

## agenda

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# agenda

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## climate change: are we serious?

assembly Government Ministers constantly talk up their commitment to tackling climate change. Sustainable development, they remind us, is part of the National Assembly's legal framework, written into the 1998 and 2006 Wales Act. Environment and Sustainability Minister Jane Davidson has declared herself to be "the green conscience of the Cabinet". The *One Wales* coalition document, agreed between Labour and Plaid Cymru in the wake of the May 2007 election, says, "We are resolved that this government and the people of Wales will play the fullest possible part in reducing its CO<sub>2</sub> emissions." It states: "We will aim to achieve annual carbon reduction-equivalent emissions reductions of 3% a year by 2011 in areas of devolved competence."

This sounds pretty specific but what exactly is the size of carbon emissions within the "areas of devolved competence"? That is an unknown. What we do know is that, according to the WWF *One Planet Wales* report, published in October 2007, our collective individual consumption in Wales is responsible for carbon emissions of some 34 million tonnes a year. In terms of sustainability this is roughly three times what the planet can bear. So to demonstrate our commitment to a sustainable lifestyle we should be aiming to cut back our CO<sub>2</sub> emissions to around 11 million tonnes a year.

These statistics are useful to bear in mind when considering a major project, licensed by the Assembly Government, that has just begun on the edge of Merthyr Tydfil. This is the Ffos-y-fran opencast coalmine, the biggest ever contemplated in Britain and probably the biggest in Europe. When completed, after 17 years, the total excavation will cover 1,000 acres of land to a depth of 600 feet, producing some 10 million tonnes of coal.

In 1997 the Welsh Office planned to publish a technical advice note, laying down the conditions that new opencast mines would have to fulfil before being allowed to go ahead. Following the advent of the Assembly in 1999, the Assembly Government eventually promised to publish the guidance in 2005. However, the guidance note still is only in draft. The delay in publication has been helpful to the developers since the draft proposes a separation zone of 350 metres between opencast workings and the nearest homes. It also insists that a health impact assessment should be published. In the case of Ffos-y-fran the mine comes within 36 feet of the nearest home. Moreover, Merthyr council turned down a health impact assessment before allowing the development to go ahead on the grounds that "there was no statutory requirement" for one.

There has been little debate about all of this. Nor, indeed, has there been much debate about whether opencast mining is an appropriate form of activity for the Heads of the Valleys which are trying to break out of the scars of the industrial past and reinvent themselves as a place where new housing and the knowledge economy can be located. Even more serious, there has been virtually no debate about the impact on the Assembly Government's climate change aspirations. For the coal dug out of Ffos-y-fran will generate an estimated 30 million tonnes of CO<sub>2</sub> emissions. That is to say, just one project will produce near the total Welsh emissions produced in one year. Put that against the Assembly Government's claimed commitment on sustainable development and climate change and the question has to be asked: "Are they serious?"



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- **West Wales Branch Annual Dinner**  
Friday 18th January, 7.30pm  
Halliwell Centre, Trinity College,  
Carmarthen.  
Guest Speaker:  
Rhodri Morgan AM, First Minister.
- **Uniting the Nation: Communication links between north and south Wales**  
North Wales Branch conference  
Friday 18th January, 9.00am,  
St George's Hotel, Llandudno.  
Keynote speakers:  
Ieuan Wyn Jones AM, Deputy First Minister; Professor Gareth Wyn Jones, Bangor University; Professor Dylan Jones Evans, Cardiff University and Professor Dennis Hawkes, University of Glamorgan.
- **Heads of the Valleys Experience**  
Gwent Branch conference  
Thursday 7th February, 9.00am  
VITCC Centre, Tredegar.  
Keynote speakers:  
Ieuan Wyn Jones AM, Deputy First Minister; Leighton Andrews AM, Regeneration Minister and Professor Kevin Morgan, Cardiff University.
- **Stern Report and the Challenge for Wales**  
Thursday 28th February, 9.00am  
Holiday Inn, Cardiff.  
Keynote speakers:  
Ieuan Wyn Jones, Deputy First Minister; Calvin Jones, Cardiff Business School; Andrew Simms, New Economics Foundation; Mathew Quinn, Welsh Assembly Government and Chris Mills, Environment Agency.

## just published...

- **Small School Closure in Wales: New Evidence**  
By David Reynolds and Meriel Jones, £10
- **Crossing the Rubicon: Coalition Politics Welsh Style**  
John Osmond, £10

## more information:

[www.iwa.org.uk](http://www.iwa.org.uk)

Cover Picture: Artist Mary Lloyd Jones pictured with one of her paintings 'Back to Front' featured as part of the opening exhibition *Iaith Cyntaf / First Language* of the Identity Gallery at St Fagans  
Photo: Tony Hadland

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# beyond symbolism

richard brunstrom  
explains why incomers  
like him should be  
required to  
learn Welsh

**W**hy exactly do I care about Wales? I am Chief Constable of north Wales, and I am living here largely by accident. I came for the job, as a career British Police Officer in 2001. If I'm honest I came here for the coast and the countryside, and I could have easily ended up in Scotland or Cornwall. I knew little of Wales and Welsh, and even less about *the* Welsh. My motives were entirely selfish.

But I came as a volunteer, and I knew what I was getting into. At the appointment interview the Police Authority asked me to commit to learning basic Welsh, a commitment I was ready to make. It had seemed an obvious tactic to make me a more attractive candidate. But I knew at the time that I'd have to take the issue seriously if I was to retain credibility. It was evident even before I arrived that there was a background of vocal and publicly expressed cynicism in the local Welsh-speaking community about what they perceived as yet another carpetbagger from England. Now I understand why; then it was just an issue to deal with.

So I set about learning the language, and as an incoming senior police officer in the full glare of publicity. I found to my very great surprise that I could cope – and that so could anyone else, so long as they were willing. I am no linguist, and I have no pretension to fluency, but I have made some progress. However, much more than this, the process has given me real insight as to why people like me should learn this language, and indeed should be required to do so – a conclusion our governments in both London and Cardiff seem not yet to have reached.

Several factors bring me to this conclusion. Most important has been the coincidental requirement, while struggling to learn to speak the language, to understand the basic rudiments of its history and as a direct consequence, the history of the country. This has brought with it a dawning realisation of the nature of native Welsh culture, expressed most clearly by the existence of the *Eisteddfodau* and the *Gorsedd*, concepts entirely unknown to the English except perhaps as the butt of ridicule. As I have grown in both understanding and fluency I have been able to glimpse that slightly different way of thinking inherent in the speaking of a different language, a pearl beyond price denied to monoglots everywhere.

One moment stands out. We were opening a new building, and we had decided to ask the local primary school to sing, as of course one might here in Wales. But the truly astonishing thing to someone like me, educated entirely in England through the medium of English, was that they could all sing. Every one of them could, extremely well, and in two languages, and some of them angelically. Despite the presence of grand uniforms and the First Minister they exhibited no hint of stage fright. As you will understand, and so now do I, this sort of thing is entirely normal here.

I am no singer, nor artist of any kind. My knowledge and appreciation of Welsh culture and tradition is superficial indeed. But I do understand, I think, why it matters. Wales is not merely a region, some adjunct of England into which one can freely parachute without consequence be you a police officer, or a Member of Parliament. Carpetbaggers are not welcome, for this is truly a different country with its own distinct identity. As an incoming public servant it is surely entirely right and proper that one has to learn something about the nation in which you have accepted a job. Crucial to this is a recognition that Wales is a country in its own right. It is not the equivalent of an English Region.

The vast majority of people from England, including most politicians and civil servants, fail to understand the point. This failure is no mere nuance. Its existence is fundamental to the current situation, and its consequences enormously significant. And not only do they fail to understand, they fail even to realise that there is anything to understand. Their ignorance is often nearly total, and now that I am myself living on this side of Offa's Dyke, I share the pain thus caused.

Worse even than this failure, is a culture of denial of the true nature of the identity of Wales and the Welsh which reaches right to the top of the Civil Service and body politic, to Ministerial level. This culture of refusal to countenance a separate identity for Wales arises in large part from the overwhelming influence of London and the South East in political life in England. It even affects the balance of the weather forecasts on the BBC, as you may have noticed. In part it is a form of perhaps unconscious imperialism. Wales is scarcely seen on the periphery of our grossly over-centralised (by modern European standards) state.

Wales is defined geographically by its border with England, on that has largely unchanged for several centuries. It is defined politically by its history, sadly now almost totally unknown to many that I meet. It is defined culturally by a strong attachment to the performing arts. Almost everyone that I meet in Wales, whether they speak Welsh or not, feels a passionate attachment to their country in a way which I do not hear in modern England. I regard this as something of which we should be proud.

But it is blindingly obvious that Wales is defined most clearly by the Welsh language. Were it not for the miraculous survival of the language into the 20th Century then I suspect that our current constitutional status would be different. The Acts of Union in the 16th Century are now so long ago, and the original population so diluted by so many waves of immigrants that without the language perhaps we would in fact be no more than an English region.

However, the Welsh language did survive, and according to the 1911 census was spoken by a million people, half the population at that time. Its tenacious survival, even in the face of the 'Welsh Not' campaign, ensured the 1967 and 1993 Welsh Language Acts, enshrining basic language rights in British law for the first time in 400 years, possibly the first time ever. By timely coincidence, modern concepts of human rights arising from the ashes of the Second World War resulted in the European Convention on Human Rights and directly to the Human Rights Act of 1998. Taken together these ensure that the right to speak Welsh is now legally stronger than at any time since the death of Llywelyn at Cilmeri in 1282.

But is this enough? Almost certainly not. Wales and things Welsh are entrusted to us for future generations. The absolute number of Welsh speakers has fallen from around a million in 1900 to about half a million today. The decline has been stabilised and there are some encouraging signs of recent growth, but as the Assembly's Language Strategy *laith Pawb* correctly states, sustaining Welsh as a modern living European language requires a joint effort between the government and the people. Welsh will survive, cheek by jowl with English, only if the population of Wales want it to. Otherwise it will inevitably become extinct, and rightly so.

