanding of what is out there—what is now possible. So, I think there's a lot of value. That's not just a public sector issue, or a Wales issue; that's across the whole economy. Senior leaders, people running services, are not fully aware of where technology is going and what things can now be done. So, actually, short-circuiting that and bringing the kind of cutting-edge technology and that experience to the attention of people who are involved in delivering change or transformation should have a positive impact.

[89]   **Julie Morgan:** Thank you.

[90]   **Jocelyn Davies:** Jenny, did you have a supplementary on this point?

[91]   **Jenny Rathbone:** Yes, just on this. In another committee yesterday—in the environment committee—we heard that Bristol is using big data, as a smarter city, to track patterns of commuting energy demand in order to be able to locally meet that demand. I just wondered if that was the sort of thing that local government had to be looking at in Wales.

[92]   **Mr Brindle:** I think that's absolutely the kind of thing that they should be doing. The potential is really very big. Probably the best example I know of is New York—

[93]   **Jenny Rathbone:** Not in Wales.

[94]   **Mr Brindle:** Yes. The process and technologies are very relevant. They invested in the analytical capacity and then drew down on big data, a lot of which was open, and social media information, and joined things up. They were able to redirect their rent officer inspectors to prioritise their visits. So, it went from being around about 8 per cent of their activity going into buildings at risk. So, they have lots of buildings in multiple occupancy. Sometimes, rogue landlords will actually put far too many people in a building to make it safe; so, there's a big fire risk. They were able to go from 8 per cent of their activities spotting and finding places at risk to something of the order of 75 per cent. The way that they did it was that they prioritised their calls based on risk factors. They were able to use data mining techniques to identify and prioritise their call list. That's a very significant enhancement of that service and we're able to deliver that at a lower cost with a much higher impact. Talking to Cardiff Council, they're trying to explore the potential of all the data that they've got. So, all of the Wi-Fi that's across the centre of the town; that gives you an awful lot of information about the people flowing through Cardiff and actually, they're just at the foothills of thinking about what that data means and what you can do with it.

[95]   So, there's huge potential in there. I think it'll partly be about trying to find examples like Bristol, where we'll be taking the digital innovators' network—it's one of the places we can do that—and learning from what the DVLA has done. They have invested heavily in digital technologies and changed their services fundamentally. And, as well, there's the private sector experience.

[96]   **Jocelyn Davies:** Okay. Nick, shall we come to your questions?

[97]   **Nick Ramsay:** Thank you. I think this has been touched on anyway, but in your opinion, are all the allocations and changes to funding made by the Welsh Government and the public sector in Wales sufficiently evidence based?

[98]   **Jocelyn Davies:** Now, don't give us a long answer, but we don't want a one-word answer. Steve, shall we come to you?

[99]   **Nick Ramsay:** Do they need to be evidence based?

[100]   **Professor Martin:** Well, I think that is a prior question, actually. I honestly don't want to give a one-word answer, because I don't think it is a one-word answer; it's more complicated than that. What I would say is that evidence ought to be an important part of what decision takers weigh up, but there are other things that inform the ways in which Ministers and others make decisions too. They have manifesto commitments, programmes of government, their own values and beliefs. So, I'm not a kind of hard-core fundamentalist when it comes to evidence. I think it's important to have evidence about what works, because that then helps you to make a decision between a range of options, but what guides that ultimate decision might be your own political values and so on. That, to me, is legitimate.

[101]   Whether everything that the Welsh Government does is sufficiently evidence based, it would be surprising, wouldn't it, if that was the case with any Government. But what I would say is that the investment in Y Lab and the investment in the Public Policy Institute for Wales, to me, shows an interest and an appetite in getting evidence about what works, which I think is actually to be applauded. If local public services as well join in with that endeavour, I think we'll have what my colleague, Jon Shepherd calls an evidence ecosystem in Wales, which we haven't had before. So, I'm not an optimist by nature, but I detect an appetite for evidence at the current time, which hasn't, frankly, always been there. The desire to look both across Wales, but also beyond Wales, I think is very encouraging too. So, I'm on a high at the moment. I think the existence of these two organisations, albeit in their early stages, is signalling good times ahead in terms of evidence use in the policy process.

[102]   **Nick Ramsay:** Obviously, we're here today to discuss the upcoming Welsh budget. Do you think previous Welsh budgets have been sufficiently based on evidence and evaluation? Do you think the one that's imminent will be adequately based on that? It's a big question. Just your opinion; I'm not asking for—

[103]   **Mr Brindle:** I agree with everything that Steve's said. What I would add to it is that your task is juggling the evidence, the politics and the operational practicalities of how these things happen. Choices have to be

made. I think where it works best where, in taking decisions where you understand there is incomplete evidence, or it's uncertain, that's done consciously. There are ways and ways of doing it. So, you can either say, 'This is a step into the unknown and we're just going to do it anyway', or it could be, 'This has not been done before, so therefore, we're going to try variants of it in different places, we're going to have a baseline of information, we'll compare and contrast and we'll quite rapidly filter out the ones that are least successful and migrate towards the better ones'. You could do that on a flagship programme or you could do it below the radar on a small-scale thing.

[104] Where things have not gone so well is when we've gone a long way down the road and we really—. It goes back to the problem you mentioned earlier about why some of these things don't happen. The researchers sometimes get asked, several years after the event, to evaluate something in retrospect, and there are a large number of reports you can pull out that say, 'We don't really know where you started, and we don't really know what the alternatives were, but we'll have a go'. It's far better to be in there at the beginning, actually generating the insight as you go and thinking about—if it is something with a weak evidence base, to be deliberately trialling, testing and expecting it to vary and change as you go. That doesn't undermine the core aim of whatever it is that Government or the Assembly vote to do.

09:45

[105] **Jocelyn Davies:** Nick.

[106] **Nick Ramsay:** Do you think the Welsh Government's budget sufficiently supports innovation, and how could it modify its budget to do that?

[107] **Jocelyn Davies:** Well, obviously, investing more in organisations such as yours, Steve. I guess you'd say that, but—

[108] **Nick Ramsay:** You were talking earlier about the balance between being risk averse and taking the right amount of risk, so I suppose that would come into it. Did I explain—

[109] **Mr Brindle:** I think innovation that is done well de-risks change, because if you are doing something that you know is uncertain and that people haven't done before, then you either, with a blindfold, go straight into

something, or you deliberately do it in small steps, see where you are going to and then look to scale up. I see that as a de-risking, rather than as a barrier to doing things. The innovation needs to come from core programmes and it needs to be proportionate to the level of novelty and change that's required in what's being done. I think there are some notable successes in Wales in the last few years with some of things have happened. So, on organ donation, the step change that's come through is a massive innovation, and it was deeply evidence based. I think it's building in that culture and practice of understanding how strong the evidence is and being proportionate in the level of design and testing in the development phase.

[110] **Jocelyn Davies:** Nick, did you have something else you wanted to ask?

[111] **Nick Ramsay:** Yes. Maybe it's more of a philosophical question, but do you think, over time, there's going to be, particularly in devolved politics, a move away from 'politics' to a more evidence-based view that strikes across all the parties? In the case of organ donation, for instance, that had general support across all the parties, and concern across all parties as well. I just wonder whether, in 50 years' time, we'll look back and think, 'Weren't they funny with their manifestos, these parties coming forward with them and trying to strike up these differences when, ultimately, we just needed guys like you to run the show?'

[112] **Jocelyn Davies:** Rather than answer that question, I mean, surely your influence is happening at the wrong point. Shouldn't you be available to parties as they're developing their manifestos, rather than Ministers as they're trying to implement promises they made four years ago, before they knew about any of this?