So what is my part? Well, I have a clear duty, under the law, to enable the use of Welsh within my organisation. Indeed I go further, much further. I believe that I have a legal duty, an obligation no less, as a senior public official here in Wales, to *promote* the use of the language if we as a country, a nation, are serious about reaching the goal of a bilingual Wales so clearly set out in the published policy of the Government of Wales.

I go further still. I feel a moral duty as well as a legal one, possibly the more strongly as a converted incomer. This is not my native language, nor will it ever be so. But I chose to live here, to take public money in a bilingual country. I feel a powerful sense of duty, one not explicitly captured in the law, to ensure that Welsh does not suffer as a result.



Richard Brunstrom at the annual meeting of Cymuned in Porthmadog in April 2007. This article is based on the speech he delivered on that occasion.



In addition, I have another issue, not as any old public servant, but as a Chief Constable in Wales, and in north Wales in particular. There has been a recent history of civil and criminal disobedience in Wales. 'Remember Tryweryn' is more than a simple historical slogan. Not more than fifteen years ago we had real terrorism stalking the land. This was not ever Northern Ireland, but the parallels were (and are) close, a point that our parachuted politicians would do well to remember; indeed, sometimes I have had to remind them. As Chief Constable I cannot and will not forget.

We are still experiencing illegal activity arising from the language issue. It does our country and our economy no good whatsoever. In 2002 a Countryside Council for Wales report *Valuing our Environment* showed that around 20 per cent of our economy now depends upon the 'green pound', that is attracting English speaking visitors, and sending them home with less money than they arrived with. This surely is a future area to exploit. There is real money to be made creating and maintaining a country and landscape that is different and, indeed better than the one available across the border in England. Insulting and alienating paying English visitors by obliterating our road signs is just plain stupid, as well as illegal.

The policing tradition in the UK, including here in Wales, is of a civilian service, deeply rooted in the community, policing by and with the consent of the population. It is a very successful model,

utterly different from the Napoleonic style seen in much of the rest of Europe. However, when I came to north Wales it was soon apparent to me that we in the police were seen by a large proportion of the Welsh-speaking population as an English-speaking army of occupation. This perception was wrong, but deeply held in some quarters. I have set about changing it, by design.

I hope that most will now agree that the perception has changed. It is important that the boss personally shows the way, as I have tried to do. But we have done much more. We are formally and publicly aiming to be a bilingual service by 2030. We now require all our recruits to take a Welsh test before appointment, and to reach a higher standard during their probationary period and before their appointment is confirmed. With effect from this year this final test will be set at Level 3 on the North Wales Police Welsh Language competency framework, based on the Association of Language Testers in Europe language competency scale. This is the equivalent to spoken skills at GCSE level. It is now a requirement of internal promotion that a Welsh test be taken.

Our stance has received strong endorsement from the Welsh Language Board. We have moved beyond the symbolism of signs and the superficiality of so much of the public display of Welsh seen in our society. If Welsh is to survive and to grow it must evolve into a modern language of business, not as a curiosity to be watched as it slowly goes the way of Irish and Manx. I am proud that we are now seen as a model organisation in actively promoting the use of Welsh as a modern language of business.

Interestingly, our policies have not discouraged applicants from the English-speaking community. If anything they are helping us to attract high grade candidates. We are now able to appoint native Welsh speakers in far greater numbers as well. We are now much more obviously a local service, and the future of Welsh in policing in north Wales looks more secure as a result.

Much of our current thinking came from Cymuned's evidence to the Assembly Government during the consultation phase on their 2002 report *Ein Hiaith: Ei Dyfodol (Our Language: Our Future)*. I was doing my AS level at the time, which required me to think not only about the language, but its history and about current affairs.

Despite all this I have a serious problem. The police cannot ensure the survival of Welsh; it is not our job to do so. We can certainly help its survival. We can certainly ensure that we do nothing to hasten its decline. But only the native speakers, properly supported by law, can decide whether Welsh is to survive, or to die.

But is Welsh properly supported by the law, and with appropriate political leadership? We have a Language Board, albeit one which is not very strong and reluctant in the extreme to use what teeth it possesses. It remains to be seen whether it will be swallowed by the new Assembly Government, and whether that act is beneficial. We may get a *Dyfarnydd*, a Language Commissioner, but I have no idea what his or her task would be. We have the 1993 Act which has certainly done much to stabilise the language situation. But is this enough?

I think not. If we truly wish, as a nation, to see the Welsh language prosper and grow, if we truly wish to become a bilingual country, then more is required. The growth in demand for Welsh medium education, perhaps based upon the better results achieved, shows real hope for the future. But if those taught Welsh are to use it in the future they need to be encouraged. Welsh needs to be seen as normal, as part of everyday modern life in a way which simply has not happened yet. Bilingualism needs to be seen as a positive attribute, a very real benefit. This means that important jobs must be available for which the ability to speak Welsh is both an advantage and increasingly, a requirement.

The large public sector in Wales could be a help. But why is it that I hear only English in train announcements? Why is it that Chester appears on our road signs and not Caer? Why is it that, many years after the 1993 Act, there are so many monolingual English signs of all sorts still left in Wales? Why is it that there is not one word of Welsh to be seen, never mind heard, on the Assembly sponsored bus that takes me from Cardiff Central down to the Bay? The examples are infinite. Why is it that so very few public bodies have set out any clear and convincing intention to actually implement the Assembly Government's strategy?

The situation is worse by far in the private sector. As a country we seem to have failed utterly to address the issue, even with those parts of the private sector funded in part with public money, like our transport network. If we are to become the bilingual nation envisaged by *laith Pawb* then the new Assembly will have to tackle this issue. A confident country, secure in its direction of travel and with clear leadership will have no real difficulty sorting this out.



Cymuned members campaign outside the Thomas Cook travel agency in Bangor in the summer of 2007 after employees were told that only English could be used in work-related conversations. Later, following talks with the Welsh Language Board and the Commission for Racial Equality, the company relented and announced it would implement an action plan to support Welsh. A spokesman said, "We will promote the use of Welsh as well as English among our staff in Wales in a manner that does not interfere with the good working of the business and which recognises that individual members of staff have a right to use the language of their choice in the workplace where this is reasonable, proportionate, and practicable."

If we are to become bilingual then more needs to be done, in terms of both leadership and law. Good strategy is not enough. Prominent people need to stand up and be counted. Our strategy needs to be either implemented or changed. Of course, it is not for me as a simple police officer to say which. But as a senior police officer I do need the clarity in order to do my job properly.

Leadership is crucial, but not enough on its own. I think the law needs to change, too. Although we have not made the most of the potential of the existing legislation I believe that the strategy of the Assembly, which post-dates the current Act by more than a decade, should be more explicitly underpinned by law. In Ireland Irish is the official first language of the country, set out in their constitution. This has profound implications in terms of modern human rights. Why should this not be the case in Wales?

Why is it that there is a legal right to speak Welsh in a Court in Wales, but no right to speak in Welsh with the police? Do we want to extend language rights, and if so, how far? Do we want *Bröydd Cymraeg* (Welsh-speaking areas) and if so, how do we envisage that they would operate?

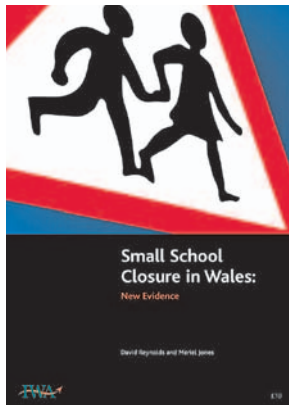
In any event, a clearer duty needs to be placed on all public bodies in Wales, including those like the police that are not devolved, to produce real action plans to become bilingual and to publicise how they are going to implement them. This duty needs to apply to all those in receipt of public funds. More serious consideration will need to be given to extending this duty into the private sector. A regime with teeth to ensure compliance will also be required.

I will not try to set out fully the scope of new legislation. Real, wide-ranging debate is required, and consensus must be reached if permanent change is to be effected and effective. I have heard the cry *Deddf Iaith Newydd* (A New Language Act) from Cymdeithas Yr Iaith and from Cymuned. But is that really what is required, given the current constitutional situation? I think a trick may have been missed.

The new Assembly will have enormous power. I don't think many people have yet realised just how far-reaching the new Government of Wales Act 2006 actually is. The penny has not yet dropped, even amongst some of our politicians. Westminster is now of diminishing importance to life in Wales. We are now in charge of our own destiny in a way that has not been possible for over 400 years, and not remotely dreamed of only a generation ago. The Assembly's ability to make Measures (effectively primary legislation) in areas the new Act deems competent is almost unfettered. What is needed if we wish to see 'yr hen iaith barhau', is not a new Language Act, but a new Language Measure. This is really exciting stuff if, like me, you believe in devolution.

*Richard Brunstrom is Chief Constable of North Wales.*

## new evidence on small school closure



New research into the views of those directly involved in the closure of small primary schools across Pembrokeshire and Powys found the outcome overwhelmingly beneficial, says a new IWA report *Small School Closure in Wales: New Evidence*.

In the nine rural Welsh counties 53 per cent (that is 394 in number) of primary schools have 90 pupils or less and are categorised by the Audit Commission as 'small' and potentially unsustainable.

Head teachers, teachers, parents and governors all said that the quality and standard of education had improved. They also felt that social factors had benefited and even that use of the Welsh language had been enhanced as a result of the amalgamations of a number of small schools into larger ones. Some responses given to the researchers are shown in the accompanying table:

In each county three case studies were chosen where communities had been through a small school amalgamation process, resulting in the creation of larger schools, but still relatively small ones by overall UK standards. Professor David Reynolds, of the University of Plymouth who led the project, said, "It is clear that apocalyptic predictions about the impact of small school closures on the Welsh language and communities are not borne out by our sample.

"No parent or child thought the position of the language was worse after reorganisation. This is an extraordinary finding given the public debate on this issue."

On the impact on the community, the great majority of respondents also reported an improvement. "Again, this is an extraordinary finding given the nature of the public discussion around the issue," said Professor Reynolds.

"The performance data we were able to collect on the academic achievements of the schools join with the questionnaire responses to suggest that school closure is a positive process," Professor Reynolds added. "Overall the experience and results are overwhelmingly favourable."