[113] **Professor Martin:** That's a point that has been made to us by a number of people, and I wouldn't disagree. I'd just say that we're 18 months old. We're developing, as is Y Lab, so, perhaps—

[114] **Jocelyn Davies:** So, do you see that happening in the future, perhaps? If you were a larger organisation and it was more open, so that not just political parties—. We've seen evidence of examples in other countries where organisations are able to help perhaps unions and the third sector in order to develop ideas.

[115] **Professor Martin:** 'Yes' is the short answer to that, Chair. So, credit to the Welsh Government for having core funded and set us up. Our direction of

travel, I would hope, would be exactly as you are describing: that we could undertake work for a wide range of bodies, parties and organisations. I would say the beauty of our model is that we really are quite affordable, because what we're doing is tapping into work that people have already done. We're not asking for big data collection exercises or surveys. We're saying, 'Come and give us five days of your time, professor or expert who isn't a professor, and apply yourself to this issue.' So we'd be completely—

[116] **Jocelyn Davies:** So, coming back to Nick's question, then, about how in 50 years' time we'll say, 'Remember when we used to do manifestos', it would be, 'Remember when we did our manifestos in a different way, rather than—

[117] **Nick Ramsay:** That's a much better way of putting it.

[118] **Jocelyn Davies:** Yes, I think that that's much more—

[119] **Professor Martin:** A quick answer from me: I'd go part way with you, because it would be wrong to imply that trialling and academic research and other evidence produces one simple answer that you can apply everywhere. So, there are always going to be caveats, and there are always going to be contingencies.

[120] **Jocelyn Davies:** So, we can still have our political differences.

[121] **Professor Martin:** You can still have your political differences.

[122] **Nick Ramsay:** We need those, don't we?

[123] **Jocelyn Davies:** We do need those.

[124] We don't have a lot of time, but we do have a number of questions left, and I know that you've already mentioned invest-to-save and Swansea, so I can now bring in Mike Hedges, knowing that he needn't bother with the Swansea reference today.

[125] **Mike Hedges:** I was going to, first of all, congratulate Nick as the last person who still thinks Dr Fukuyama was right.

[126] But the question I was going to ask is on invest-to-save. You've been involved in it; do you think too much money is being used to pay for

redundancy schemes, as opposed to actually proper innovation? And do you think that schemes are being properly evaluated?

[127] **Mr Brindle:** Do you want to start?

[128] **Professor Martin:** Yes. The finance Minister asked us early on to take a look at invest-to-save, and we were very happy to do that. What we did was to look at other similar schemes, particularly in England, which had been designed to share good practice and encourage innovation. What we found was that there were organisations using the money well to make changes in the way that they did things, but that was very much in isolation, and other local authorities and other health boards weren't learning from what their peers were doing. So, our report is saying, 'Let's use this as a way of promoting innovation and sharing good practice'. That was essentially our conclusion, which is very much in line with what Simon's doing through Y Lab.

[129] **Mr Brindle:** Yes. The fact is the invest-to-save fund funds a range of different projects. Its objective is to facilitate cashable savings.

[130] **Jocelyn Davies:** We've done a report into invest-to-save, so we know the background to it, but the evaluation is something, obviously, that we're very interested in.

[131] **Mr Brindle:** Absolutely. So, for those projects that are very straightforward—so, change your light bulbs and reduce your energy bills—there's a clear pathway to savings. I think there's a slightly different approach to the adoption of emerging practice that's been shown elsewhere. Where it needs a bit more translation and adoption work, those authorities need to build into their projects as they do that. Those applications to invest-to-save that are in the truly novel, complex space, are different projects again. I think evaluation, but not retrospective—so, to do it in real time, embed it within the costs of the scheme and to understand the risks and challenges that have been taken, partly so the organisation stops or redirects the project if it's not delivering what they thought it was going to, and also to generate robust evidence that others could then use as it gets done.

[132] **Jocelyn Davies:** Okay. Mike.

[133] **Mike Hedges:** That's fine.

[134] **Jocelyn Davies:** You've finished?

[135] **Mike Hedges:** Yes.

[136] **Jocelyn Davies:** Okay. Chris, shall we come to your questions?

[137] **Christine Chapman:** My first question has, I think, largely been answered, but I just wanted to test your view on whether you think the public sector, in invest-to-save, is learning from innovations in the private sector. Do you think the question is accurate, anyway—can the public sector learn from the private sector? How do you view this at the moment?

[138] **Mr Brindle:** I think there's a phase within invest-to-save projects where, at their best, there's horizon scanning and a gathering of information of what is best in class, and that could be from the public sector or private sector, depending on what they're trying to do. I think, increasingly, the Welsh Government is interested in ensuring that projects are quite robust in doing that, and doing that at the right stage, when they're designing what they're doing, rather than afterwards. I think, for the invest-to-save projects in particular, the organisation is owning the risk of what they're doing—they're committing themselves to a repayment schedule. I think, to facilitate and accelerate the amount of work that's going in that space, the better that they actually do that tapping into the best evidence and bedding in that to what they're actually trying to do, the better it would work.

[139] **Christine Chapman:** Can I ask, on the private sector, is it always the right place to make comparisons, or should you be concentrating on other public sector organisations? Can you actually compare one with the other in all ways, maybe?

[140] **Mr Brindle:** It partly depends what the scheme is looking at. If you're thinking about energy management or some core support services within an organisation, then you've got directly comparable processes within the private sector where they may have refined them to a great extent. If you're thinking about redirecting acute hospital care into community services, then you may find international examples of health systems that have done it that happen to be private sector, but it's more important that it's health than private.

[141] **Christine Chapman:** Steve, any thoughts on that?

[142] **Professor Martin:** That's almost exactly what I was going to say.

[143] **Christine Chapman:** Okay.

[144] **Jocelyn Davies:** Okay, Ffred, shall we come to your questions?

[145] **Alun Ffred Jones:** Diolch yn fawr. Byddaf yn gofyn yn Gymraeg. Cyn fy mod i'n gofyn y cwestiwn rwyf i fod i ofyn, un o flaenoriaethau y Llywodraeth, wrth gwrs, ydy mynd i'r afael â thlodi, ac rwy'n gweld bod chi'n gwneud gwaith gyda'r Llywodraeth ar hynny. A ydych chi wedi cyhoeddi rhywbeth, neu a ydych chi yn mynd i gyhoeddi rhywbeth, ar hynny yn y dyfodol agos?

Alun Ffred Jones: Thank you very much. I'll be asking in Welsh. Before I ask the question I'm supposed to ask, one of the priorities of the Government, of course, is to tackle poverty, and I see that you're doing work with the Government on that. Have you published something, or are you going to publish something, on that in the near future?

[146] **Professor Martin:** I'll just take a few moments to describe the work that we're doing. So, we have four projects that are being undertaken by universities around the UK—Warwick, Cambridge, Aberystwyth—and the Young Foundation, who are looking at different approaches to tackling poverty. The information about that is on our website. The Young Foundation are about to report early in the new year; the other three projects are reporting next autumn. But we have been running events with policymakers so that they know about that research and can feed into it. So, that's one stream of what we're doing.

[147] We're doing a rapid review of approaches to trying to tackle poverty in rural areas, and we're hoping to publish that report in the spring. And then there are some pieces of work that we've done on behalf of Ministers— shorter turnaround pieces of work. We did some work about a year ago with the Bevan Foundation looking at the impact of debt on households experiencing poverty, and whether credit unions were a solution to that or part of the solution, and why it was that people weren't taking up the services of credit unions.

[148] So, there are several pieces of work that we've done, which are on our website. There's quite a lot of research that we'll be publishing in the next nine months or so on tackling poverty.

[149] **Alun Ffred Jones:** A gaf i jest ofyn am y gwaith cyntaf a wnaethoch chi ei ddisgrifio, gyda Warwick a Chaergrawnt ac Aberystwyth? A ydy hynny'n waith cyffredinol ar bolisïau sy'n mynd i'r afael â threchu tlodi, neu ydy o'n ymwneud â gwaith sy'n benodol ynglŷn â Llywodraeth Cymru?