*Small School Closure in Wales: New Evidence* is available from the IWA, price £10 (IWA members are entitled to a 25 per cent discount).

### small school closure research responses

	Pembrokeshire	Powys
Increase in education quality	95%	84%
Better education standards achieved	76%	63%
Improvement in social factors	95%	68%
Enhancement of Welsh language	61%	63%

## first minister responds to call for science adviser



The appointment of Professor Chris Pollock (pictured) to assess how a Chief Scientific Adviser to the Welsh Assembly Government should work, was announced by First Minister Rhodri Morgan at an IWA Swansea Branch event in September. Professor Pollock is former Director of the Institute of Grassland and Environmental Research in Aberystwyth.

The need for a Chief Scientific Adviser was highlighted at an IWA conference on a Science Policy for Wales held in Cardiff in late 2006. It was

appropriate, therefore, that the First Minister should announce Professor Pollock's appointment at the IWA Swansea event, entitled *Science and the Public: Engagement or Divorce*.

Professor Pollock will also advise on the development and implementation of the Welsh Assembly Government's science policy and the science-related aspects of the *One Wales* coalition agreement. He will represent the interests of the science profession within the Welsh Assembly Government, identify the most effective means of co-ordinating

the use of science and the provision of science advice both from within the Welsh Assembly Government and from external sources.

Rhodri Morgan told the IWA meeting, "This is a very important appointment because science and technology help to provide right solutions for Wales on global and local issues and we have found the right person in Professor Chris Pollock to fill it on a pathfinder basis. He commands large respect in the world of science and in the corridors of power."



## creating a bilingual wales

Increasing the number of Welsh-medium primary schools is urgently required if the Assembly Government is to meet its target of increasing the proportion of Welsh speakers to 26 per cent of the population by 2011. This was a key message to emerge from an IWA conference *Creating a Bilingual Wales: the role of Welsh in education*, held in October.

The conference heard that while the number of children attending Welsh-medium primary schools had increased from 43,984 to 53,251 over the ten years to 2006, the number of primary schools had only increased by three in the same period, from 455 in 1996 to 458 in 2006.

Revealing the figures Welsh Language Board Chief Executive, Meirion Prys Jones, said they showed that rising demand in Welsh medium education was not being matched by provision. "All the evidence shows that we would have even more parents opting to send their children to Welsh-medium primary schools if they were more accessible", he

said. "It is unreasonable to expect small children to travel long distances to school.

"A recent survey in Wrexham showed that 43 per cent of parents there would choose Welsh medium education if there was a school reasonably close to their homes."

Responding to questioning following her address to the conference, Education Minister Jane Hutt said she was discussing this issue with the Welsh local authorities. Falling school rolls provided opportunities for rationalisation to address growing demand in the Welsh-medium sector. She added that she was fully committed to the *One Wales* coalition government's commitment to create "a national Welsh medium Education Strategy to develop effective provision from nursery through to further and higher education backed up by an implementation programme."

The conference also heard a range of expert speakers examining ways the Welsh language can be more

effectively promoted and taught in English medium schools. Welsh immersion pilot projects aimed at developing the Welsh language skills of pupils at the upper end of English-medium primary schools were highlighted. The pilot projects, undertaken over the last three years in primary schools in north, west and south Wales, have provided opportunities for pupils to move into Welsh-medium secondary schools.

On the 1991 and 2001 census evidence there seems little doubt that Welsh-medium education has been largely responsible for reversing nearly a century of decline in the

numbers of younger Welsh speakers. However, the Welsh medium sector only accounts for around 20 per cent of Welsh primary and secondary schools. A major argument in the IWA's 2006 publication *Saving Our Language*, by the former Mid Glamorgan Director of Education, Ken Hopkins, was that if there is to be a significant expansion of young Welsh speakers over the next 20 years, there will need to be more effective teaching and use of Welsh within the majority English-medium schools sector.

Proceedings of the conference will be published by the IWA early in 2008.



Education Minister Jane Hutt speaking at the IWA's *Creating a Bilingual Wales* conference in Cardiff in October 2007.

## heads of the valleys conference

Deputy First Minister Ieuan Wyn Jones who is responsible for Economic Development and Transport, and Regeneration Minister Leighton Andrews will both speak at an IWA conference on the *Heads of the Valleys Experience* on 7 February 2008. The conference is being held at the ViTCC Valleys Information, Technology and Communications Centre in Tredegar.

The Valleys comprise the largest long-lasting regeneration region in the world. They were first established as an area for economic assistance by the Special Areas Act in 1934.

More than 70 years later many of the same problems addressed by that Act persist: unemployment and economic inactivity, under-developed communications, poor housing, and low levels of

workforce skills. It is not so much the individual character of these problems that characterise the Valleys Experience, but their impact in combination.

By now, however, many of the problems have retreated in scale from much of the Valleys to coalesce within the core Heads of the Valleys, a reality that was reflected in the creation of the Heads of

the Valleys Programme in 2006. The IWA's conference revisits the Heads of the Valleys Experience and asks what it will be like in 70 years time.

For more details of this and other IWA events visit our website [www.iwa.org](http://www.iwa.org)

# cowbridge woman

## gareth hughes unpicks the current debate inside Welsh Labour

**b**efore going on air for ITV Wales's Assembly election results programme a Labour spokesperson was looking pretty miserable thinking that Labour had lost Newport East. In the event this did not happen but it was an indication that the night was not going to deal kindly with Labour. Some political commentators were predicting that Labour would go down as low as 23 or 24 seats. But as the night wore on Labour claimed more and more actual seats, all be it with much smaller majorities. With the 'disproportional' additional list system in operation it ended the night with 26 members returned to the National Assembly.

Those who stayed up all night would have witnessed Rhodri Morgan turning up at a 'victory' celebration. In the midst of Labour supporters there were congratulations all round, despite this being their worst election result in Wales since 1918. It took a few weeks for them to realise that they could not govern alone and indeed there was every prospect that they could cease to be in government at all in the Bay. I'm reliably informed that, even to this day, the Labour Group in the Assembly have not had a thorough post mortem on the election and its aftermath.

Meanwhile, Rhodri Morgan continues to be First Minister and the socialist ship of the Welsh state sails calmly on, with some additional crew members from Plaid Cymru. Rhodri and most Labour members regard the 2007 results as a mere blip. Welsh electors will soon be back to their senses and come home to Labour in time for the 2011 election. The analysis of Professor Richard Wyn Jones and Dr Roger Scully, that "Labour's results, while poor, were not quite bad enough to force the party into undertaking the inevitably painful and divisive process of rethinking its stance and programme" would be a good summary of Labour's official attitude to the result.

The question is, is it merely a blip or should Labour be more worried? Any objective analysis will show that the Labour vote has been in steady decline since the first Assembly elections in 1999. If this trend continues the party is in serious trouble and its 20th Century hegemony of Wales will not continue for much longer.

There are signs that some in the party are waking up to the decline. In August Merthyr AM Huw Lewis declared, "We must react to the 2007 result as though it were a heavy defeat. Any other response will not be sufficient, and we will sleepwalk to a very real loss in 2011, when the number of marginal seats we will be contesting will be unprecedented in modern electoral history." He clearly shares the views of the academics that the election results were a disaster for Labour.

A former party apparatchik whose job was to organize Labour's election campaigns, Lewis is well placed to understand the scale of the defeat. In one of his regular blogs he compared Welsh Labour's response with the Scottish Labour Party.

*"Look to Scotland, where a three per cent drop in Labour vote, compared to a 10 per cent fall in Wales, has instigated nothing short of a revolution inside the party. Root and branch reform in terms of organisation, message and policy – with backing from Gordon Brown – will deliver a modern Scottish Labour party, capable of winning elections and delivering radical policy. In Wales we have the chance of doing the same without having to swallow the bitter pill of opposition, but seem too ready to rest on our laurels."*

Turning to the changes he believes are necessary for the party's renewal, he argues that unions and other affiliated bodies should have a much greater say in how to create the right policies. To this end he has established *Wales 20:20* a party ginger group to facilitate wide-ranging and inclusive debate under the 'democratic socialist' banner.

Although Lewis is seen by many in the Assembly as unreconstructed 'Valley's Labour' his message may play well

Eluned Morgan MEP, a founder of Cymdeithas Cledwyn, on the 'Home Rule' wing of the party, and tipped to succeed Rhodri Morgan when he retires as AM for Cardiff West in 2009.





Merthyr AM Huw Lewis, on the 'British wing' of the party who is thought likely to contest the leadership when Rhodri Morgan retires in 2009.

with the quite large number of party members who see the coalition with Plaid as the work of the devil. If he were to throw his hat in the ring for the leadership of the party on Rhodri Morgan's retirement he would be a formidable challenger. Because of him being perceived as a refusenik on the coalition he would have a wide appeal amongst ordinary party members and trade unionists plus, of course the majority of Welsh Labour Members of Parliament who are downright hostile towards the *One Wales* coalition government.

Almost as an antidote to Lewis's socialist approach there seems to be those that feel that, with Wales becoming more affluent, the 'clear red water' that Rhodri Morgan coined to differentiate the party in Wales from Blair's New Labour was a great mistake. What they want is a raft of policies that appeal to 'Middle Wales'. In their book Labour should adopt the 'choice' agenda that is such a key concept in the battle to win the affection of the voters in 'Middle England'. Will Cowbridge woman be the Welsh equivalent of Worcester woman? Peter Hain is already claiming that the inheritance tax initiative is aimed at winning the heart and minds of 'Middle Wales'!

Meanwhile, the 'Home Rule' wing of the Labour party are profoundly worried at a perceived anti-Welsh language image that Labour has garnered, especially in rural Wales. This perception was not helped by Labour of all the Welsh political parties absenting themselves from this year's National Eisteddfod. The excuse was they were taking a look at how they are represented at the 'many significant shows across Wales' and anyway those nasty language activists had vandalised their stand last year. The implication was that they were not coming out to play this year.

Nonetheless, the Home Rule wing were present in the form of a fringe meeting of Cymdeithas Cledwyn which debated how they could make Labour more sensitive to Welsh issues. To further this effort they set up a 'high-level working group'

including Chair of the Welsh Language Board Meri Huws, Trade Unionist Gerald Parry, Chair of the Wales Labour Party Tecwyn Thomas, Mid and West Wales AM Alun Davies, and Eluned Morgan MEP. We have yet to see what their conclusions will be. However, they are unlikely to receive a warm reception from a party that has steadfastly refused to even have Welsh translation facilities at their Welsh conferences.

Therein lies the rub. There have always been two very distinct wings to Labour in Wales. On one side is a Unionist wing, centralist in its approach, regarding Westminster and the British state as the prime focus of its attention, and with regard for things Welsh. On the other is the home rule wing that has always pushed for greater autonomy from the British state and would want to see the National Assembly becoming a fully fledged Parliament like Scotland.

Both sides came to serious blows as to whether or not Rhodri Morgan and his Assembly colleagues should get into bed with Plaid Cymru and form a coalition to rule Wales for the next four years. MPs took the 'over my dead body' line, while AMs were eager to continue to be part of the government of Wales. As we know, the Home Rule wing won the day.

However, this battle for Labour's soul will re-emerge when Rhodri Morgan steps down and if and when the promised constitutional convention decides to go for a full blooded Parliament for Wales. The large number of members that opposed the coalition with Plaid are also likely to actively campaign against a Welsh Parliament. It won't be like the last referendum when apathy ruled amongst many party members and MPs. This time we can expect a ding dong of a contest and much blood on the carpet. Could this be the issue that hastens the decline of Wales's most successful political party?

Gareth Hughes is Political Commentator with ITV Wales.

# battle of the blogs

## vaughan roderick unravels the coalition talks

There have been many twists and turns to the devolution story over the decades and IWA director John Osmond has chronicled most of them. Surely though there's no stranger tale than the one told in his latest book *Crossing the Rubicon* which follows the various courtships, spats and splits that led eventually to the formation of the current coalition in the Bay.

There is more than one Rubicon in this story, of course. Some were forded while others were shied away from and yet John's basic thesis is right. What's done can't be undone and it's difficult to see circumstances in which Welsh politics could revert to its pre 2007 default settings.

The largest Rubicon crossed was undoubtedly the one facing the Labour party. For a large section of the party (particularly at Westminster) that regards Plaid Cymru as being somewhere between Satan and Mephistopheles in terms of social and political acceptability, having to "get into bed with the nationalists" was little short of a nightmare.

A deal with Labour was less difficult for Plaid Cymru. That party's Rubicon came in being prepared to talk to, and consider a deal with the Conservatives. The fact that the marriage was unconsummated is largely irrelevant. The mere act of "thinking the unthinkable" opens many possibilities for the future.

The idea of a "Rainbow" deal wasn't easy for the Conservatives either, of course. It took a fair deal of political courage and party management to resist the temptation to retreat into the ideological comfort-zone of permanent opposition.

However, the Conservative party wasn't the driving force of those strange summer events, nor was Plaid Cymru, and nor was Labour. The key to understanding the complex circumstances that led to the Red-green deal is the smallest group in the Assembly – "the little party that couldn't" – the Welsh Liberal Democrats.

To a large extent the other parties were driven towards ever more unlikely combinations by the frequent twists and turns of internal Lib Dem machinations. These left the Liberal Democrats themselves as the big losers of the whole process, at least in the short term.

Let's rewind to the beginning. The Assembly election results were, as John points out, poor but not disastrous for Labour. While recording its lowest share of the vote for seventy years, thanks to a series of narrow-squeak victories in key seats Rhodri Morgan was still in pole position when all the results were in.

I'm still at a loss to understand the uncharacteristic lethargy that seemed to overcome Rhodri in the period immediately following the election. It could have been tiredness after a long campaign or an early sign of the health problems to come but there seemed little sense of urgency in the first few weeks after the election. Later, Rhodri was to play a blinder, but there was no sign of that immediately following the election.

Another possible explanation for Labour's inaction is that Rhodri believed that a coalition with the Liberal Democrats was more or less a done deal. Certainly Plaid Cymru's negotiators meeting with Jane Hutt felt, that while Ms Hutt herself was dealing in good faith, Labour were very much "going through the motions", with Plaid using those talks as a negotiating tool in their discussions with the Liberal Democrats.

It's at this point that the first example of a new political phenomena appeared in the story. Possibly because of the much-lamented weakness of the Welsh political media, and the lack of interest of our London-based counterparts Welsh politics zoomed off into the blogworld with dozens of sites coming and going and, at times, playing a crucial role in events.

The first example of this was the aggressive web campaign by Lib Dem AM Peter Black waging war against a deal between his party and Labour. At first Peter seemed a lonely voice and Mike German appeared unconcerned but as the Labour-Lib Dem discussions meandered on Peter's views and campaigns appeared to gather traction.

I was sharing a pizza with Rhodri when news of the Lib Dem decision to jilt Labour arrived and he was clearly bemused. Until a matter of hours before he had been convinced that the talks were on track accepting Mike German's assurances that he could deliver his party.

From that Lib Dem decision appeared the "Rainbow", an apt name for a deal that was to shimmer brightly before ultimately disappearing. Another blog, that of newly-ousted Tory AM Glyn Davies, had been preparing the ground for the Rainbow for some years arguing that Welsh democracy could only function if there was a genuine alternative to a Labour-led government.

Given their different cultures and political standpoints the Rainbow parties found it surprisingly easy to draw up a common programme and those parts of Welsh civic society that have always felt excluded from Labour's big tent reacted with enthusiasm. In many ways the Rainbow programme, the *All Wales Accord*, wasn't that different from the *One Wales* document later drawn up by Labour and Plaid. There is no question, however, that the 'Rainbow' would have meant a fundamental shift in power. As one politician put it; "Goodbye, TUC. Hello, Royal Welsh"

It wasn't to be and once more it was the labyrinthine internal structures of the Liberal Democrats and a piece of stunning footwork from Rhodri that marked the Rainbow's end. Without giving the Rainbow parties time to recover from what could have been a mere hiccup in the process Rhodri grabbed the First Minister position hoping that possession would prove to be nine tenths of the law.

At this stage yet another blog emerged that was to prove crucial. This time it was Adam Price MP who used the web to argue strongly for a Red-Green deal. Rhodri, by now (finally) fully energised, picked up the ball and ran for the line.

Rhodri's motivation is clear. Welsh Labour exists to govern. Power is not something it relinquishes lightly. It was more difficult to understand at the time why Plaid Cymru acted as it did. The Liberal Democrats acted swiftly to repair the Rainbow, yet Plaid chose to pull the plug. So why did Ieuan Wyn Jones choose to be Deputy First Minister and a junior coalition partner when the First Minister's Office and the senior role were there for the taking?

Having talked to most of the main players at length, Ieuan's reasoning became clearer. The first problem he faced is simply put: the Liberal Democrats. As the negotiating process continued the leaders of all three other parties concluded, that as things stood, the Liberal Democrat group was dysfunctional and couldn't be relied on as a coalition partner. For that reason Rhodri Morgan rejected out of hand a last minute attempt by Mike German to restart talks. For the same reason Nick Bourne accepted Plaid's decision without rancour.

The second reason for Plaid's decision is to do with guts, or the lack of them. A little remembered event from the 1970s is still seared into the memories of Plaid's leadership. In 1976 it briefly appeared that the party had made its longed for political breakthrough in the Valleys, taking control of Merthyr and Rhymney Valley councils. The latter

experience proved productive. A minority administration reached an accommodation with Labour and Plaid has remained a major force in Caerphilly ever since. In Merthyr Plaid crashed and burned, mired in a swamp of scandal, inexperience and obstructive council officers. It has never recovered.

As a party of perpetual opposition Plaid simply didn't feel ready to lead a government. The Rainbow could have proved to be Merthyr. A deal with Labour was the Rhymney Valley option.



**Crossing the Rubicon**  
Coalition Politics Welsh Style  
John Osmond  
IWA

So at the end of this strange soap opera where do the parties stand?

Despite their at times farcical actions the Liberal Democrats can and will recover. The local government base looks pretty solid and a gradual expansion at that level of government should eventually feed through into Assembly list seats. The party has work to do though to convince the other Assembly groups that it could be a credible and reliable partner.

The Conservatives, without doubt, have gained from what's happened having succeeded, in part at least, in burying their old image as an "alien" party somehow removed from the Welsh mainstream. Plaid Cymru will achieve

their aim of learning how to govern and gain long term electoral credibility even if there is a short-term electoral cost.

What about Labour – the permanent elephant in the room of Welsh politics? It's here perhaps that the most profound effects will be felt.

There are many Welsh Labour politicians who hate the portrayal of the party as being divided between "unionist" and "devolutionist" wings. In one sense they are right. To divide the party into two wings on the basis of policy disagreements in one narrow area while ignoring the other beliefs that bind the party together can be seen as simplistic.

It would be an unfair picture, were it not for the emotion many Labour figures invest in the issue. Devolution (and more general questions of Welsh and British identity) has long been to many in the Labour Party what Europe is to many Conservatives – an issue where emotion often trumps reason.

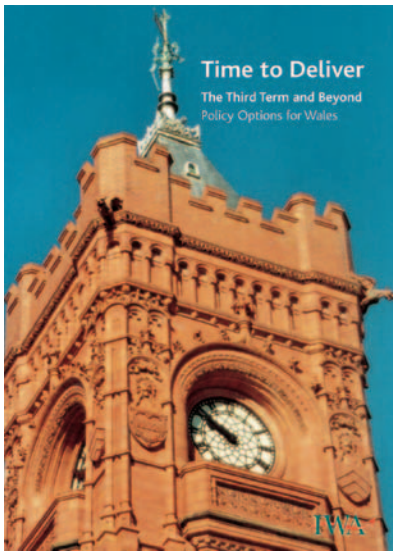
One only has to list the names to illustrate that there are, if not two wings, at the very least two traditions in Welsh Labour. Can it really be argued that there weren't or aren't basic ideological differences between say Aneurin Bevan, George Thomas, Neil Kinnock and Huw Lewis on the one hand and Jim Griffiths, Cledwyn Hughes, Paul Flynn and Carwyn Jones on the other?