Alun Ffred Jones: Could I just ask about the first piece of work that you described, with Warwick and Cambridge and Aberystwyth? Is that general work on policies to tackle poverty, or is it do with work that's specifically being done by the Welsh Government?

[150] **Professor Martin:** It's about approaches to tackling poverty in general, yes. So, the Warwick team are looking at ways of promoting economic growth that produce job opportunities for people who don't have high skill levels. So, it's looking at how we create jobs that people can gain access to, and then advance their careers as they develop their skills. Cambridge are looking at the role that housing providers have in tackling poverty amongst 18 to 25-year-olds who are living outside the parental home. The Aberystwyth team is looking at the way in which we measure poverty in Wales, and developing some new techniques that they believe will give us a more dynamic view of poverty, because what we know is that a lot of people and a lot of households move in and out of poverty in a way that is missed by some of the data we currently have. So, there's a range of different things that they're doing.

[151] **Alun Ffred Jones:** Diolch yn fawr. Nid wyf yn gwybod a ydych chi wedi cael amser, ond a ydych chi wedi gwneud unrhyw waith ar effaith yr adolygiad gwariant diweddar ar Gymru a'r galwadau ar wasanaethau cyhoeddus?

Alun Ffred Jones: Thank you very much. I don't know whether you've had time, but have you done any work on the impact of the recent comprehensive spending review on Wales and the demands on public services?

[152] **Professor Martin:** Short answer: too early for us. I know that our sister organisation, Wales Public Services 2025, is hosting a briefing on that the middle of next week, but we don't have the detail yet of what the CSR means for the Welsh budget, so it's a little bit premature.

[153] **Alun Ffred Jones:** Iawn. A jest cwestiwn cyffredinol, ac efallai bod hyn yn rhy gynnar hefyd: a ydych

Alun Ffred Jones: Okay. And a general question, and maybe this is too early as well: do you consider—?

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chi'n ystyried bod—? Mae pawb yn dweud bod angen trawsnewid gwasanaethau cyhoeddus yng Nghymru er mwyn ymateb i'r newidiadau demograffig a chaledi a thlodi, ac yn y blaen. A ydych chi'n teimlo bod y newid hwnnw'n digwydd yn ddigon cyflym, ac a ydy'r Llywodraeth yng Nghymru yn darparu digon o arian ar gyfer y trawsnewid yna?

Everyone says that we need to transform public services in Wales in order to respond to the demographic changes and austerity and poverty, and so forth. Do you feel that that change is happening quickly enough, and is the Welsh Government providing enough money for that transformation?

10:00

[154] **Professor Martin:** Shall I lead off? It's very hard to generalise again; it's a little bit like, 'Are the Government's policies sufficiently evidence-based?' I think there are some encouraging signs, but there's quite a lot that we can learn from elsewhere. So, there are other countries that have been through austerity, there are other places where local government, for example, are set to make significant cutbacks. We've been doing a piece of work on what we can learn from the way in which English councils have responded to their quite draconian cuts in central Government grant over the last five years. Welsh authorities still face really big challenges, but they've been relatively protected. So, we've got a report coming out early next year, perhaps even this month, which says, 'So how have English councils coped? What might Welsh councils learn from that?' So, I think, rather than saying 'too fast/too slow', I'd want to say, 'How do we harness the evidence base that we've got to help navigate through the next five years?'

[155] **Jocelyn Davies:** Okay. Jenny, shall we come to you?

[156] **Jenny Rathbone:** I think that report sounds very interesting, and I suppose it prompts the question, 'Why haven't we got on with that a lot sooner?' because a lot of innovation has been going on in England that hasn't travelled well to Wales. But, as a supplement to that, what role do you think the uncertainty about the future shape of local government plays in harnessing the appetite for innovation or making people risk averse?