The deal with Plaid was without doubt a victory for the latter tradition. It was an important victory too, but hardly a final one in the long battle for the soul of Welsh Labour. The debate will continue but for now the devolutionists are in the driving seat.

*Vaughan Roderick is BBC Welsh Affairs Editor. Crossing the Rubicon: Coalition Politics Welsh Style is available from the IWA at £10 (25% reduction for IWA members).*

# progressive consensus

john osmond  
examines the new  
coalition's policy  
commitments



The *One Wales* coalition agreement between Labour and Plaid Cymru claims at the outset that in the May 2007 election “the people of Wales sought a government of progressive consensus”. The bold implication is that the wide range of policy commitments in the agreement embody this idea, whether they be in health, education, economic development, transport, housing or culture.

In the first two terms First Minister Rhodri Morgan famously sought to distinguish his administration from Labour in London by referring to the ‘clear red water’ that, he said, flowed between the two. In the Winter 2007 edition of *Agenda* this approach was fleshed out by Professor Mark Drakeford, Rhodri Morgan’s health and social policy adviser. He described six principles of social justice which, he said, embraced an idea of ‘progressive universalism’ that underpinned the Assembly Government’s approach to policy:

- Government is the best vehicle for achieving social improvement.
- Universal rather than means tested services.
- Co-operation is better than competition in the design, delivery and improvement of public services.
- Policy should be guided more by the collective voice of civil society institutions than individual choice.
- Delivery and receipt of public services should be regarded as a collaborative rather than quasi-commercial transaction.
- Equality of outcome rather than equality of opportunity in public service provision.

Stated in these terms it can be seen how they do indeed describe a consensus that embraces large elements in both Labour and Plaid Cymru and, indeed, the Liberal Democrats and even some left-leaning Welsh Conservatives. In the years leading up to the election the IWA undertook a wide-ranging project examining policy options for the third

term that brought together nine working groups and more than 50 people drawn from across the political spectrum and the public, private and voluntary sectors. The result *Time to Deliver*, published in December 2006, traces much of the same progressive consensus that animates the new coalition government.

Yet even at the time we had a feeling that this unity of perspective was a bit stifling. The Foreword to the book acknowledges that there is a large body of tacit support for the general propositions of the ‘progressive consensus’, what it calls the Scandinavian vision of society. However, it questions whether such a vision can be realised on an Anglo-American tax base, especially when that is decided in Whitehall. It questions, too, whether Wales can afford to eschew the use of private capital and the private finance initiative for major public-sector projects.

In the book we acknowledged that the idea of ‘nation building’ provided an alternative, or at least a compatible policy approach and this has certainly found its way into the *One Wales* agreement. Its proposals to move the constitutional agenda forward and, more generally, its aspiration to build “a strong and confident nation” is evidence of that.

However, where things begin to get a bit less comfortable is if we accept a need, also identified in *Time to Deliver*, to rebalance the public and private sector divide in Wales. To put it bluntly, our public sector is too large and dominant for a healthy economic mix. To a great extent the whole notion of a “progressive consensus” reflects this. As *Time to Deliver* says, “The fact that so much of our society and so many of our institutions are beholden to the state even constrains debate. State support is the nation’s default setting.” The way to rebalance the division, it argues, would

be to move away from universal provision to more targeted benefits, increase the use of public-private partnerships, and transfer public sector executive functions, such as tourism, into the private sector.

The *One Wales* agreement sets its face against any of this. For instance, it declares, "We will rule out the use of the Private Finance Initiative in the Welsh health service during the third term". More critically – and understandably in the wake of an election where hospital closures loomed large – it halts the reconfiguration programme: "Changes in District General Hospital services will not be implemented unless and until relevant associated community services are in place."

The *Time to Deliver* health chapter advocates something similar. After stating that the problem of closing inefficient hospitals "is going to have to be tackled", it says: "The Assembly Government has a major responsibility to direct such change, ensuring at the same time that appropriate community-based services are in place to remove the present necessity for many people to use acute hospitals." Yet neither document provides any guidance on how this desirable state is to be brought about. Arguably this is the most significant challenge facing the Assembly Government in the third term, at a time when spending on health will not grow as fast as during the first two terms.

The *Time to Deliver* education group concluded by advocating three main policy themes for the third term: development of a distinctly Welsh approach to teachers' pay and conditions, requiring legislation under the Assembly's new powers; a focus on pupil transition from primary to secondary school – a moment, it said, when educational attainment for some 30 per cent of children begins to decline; and development of a more distinctive Welsh Baccalaureate giving vocational parity of esteem with academic subjects.

Only on the last recommendation is the *One Wales* agreement specific: "We will provide a government-guaranteed right, backed up with new money, to education and training until the age of eighteen, including a broader-based baccalaureate, incorporating vocational and academic learning opportunities, with a legislative framework."

In another area likely to be subject to financial pressures, the *One Wales* agreement commits to maintaining the Welsh advantage in student fee levels up to and including 2009-10, "doing whatever is possible to mitigate the effects on Welsh-domiciled students if the Westminster government lifts the cap on fees in 2009."

Economic development is perhaps the most intractable policy area for measuring success. *Time to Deliver* notes that relative GDP per person has remained stubbornly fixed at around 79 per cent of the UK average since 1999, falling behind every other UK economic region. To encourage growth it suggests targeting businesses that succeed in expanding sales revenues by 20 per cent as eligible for a 50 per cent reduction in non-domestic rates. The *One Wales* agreement limits itself to enhancing the business rate relief scheme. However, both concur on the centrality of improving skills, and both agree that improving north-south road links should be given greater priority.

Policies to tackle climate change receive a good deal of attention in both documents. For instance *Time to Deliver* urges the Government to "produce an energy CO<sub>2</sub> reduction strategy that sets radical targets for Wales and demonstrates how it will meet its own." *One Wales* obliges by aiming "to achieve annual carbon reduction-equivalent emissions reductions of 3 per cent a year by 2011 in areas of devolved competence."

Housing affordability emerged as a major issue in the May election and certainly gains in policy salience in the *One Wales* document. Where there is a key difference in this policy area is with housing stock transfer from local authorities to registered social landlords (housing associations) in order to lever investment into socially deprived areas. *Time To Deliver* enthusiastically endorses this on a broad front. However, the *One Wales* document remains studiously neutral.

On culture there is a straight alignment between the commitments to establish a National English-language Theatre and explore the creation of a National Gallery for Wales. However, there is no sense in the *One Wales* document of a strategic approach to the arts across the whole of the government's functions as called for in *Time To Deliver*.

Perhaps the most innovative chapter in *Time To Deliver* was the one dealing with finance, noting that this is one area where the Assembly's processes have been weakest. It advocates creating a Finance Committee that would not only assist in holding government to account, but "should also make opposition parties more responsible when suggesting budget amendments." It was noteworthy, therefore, that the *One Wales* agreement commits to establishing a Cabinet committee on Finance, which will be shadowed by a Finance Committee within the Assembly, created as part of a renewal of its Standing Orders within the framework of the 2006 Government of Wales Act.

This provides just a flavour of the policy variance and agreement between two documents, radically different in their provenance, but broadly similar in their underlying philosophical approach. What they both demonstrate is the extraordinary range of policy options available to the Assembly Government. As ever, the greatest test will come with implementation.

*John Osmond is Director of the Institute of Welsh Affairs.*

# igniting change

**laura mcAllister  
looks at the  
prospects for a  
Welsh Convention**

Coalition documents seem a bit like the proverbial bus. You wait for ages for one and then they all come along at once. In 2000 we had the *Putting Wales First* Partnership Agreement between Labour and the Liberal Democrats. Now, since the May Assembly election, there have been another three documents setting out potential agreements or stability pacts designed to establish sustainable government in Wales.

Their very existence reflects an overdue recognition of the realities of our new politics. We have four party competition in Wales and a semi-proportional electoral system. *Ergo*, shared government is both the most likely and the only stable political arrangement, meaning due regard has to be paid to the terms and conditions of deals. Clearly, Wales has a lot to learn about coalitions – from both process and outcome perspectives. Yet, however fractious, messy and seemingly unprofessional political events since May might have appeared, we can at least reassure ourselves that this is all perfectly normal in states which share the same system features as the new Wales.

*One Wales: A Progressive Agenda for the Government of Wales* was agreed by Labour and Plaid Cymru's negotiating teams on 27 June and formed the basis for the coalition government between the two parties that was confirmed with large majorities in Labour's special conference on 6 July and Plaid's national council on 7 July respectively. It makes little sense to evaluate the document and its contents as if it were a neutral academic text. Such an agreement is by its very nature a product of circumstance and pragmatism, and more often than not, limited options.

The *One Wales* document claims to be based on "shared values, common goals and joint aspirations" between the two party groups. Maybe, but the real

'common goal' was a continued hold on power for Labour and a first and more durable role in government for Plaid. Events immediately prior to the reconvened negotiations between Labour and Plaid from 11 June had only served to emphasise the limited options that remained on the table. *One Wales* was to form the basis for "a government of progressive consensus" and contains just about enough to validate that claim. Its tone and lexicon reflect the natural balance between delivery and vision. Hence, the agenda is described as "a progressive, stable and ambitious programme for government" which is "ambitious yet realistic".

Overall, there is little in *One Wales* that should surprise, save perhaps the commitment to set up an 'All-Wales Convention' to "assess the levels of support for full law-making powers necessary to trigger the referendum". Previously unmentioned, one assumes its late incorporation into the agreement with Plaid was the brain-child of the pro-devolution wing within Labour who saw it as a way of re-connecting all elements in the party with the devolution debate. Thus, the Convention might well prove a clever tactic for integrating Welsh Labour MPs in a crucial stage of the devolution project, as well as ensuring their early input to assessing the related questions of public support for further powers and the timing of a referendum.

The commitment to set up the Convention by January next year is also a clear steer that the new government has learnt lessons from the 1997 devolution referendum, seeing this as a way of nurturing the embryonic debate about Assembly powers whilst also giving it early and additional impetus.