[157] **Professor Martin:** So, on the first question, I think it just illustrates that these things don't happen by chance, and it needs people who have got the time and the space to think, 'Okay, well we could make a link between what's

happened in England and what we're facing here; let's go and find the evidence base and do the analysis.' I simply think that's really tricky if your day job is to deliver a front-line service. So, again, it's a plea for the kind of bridge-building role that we and others are trying to do. My guess is the prospect of local government reorganisation could cut either way. Shaking everything up might provide an opportunity for people to think quite radically about how they deliver services, and, with the pressures of funding cuts as well, you've got a real reason to change things, and you've got a discussion that you could have with the public, which would be more difficult if everything was staying the same and there was plenty of resource in the system. So, to be positive, it's an opportunity. Clearly, though, if people are worried about their jobs, about their organisation, and this continuing uncertainty over many years about whether a council's actually going to exist, there's not much incentive there to be imaginative and forward looking. So, I think my line for several years now has been, 'If we're going to go for a structural reorganisation, let's get on with it rather than have a prolonged hiatus.' And how long have we been talking about it?

[158] **Jocelyn Davies:** In terms of the practicalities of making changes, though, to systems and the way we do things, if you've got two local authorities that are currently on a completely different path, and then they end up in the same local authority, isn't that a bigger challenge later on, that you've got completely different ways of doing things and are trying to bring them together? Simon?

[159] **Mr Brindle:** I agree with everything's Steve's just described—

[160] **Jocelyn Davies:** I don't think you two have disagreed on anything yet this morning.

[161] **Mr Brindle:** We work very closely together. [*Laughter.*] Although he's got Welsh Government funding and I don't.

[162] **Professor Martin:** I don't agree with that. [*Laughter.*]

[163] **Mr Brindle:** There are some issues, clearly, where uncertainty makes it difficult to have future ideas about where services are going, but there are a large number of issues where, effectively, it's invariant to structures, where useful change and embedding of systems could be done now, with confidence, regardless of what structures might appear. A good example is the digital work, where, increasingly—and this is happening in England now,

and would be a positive direction for Wales—there is a lot of horizontal work, of people working across organisations, delivering things collectively, building a commonality and a consistency in the way things are done, that would benefit the organisations now, in their current structures, and would mean that those elements wouldn't need to change again if the structures change above them. So, that would actually reduce the costs of reorganisation. I think there's a set of issues that could usefully be taken forward now that would actually generate real benefits and real savings in advance of—

[164] **Jocelyn Davies:** Regardless of what the structure would look like in the end.

[165] **Professor Martin:** The other thing that I'd add is that, in England, in a sense, we're having local government reorganisation without calling it that, as authorities are coming together, as they are in greater Manchester, to pool budgets and provide services together. That's a de facto merger, whilst keeping the identities of authorities separate. So, I think that the logic of authorities working together across a range of services, and with back-office functions and so on, is going to happen because of austerity regardless of what the local government map here looks like.

[166] **Nick Ramsay:** Do you think we're putting the cart before the horse here and, really, that innovation is key to this in the future and making these savings and developing best practice? So, we should be looking at, rather than reorganisation, what is best going to innovate and then let that lead everything else.

[167] **Professor Martin:** That sounds good, but I guess the difficulty with that is that all of the research shows that the ideal scale for services varies between the different services that local government is responsible for. So, you always come back to the fact that there's no ideal size for a local government. It's different for education, for refuse collection and for social care. So, there's always going to be an element of working across boundaries to get the right scale for—

[168] **Jocelyn Davies:** You've started something else now, because we've got Peter and then I've got—

[169] **Peter Black:** I was just going to say that collaboration isn't the same as reorganisation because collaboration can be for a fixed period of time and,

because you have two separate organisations that can change policies, that collaboration can move and fall apart and different collaborations take place. So, it isn't quite the same as a reorganisation.

[170] **Jocelyn Davies:** Mike and then Chris.