One of the few significant and memorable outcomes of the first term coalition between Labour and the Liberal Democrats was the establishment of an independent Commission into the



powers and electoral arrangements of the National Assembly. In the absence of anything else, the Richard Commission assumed some of the role and profile of a Constitutional Convention, à la Scotland. Its overall stance, with an emphasis on public meetings and direct appeals for individual evidence alongside that of so-called experts and lobbies, at the very least offered a platform for wider engagement and prompted more sophisticated debate. And the Richard report in 2004 helped frame the parameters of Wales's new 'constitution'. Government responses to the report – the *Better Governance for Wales* White Paper in 2005 and the subsequent Government of Wales Act in July 2006 – sustained a renewed debate on devolution and ultimately created the unique new legislative framework in which the Assembly now operates.

If Richard contributed to the maturing of the devolution debate, to what extent can the All-Wales Convention become the 'daughter' of Richard and signal the next stage in the project? It won't be an easy task. Firstly, there are significant differences between commissions and conventions. The former are usually much tighter, formal bodies with smaller memberships, clearly delineated terms of reference and a tight timescale for reporting. The latter can be an altogether different animal, usually established to bring together different perspectives to debate the merits of a large (often constitutional) proposal. They also suit some political times better than others, although as ventures into the domain of greater public participation in policy-making, there are risks attached to both. Back in the 1930s, Clokie and Robinson suggested (in their 1937 *Royal Commissions of Inquiry: the significance of investigations in British politics*, Stanford University Press) that commissions played various different roles: preparing the way for predetermined Government policy; offering expert advice in areas where the Government has no policy; passing the buck for solving a problem; forestalling criticism by presenting the appearance of action; or kicking a topic into the long grass! This might offer a sensible warning for conventions too.



The appointment of Sir Emyr Jones Parry as chairman of the Convention at the end of October 2007 was "an excellent start, but decisions on the breadth and composition of its membership are likely to be of equal significance." Born in Carmarthenshire in 1947, Sir Emyr Jones Parry has a Cambridge Physics PhD but entered the Foreign Office in 1973 becoming a career civil servant and British Ambassador to the United Nations in 2003 until his retirement in July 2007.

Whilst the All-Wales Convention is directly linked to the principal concession made to Plaid – that of holding a referendum on primary law-making powers "at or before the end of the Assembly term" in 2011 – of more significance is the expressed desire 'to proceed to a successful outcome' in that referendum. As Professor Roger Scully remarked recently, opinion poll evidence proves only that a referendum is winnable, not that it will necessarily be won. How then to judge the best referendum 'moment'?

Still, as the 18th Century French essayist Joseph Joubert advised, "it is better to debate a question without settling it than to settle a question without debating it". At the very least, the Convention should graft a further layer of maturity on to a relatively unsophisticated and party-

dominated debate on governance in Wales. But there are potential contradictions. Mature debate has to be uninhibited and robust, allowing various voices to be heard, asking difficult questions and assessing the legitimacy of the answers. How then will it fulfil the role identified by Plaid leader, Ieuan Wyn Jones "to sell the idea of a proper Parliament through a Convention"? Equally, if it is to accurately judge the most appropriate time for a referendum, it will need to be objective and measured in its evaluations. Yet, to better engage the public, the Convention will simultaneously need to provide opportunities for broadening debate with a view to legitimising any political recommendations.

Partly due to its appearance in *One Wales*, with no preamble or debate,

## politics – coalition government

there are legitimate questions as to the Convention's purpose and operation. Serious early consideration of these is crucial to ensuring the Convention fulfils the roles set for it. The appointment of Sir Emyr Jones Parry as its chair is an excellent start, but decisions on the breadth and composition of its membership are likely to be of equal significance. There are two key issues. Firstly, membership will be decided by the group of MPs and AMs commissioned to "set the terms of reference and membership of the Convention". Which politicians will be involved in this group and how will they approach the question of the Convention's composition? In particular, to what extent will it seek to accommodate all perspectives and extend beyond Wales's usual 'great and good'? How will its members be appointed and how many will they be? (and there are at least two other specialist commissions to service this term too).

How will public support be measured: via opinion polls alone? If so, what combination of the usual four constitutional choices offered in such polling (from independence to no devolution) should be aggregated to prove that a referendum might be won? The First Minister has already alluded to the 'quicksilver quality' of public opinion. There are further potential contradictions in the twin tasks set out for the Convention – "monitoring the state of public opinion" and judging "the success of the bedding down of... the new legislative powers". This contradiction might be encapsulated in the wording for the eventual referendum question.

For example, what if the Legislative Competence Order (LCO) and Assembly Measures approach works as some have claimed, meaning primary powers in all but name? How then will a referendum question on formal 'full law-making powers' be framed? Will people

devolved arrangements, it must surely include related questions like the appropriate number of AMs to service a legislative parliament and thus, the best and fairest system of election (despite these issues remaining massively unpalatable for Labour). Framing the Convention's terms of reference will be critical therefore, and clearly what's *out* as well as what's *in* is vital, as will be their interpretation by members and especially the chair.

In many respects, the existence of a Convention at this stage in devolution's development underlines our failure so far to ignite public interest. The Archbishop's 'Cymru Yfory/Tomorrow's Wales' contributed little, if anything, to the crucial post-Richard debate. Equally, the appearance of the Convention as a pivotal feature in the *One Wales* agreement proves that the constitutional question is far from resolved and that the two Government of Wales Acts will be seen as preambles to a more sustainable 'settlement'.

To make progress, the All-Wales Convention has to be prepared to think strategically and globally, drawing on constitutional practice and vision from elsewhere, as well as more innovative mechanisms for engaging citizens. It cannot simply mimic the Scottish Constitutional Convention of the late 1980s/early 1990s, as that was a product of a different, pre-devolution age. It will also have to be single-minded and led bravely from the front if it is to avoid being bogged down with, at times, antediluvian and internecine party politics. It's a big ask but, who knows, this could be the start of a long overdue, serious public and civic engagement with the devolution project. If so, it couldn't come at a better time in Wales's political history.

An image from the 1997 referendum: *Women say Yes* on their way to the Hywel Dda Memorial Gardens in Whitland on 30 August – one of the many launches of different Yes groups throughout Wales.



A 'Canterbury Tales' style Convention, that incorporates opponents as well as supporters of more powers, would internalise and potentially neutralise opposition and is worth considering. However, would this prevent the Convention moving at the necessary brisk pace? Indeed, what will its timescale and schedule be, bearing in mind the need to build in planning time for its verdict on the appropriate timing for a referendum? And what 'clout' will its findings hold in Westminster (another issue that taxed us on Richard)?

understand what exactly they are voting about? There may well be a rehearsal of debates similar to those informal ones during Richard over a referendum trigger (thankfully, this was outside the terms of reference).

Further underlining a synergy between the Convention and Richard, what about the so-called 'Richard consequentials'? There are contrary arguments: the first that they should be 'parked' for pragmatic, political reasons. The other suggests that if the Convention is to prompt a more mature analysis of

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# reconciling the budget

jeremy colman  
explains how the  
2006 Wales Act  
ensures the  
Assembly Government  
is held to account for  
its spending

**t**he old National Assembly for Wales was a body corporate. There was no legal distinction between the executive, the Welsh Assembly Government, and the legislature, the Assembly in its parliamentary role. Although in day-to-day working the Assembly sought to behave as if there was a real separation between the executive and legislative branches, given the legal framework such a split could not be achieved in important areas.

Because the old Assembly was a body corporate the annual budget setting did not take the form of the legislature 'voting' money for the executive to spend on specific purposes. Instead, the Assembly merely carved up of the Welsh block budget allocated by the Treasury. As a result the allocation of money to services did not have the same statutory authority as the annual Appropriation Act in Westminster.

The resulting block budget covered resources to be used by the Assembly, and thus to be included in the Assembly's accounts, but also those to be used by Assembly Sponsored Public Bodies (ASPBs) and NHS bodies, and included in their accounts. The picture was further complicated due to the Assembly's accounts generally recording grants in aid to ASPBs and NHS bodies as revenue expense. However, in the accounts of the recipients, those same grant resources were sometimes treated as capital.

The budget also, quite properly, showed non-cash capital charges (depreciation and interest) incurred by the ASPB and NHS bodies, but those amounts were not recorded in the



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Assembly's own accounts. In addition the budget included local authority-supported borrowing which, again, was not part of the Assembly's accounts.

What all this meant was that there was a mismatch between the budget and the accounting boundaries. There was no attempt to reconcile the two when the Assembly was approving the budget. By contrast, at Westminster the supply estimates are prepared on the same basis as the departmental resource accounts and they include a reconciliation to the budget. In Wales, the Assembly's budget put to plenary for approval was no more than a sub-division of the block budget, with no reconciliation.

This situation was a long way from being satisfactory. Assembly Members were asked to approve a budget but were never informed about out-turn against it. Although the Assembly Government sought to record an estimate of out-turn, the figures were unauditable. In practice, the Assembly found it impossible to subject the budget to effective scrutiny.

A reader coming new to this subject might be surprised that, pre-May 2007, and the coming into force of the 2006 Government of Wales Act, the basic financial systems in Wales could be painted in such critical terms. However, the Government of Wales Act 2006 reconstituted the Assembly and created a legally separate Welsh Assembly Government. Government functions are now vested in Welsh Ministers, not in the Assembly. As a result the Assembly is now in a position to hold Ministers to account.

The new systems that are now being introduced can be seen as one stage in a process that began, not with the policy decisions behind the Government of Wales Act 2006, but in 1999-2000 with the move of all UK government departments away from cash-based accounts to accounts based on accruals, as are those of commercial organisations.

In the short term that move led to new requirements that, in Wales as in other places, could be met by adapting existing computer systems. In the longer term, however, the change demanded new systems. It is, of course, understandable that there might be hesitation over introducing new IT systems during a period of major constitutional change.

To execute their functions, Ministers need resources and the 2006 Act recognises this by providing for Ministers to request them, and for the Assembly to consider and then authorise the use of such resources as it thinks appropriate. This formal authorisation takes the form of a Budget Motion which has the same statutory weight as the Westminster Appropriation Act.

The Budget Motion can only authorise the use of resources by the Welsh Assembly Government, and by three other far smaller bodies, financed by the new Welsh Consolidated Fund. These are the Assembly Commission – the legal body responsible for the administration of the Assembly itself – the

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Ombudsman, and the Auditor General. The budget motion therefore needs to be aligned with the accounts of the Assembly Government and also reconciled to the Welsh block budget allocated by the Treasury. Such a reconciliation is to be appended to the budget motion.

The Assembly has established a Finance Committee with responsibility for scrutinising the budget proposals from the Assembly Government. In doing so, it has arguably moved beyond the Westminster model, in which no one committee is empowered to scrutinise the UK Government's budget proposals. Instead, at Westminster such scrutiny powers are divided between departmental Select Committees, some of which take less interest in the relevant budget than others.

In giving a specific role in budget scrutiny to the Finance Committee, the Assembly has not neglected the need for scrutiny of policy in specific subject areas. New scrutiny committees have been set up to examine the policy, expenditure and administration of the Assembly Government and associated public bodies.

The creation of the Welsh Consolidated Fund has led to the introduction of a new control corresponding to a very ancient Westminster practice known as the comptroller function. The Welsh Consolidated Fund can be thought of as the bank account to hold the cash needed by the Assembly Government and the other bodies mentioned above. It is a bank account that is not allowed to become overdrawn, and it is subject to the further control that cash may only be released from the Fund if the Auditor General certifies that the purpose for which they are required is covered by the budget motion. This comptroller function is thus a very basic control to prevent misapplication of funds. Hitherto it has not existed for individual budget items in Welsh public expenditure.

The Assembly Government accounts will henceforth include an audited statement of outturn compared with authorised resources. It will therefore be possible to detect any use of resources in excess of the amounts authorised in the budget or for purposes not approved in the budget. Such expenditure is irregular and it would lead the Auditor General to qualify his opinion on the accounts. The Assembly's Standing Orders also require the Audit Committee to look at all such excesses.

These new arrangements in Wales have a much closer parallel with long-established Westminster arrangements. In some ways the arrangements go further than Westminster, as with the creation of a Finance Committee. In striking contrast to the pre-May situation, the Assembly is now in a position to hold the executive effectively to account.

So the right machinery is in place. But anyone who has had anything to do with new machinery knows that while it is one thing to have a machine, it may be another to get it to work, especially in the early days. For the Assembly Government the new arrangements for the setting and

approval of budgets, the draw down of funds and the reporting of out-turn are largely untested. Nevertheless, they need to work effectively right from the outset. There can be no allowance for teething trouble.

The risks involved here have, of course, been foreseen and are being managed. The Assembly Government is embarking on a significant, and long overdue, change programme to modernise its own financial budgeting, accounting and reporting arrangements. The Wales Audit Office is closely supporting this programme and in February 2007 organised a successful dry run of the draw-down arrangements from the Welsh Consolidated Fund.

For the Assembly, its new financial scrutiny role will need to be developed on the hoof, as it were, as Assembly Members learn how to work their new machinery. There is the potential for overlap in the work of the committees, for example all can examine financial issues, and it will make sense for them to collaborate. Certainly, there is a strong desire to make the new scrutiny arrangements effective and draw the maximum advantage from the ability of the committees to look at matters not in an overlapping, duplicating way but from appropriately different angles.

Whenever one examines machinery for financial accountability, it is often necessary to delve into matters of detail. It is possible to become obsessed with them. Rising above the detail of the new arrangements in Wales, one must not lose sight of the fundamental purpose of the machinery. This is to enable our elected representatives to hold to account those charged with responsibility for spending wisely Wales's share of public expenditure.

Being held to account is not always comfortable. Indeed, it can be irksome. Scrutiny can be made to sound rather negative by focussing on what has gone wrong. That view is mistaken. Scrutiny promotes beneficial change by showing what works so that others may follow, and by discerning lessons genuinely for the future from things that may not have gone so well. It should also give assurance to perhaps sceptical citizens that sound financial management is in place to enable them to benefit from the best public services that can be afforded.

*Jeremy Colman is Auditor General for Wales.*

keith patchett  
explores the  
consequences of  
establishing a  
distinctive jurisdiction  
for Wales

# welsh law

Carwyn Jones, the Counsel General, recently declared that once the National Assembly acquires primary lawmaking powers, a logical consequence is for Wales to have its own legal jurisdiction. As he told the Western Mail on 14 September 2007, "If you've got two parliaments that have primary powers, I think it makes it very difficult to have one jurisdiction. I'm not aware of anywhere in the world where you have that." Such a development would have far-reaching consequences, by no means confined to the way that the law is administered and practised in Wales.

At present Wales is an integral part of the unitary legal jurisdiction of England and Wales. Unlike Scotland and Northern Ireland, both of which have their own courts, legal professions and basic law, Wales shares these institutions with England. The demands of effective administration and regional interests have led to some decentralisation and the emergence of Wales-based bodies concerned with the law. However, the same court system, legal professions and basic law operate throughout the jurisdiction of England and Wales.

A judgment or order handed down by a court in Wales has effect throughout the jurisdiction. Legislation that is made only in relation to Wales, whether contained in an Act of Parliament or emanating from the National Assembly, constitutes part of the law of England and Wales and is therefore capable of being applied or enforced by the courts in both England and Wales.

To date much of the law made by the National Assembly has been concerned with matters of public law and administration in Wales. In the past, that law was mainly to be found in Acts of Parliament and subordinate legislation implementing those Acts. Since devolution subordinate law has increasingly been made in Cardiff and in terms that have differed from that made in Whitehall in relation to England. For the most part, the persons or bodies affected by Wales-related legislation have been based in Wales. Accordingly, issues arising under that law have tended to be resolved by authorities or courts in Wales.

The Government of Wales Act 2006 has introduced a significant change. The Assembly now may enact Measures with respect to specified Matters in the devolved Fields prescribed by Schedule 5. Such Measures may amend, add to, repeal, replace or re-enact provisions of Acts of Parliament as they apply to Wales. As a consequence, matters that are dealt with in England under Acts of Parliament may be dealt with under Assembly Measures differently for Wales. As further Matters are specified (either by Act of Parliament or by Legislative Competence Orders initiated by the National Assembly) the likelihood of this divergence will increase.

The 2006 Act goes on to provide that, if approved by a referendum, the Assembly will acquire power to make its own Acts, with similar wide-ranging effect, though in relation to broad subject areas. Further divergence between the law in relation to Wales from that for England will then become inevitable. It is also certain that this law will have a much more



Wales's legal establishment, on parade at the ceremonial opening of the second National Assembly in May 2003.

substantial impact than in the past on the rights and duties of individuals and entities linked to Wales.

Legislative Competence Orders already under development will allow the Assembly wide legislative powers in relation to such matters as the well-being of children, including adoption and fostering, and consumer and environmental protection. The *One Wales* coalition agreement indicates that consideration is likely to be given to seeking devolution of some or all of the criminal justice system.

Consequently, the scene is set for the emergence of primary legislation, concerned with significant areas of law, from two sources that carry equal legal weight. This leads to a legally unprecedented situation in which, within a single jurisdiction, two sets of primary law apply to the same matter or subject. But the courts and authorities in both Wales and England must give effect to legislation made in relation to Wales where issues arise to which such legislation applies.

It is against this background that the creation of a separate Welsh jurisdiction must be considered. Such a step implies that a Welsh jurisdiction would have:

- A defined territorial area.
- Its own legal system.
- Its own distinct body of law.
- A body of rules determining the bases of local jurisdiction and arrangements for recognition and enforcement of the law, judgments and orders of other jurisdictions.

Legal provision prescribing the territory of Wales already exists. Schedule 1 of the Interpretation Act 1978 defines Wales by reference to the counties established by the Local Government Act 1972. This has been extended by the Government of Wales Act 2006 to take in the adjacent territorial sea. For purposes of legal practice, a Wales Circuit, exclusive to Wales, has recently been established in place of the Wales and Chester Circuit.

The England and Wales legal system already has a Welsh dimension. A full range of courts is available to deal with civil matters, including an Administrative Court since 2000. The Court of Appeal (Civil Division) sits regularly in Cardiff. Criminal matters arising in Wales are heard before Crown courts and magistrates courts sitting a various parts of Wales. The Court of Appeal (Criminal Division) has sat in Cardiff on a number of occasions. A separate Welsh jurisdiction would require these arrangements to be converted into an independent court system exclusive to Wales, though final appeals would almost certainly go to the forthcoming UK Supreme Court.

The consequences of such a change would be far-reaching. For example, they would be likely to require:

- Transfer of responsibility for the administration of justice to the Welsh Assembly Government and the establishment of Welsh Law Officers.
- Arrangements for the selection of the judiciary and magistrates and, probably, members of tribunals operating in Wales.

- Establishment of administrative authorities to service the legal system.
- Additional financial provision, sufficient to cover the costs of court system and the administration of justice.
- A legal aid system separate from that operating in England
- A Welsh legal profession with its own arrangements for regulation and its own requirements for admission.
- Appropriate rules determining the qualifications for the right to practise law in Wales, perhaps including a bilingual capacity.
- Legal training specifically directed towards to Welsh legal practice.
- Systematic bilingual publication of the law relating to Wales and of Welsh practice rules.

A statutory statement of what constitutes the law of Wales at the establishment of the Welsh jurisdiction is likely to be required. This might comprise the common law of England and Wales, the law of the European Union to the extent applicable to Wales and the legislation applicable to England and Wales immediately prior to separation other than those provisions that have effect in relation to England only.

In consequence, a substantial part of the law of Wales would remain the same, or largely the same, as that in England, though subject to alteration by the National Assembly in devolved matters. Parliament would continue to enact legislation with respect to reserved matters and, no doubt, with the assent of the Assembly, on devolved matters where, for example, common UK rules are appropriate.



Counsel General Carwyn Jones AM: "If you've got two parliaments that have primary powers, I think it makes it very difficult to have one jurisdiction. I'm not aware of anywhere in the world where you have that."

The law of England and Wales contains a body of rules that directs how cases that have a foreign element are to be dealt with. These determine which jurisdiction's courts should take the matter, which jurisdiction's law should apply and in what circumstances judgments and orders of another jurisdiction are to be recognised and enforced.