[171] **Mike Hedges:** Just to say, is it not true that a two-tier system put in by the Victorians lasted for just around about 100 years and we're on about our third reorganisation in the last 40 years? The second thing is: you talk about evidence, and think that evidence is incredibly important, but, if we were having a discussion in the late 1990s, on evidence, you would say that the direction for going in is performance management and the best company doing it is Enron. Because I attended lots and lots of seminars and lots of discussions where people were telling me that Enron have got it right, when we found out a couple of years—

[172] **Nick Ramsay:** Or Beeching; Beeching was evidence-based.

[173] **Jocelyn Davies:** These are not really questions, so don't feel obliged to answer them at all. [*Laughter.*]

[174] **Mike Hedges:** The question I've got is: doesn't the evidence itself have to be tested rather than just taking what appears at face value? I've mentioned Beeching; Beeching was based on evidence. They made a profit on the main line, they made a loss on the branch line—cut the branch line, you keep the profit on the main line.

[175] **Jocelyn Davies:** Simon, a really little answer—a shorter answer than the question was, I hope.

[176] **Mr Brindle:** Yes, evidence needs to be continually assessed and qualified and tested. I think it goes back to the point earlier that politics is real and there is subjectivity in there about what's important and what things you people value to choose. So, evidence is only part of the equation.

[177] **Jocelyn Davies:** Yes, of course. Chris, did you want a supplementary and then we'll come back to Jenny?

[178] **Christine Chapman:** I suppose it's a bit of a philosophical question really, but—

[179] **Jocelyn Davies:** You've brought something strange out in this committee this morning. [*Laughter.*]

[180] **Christine Chapman:** We're talking about innovation in local government and there is an issue about innovation within an organisation, which, possibly, could be more powerful. I'm thinking in terms of local government reorganisation. I know that, obviously, change must happen, but if it's done too much externally you're not going to actually capture the hearts and minds of people. I just wonder whether you feel that there needs to be more innovation with the people who are working there now so that they can actually come up with the solutions. As organisations, obviously you're going to be seen as very external and there's going to be a lot of distrust about that, but, for sustainability, shouldn't there be a much—

[181] **Mr Brindle:** Our work is very much about facilitation and trying to give people the information about how to do what they want to achieve and potentially give them the skills to take that through. There are organisations in Wales—Monmouthshire council, the Gwent area, some of the health system—that are very keen on investing in their own innovation capacity.

[182] **Christine Chapman:** I think of my own authority where, you know, despite severe cuts, they're really getting to grips with some of these problems and they are coming up with solutions. But it's done internally; it's not just somebody coming in and just telling them how to do it.

[183] **Jocelyn Davies:** Jenny, did you have a further question?

[184] **Jenny Rathbone:** Yes. This is a mixed bag in terms of evidence. What evidence is there that virtual integration, prior to institutional integration, is a better way of maintaining good services, rather than—? You know, the health service has a history of everybody taking their eye off the ball in terms of service delivery and squabbling over who's going to get which job.

[185] **Professor Martin:** The honest answer to that is: I don't know. So, that's maybe something that the institute needs to go and look at. I'm not aware of the evidence base on that, but it's an interesting question.

[186] **Mr Brindle:** I think it's a change management question rather than an innovation question. It's about how do you handle the reforms, and it can be done well or badly.

[187] **Jocelyn Davies:** Okay, so anybody else with any more questions? I don't know where that's taken us in terms of scrutinising the Welsh Government budget this year, but we've had a fascinating discussion with you this morning, and I think everybody's thoroughly enjoyed it; a very, very useful session. We'll send you a transcript; we'd be grateful if you could check it for any inaccuracies and let us know before we publish it. We'd be very grateful for that. So, thank you very much.

10:11

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cynnig:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

Motion:

that the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.
Motion moved.

[188] **Jocelyn Davies:** I suggest we go into private session now under 17.42. Is everybody content with that? Yes, I see you are. Thank you.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10:11.
The public part of the meeting ended at 10:11.