At present, these do not apply with respect to matters connected solely with England or Wales. For example, judgments and orders wherever made in the jurisdiction are enforceable by all those courts. By contrast, the law and judgments and orders of other jurisdictions, including Scotland and Northern Ireland, are treated as 'foreign'. The conflict of laws rules determine when these are to be recognised and enforced in England and Wales.

On the creation of a separate Welsh jurisdiction, the law applicable in England and the judgments and orders from English courts would become 'foreign'. Conversely, the law in Wales and the judgments and orders of Welsh courts would be treated as 'foreign' in England, as well as in Scotland and Northern Ireland. However, Parliament in a series of statutes has made provision facilitating recognition and enforcement as between the UK jurisdictions. All such provisions would need to be amended to put in place equivalent arrangements for Wales and England as separate jurisdictions.

Other changes to legislation would have to be made. For example, under the present law, a company that has its registered office in Wales may be registered in either Wales or England. On separation, such a company would be required to be registered in Wales, the jurisdiction with which it has its legal connection. This is likely to call for a separate Welsh companies registrar, and would preclude English companies from registering in Wales.

It is argued that a separate legal system plays a significant role in asserting national identity, that Wales needs a judiciary and legal profession that is expert in the law of Wales and capable of operating bilingually. Too often legal proceedings still take place in England though the matter in issue concerns a Welsh party, thereby restricting the potential contribution of legal practice to the economy of Wales.

At the same time, it is by no means clear that such objectives and the present constitutional trends in Wales must inevitably lead to a separate legal jurisdiction. What is evident is the need for a thorough and early examination of the case for separation and its implications, and of possible alternatives. Is a Welsh legal jurisdiction the most feasible, practicable, affordable and desirable way to meet the changing circumstances?

*Keith Patchett is Emeritus Professor of Law at Cardiff University.*



# living wage

sam rex argues that the Assembly Government should set the pace on tackling poverty wage levels



Living Wage campaigners meet with Edwina Hart AM in Cardiff Bay before the May 2007 election when she was Social Justice Minister. Sam Rex, the article's author, is standing on the left.

The need for a living wage became a live issue for former Minister for Social Justice and Regeneration, Edwina Hart, when a leader of the Welsh campaign lobbying the case took off her shoe in front of her. She presented the Minister first with the shoe's clean upper appearance, and then contrasted this with the holes in the sole. The choice, she said, was between new shoes for herself, or for her growing child.

Around 650,000 people in Wales live in poverty conditions due to low pay. That is three times the number who live in poverty as a result of unemployment. Moreover, some 20 per cent of the low paid are directly employed by the public sector in Wales, with many more sub-contracted. Although this issue lies outside the formal powers of the Assembly Government it could set the pace on tackling it by:

- Paying its sub-contracted staff a living wage.
- Establishing a research unit on to focus attention on the issue.

While the former Department of Trade and Industry (now Department of Business, Enterprise and Regulatory Reform) described the National Minimum Wage (currently £5.52 for adult workers) as providing "decent minimum standards and fairness in the workplace", for many it is simply not a 'living wage'.

A 'living wage' is one sufficient for living rather than just existing. It enables a 'low cost but acceptable' standard of living without reliance on means tested benefits. Being able to save, participate in social activities and gain household insurance are also included in the concept, as well as being able to feed and clothe a family properly.

Research undertaken in north-east Wales in 2005 highlighted the strain experienced by those living on poverty wages. When participants were asked how much would make a difference to

The £7.25 living wage figure for Cardiff was established after research in the Butetown area – chosen for its proximity to the National Assembly building.



their lives, on average people suggested a modest increase of £2.20 per hour. This would allow bills to be paid and some to begin saving.

Despite these realities much of the academic debate in Wales remains focused on unemployment rather than in-work poverty as the key source of poverty in Wales. In addition, figures for low-pay in Wales are vague. Information on wage distribution is collated on a UK basis and while the Office for National Statistics has some information available on the distribution of gross weekly earnings in Wales, poverty statistics are not related for example to outcomes on health and education. In addition, the statistics tend to play down the incidence of low-pay as they rely on the average earnings of full-time workers, which are therefore not representative of typical part-time low paid workers.

Some progress has been made. During 2006 the Presiding Office at the National Assembly agreed to work towards paying its sub-contracted cleaners and caterers a living wage, set at £7.25 per hour. As at March 2007 they had achieved £6.15 per hour plus better holiday and sick pay entitlements. The contractors themselves saw immediate saw benefits with increased productivity and reduced staff turnover.

The £7.25 living wage figure for Cardiff was established after research in the Butetown area (chosen for its proximity to the National Assembly building) by Unison and the North East Wales Institute using the Family Budget Unit methodology. The cost of a standard basket of goods is calculated and local variations such as council tax, housing and transport are added. Several living wage figures are generated from this information, based on family type. The living wage figure for a single man in full-time work will, clearly, be different from that of two parents in full and part time work with two children.

Of course, a Cardiff living wage cannot be generalised outside Cardiff. As a precursor or initial work for a Welsh living wage unit, the Assembly Government should commission research across at least five areas in Wales which are as representative as possible of the country and calculate an average living wage figure.

Welsh support for a living wage is increasing. Plaid Cymru included a commitment to pay all public sector staff a living wage in their 2007 manifesto and a number of Assembly Members from across the political spectrum support the idea as do various Unison branches.

The case for Wales to lead the way in implementing a living wage, at least for its sub-contracted public sector workers, is powerful. It connects with a raft of Assembly Government policies on regeneration, health and sustainable development. In-work poverty in Wales is more prevalent than Assembly statistics admit. By paying its sub-contracted staff a living wage and establishing a research unit on the issue the Assembly Government would be leading the way for the public sector across Wales.

*Sam Rex is an organiser with Together Creating Communities-Trefnu Cymunedol Cymru. Founded in Wrexham in 1995 it is a coalition of diverse faith and community groups working to improve the quality of life in north-east Wales: [www.tcc-wales.org.uk](http://www.tcc-wales.org.uk)*

# debt

## malcolm hurlston assesses the rise of personal indebtedness and what can be done about it

When the Welsh Centre for Credit Counselling opened in Cardiff in 1997 interest rates were seven per cent, so we still have some way to go before reaching similar levels. However, it is the pace of change in interest rates as well as the level which catches consumers. Since the UK's rate of personal borrowing has more than doubled over the past decade, to over £1.3 trillion, rising interest rates are bound to cause some unease.

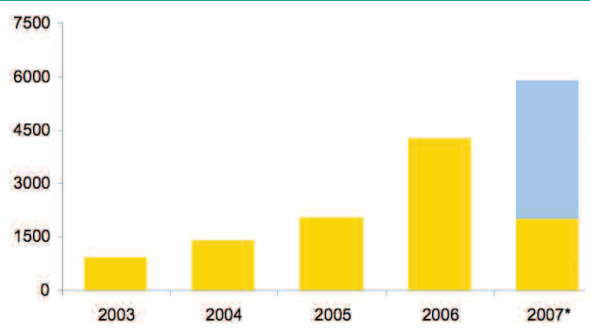
Certainly, if demand for our counselling service is a measure, the problem of debt is getting worse. Five years ago we were counselling fewer than 1,000 people a year in Wales. In 2007 we expect to counsel nearly 6,000 clients. To be sure, there are reasons other than spiralling debt levels to account for this increase. For one thing we have increased our capacity by 50 percent in the same period. For another, greater media coverage may be encouraging more people to seek help at an earlier stage. Nevertheless, a closer look at our Welsh client highlights some distinctive trends.

So far the average consumer debt of Welsh clients counselled during 2007 is £24,886, that is excluding mortgages and secured borrowing. The good news is that this figure is declining from a peak of £27,594 in 2005 and is lower than for the UK as whole where the average for the same period was £27,940. However, the average debt-to-income ratio is higher in Wales at 21:1 compared with 19:1 for the UK. This suggests that the over-indebted in Wales are running up higher levels of debt relative to their incomes.

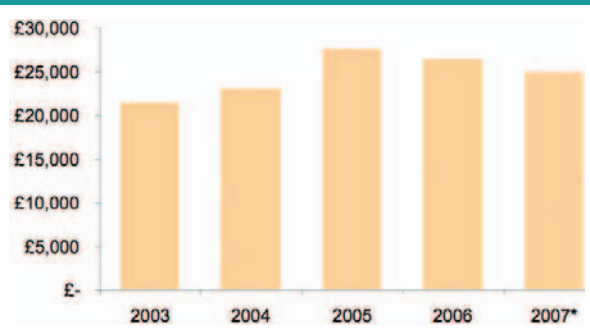
Our figures show that people with debt problems are getting older. As a proportion of our Welsh client base, the over 60s now count for nine percent compared with four percent in 2003. On average the over 60s seeking assistance owe £30,765 in unsecured loans, more than any other age group and an increase of five per cent on 2006. This goes against the common perception that debt is predominantly an issue for younger people. In fact the proportion of people under 25 seeking help has fallen from just under 13 per cent in 2003 to eight per cent this year. An ageing population, lower pensions, a generation that has now grown up with debt, and the increasing inability of young adults to get on the property ladder (often children are helped through the borrowing of their parents) suggest that this trend seems unlikely to change in the near future.

Forty four per cent of our clients, a substantial proportion, are homeowners and these are most likely to be couples with children. This category has the highest levels of debt, averaging £31,213 compared with £20,820 for single men and £16,228 for single women. This group will be most vulnerable to rising interest rates, especially if they have borrowed high against low incomes. It is time to review the general advice about a foot on the ladder.

### CCCS clients based in Wales



### debt levels of CCCS clients based in Wales



### welsh centre for credit counselling

- Opened in Cardiff in 1997;
- Employs 15 counsellors;
- Helped over 10,000 people with an in-depth counselling session since 2003;
- The average debt of those seeking help based in Wales in 2007 is £24,886;
- The average debt-to-income ratio of a CCCS client based in Wales in the first five months of 2007 is 21:1.

### a counselling success story

Claire (not her real name) lives in Cardiff and her problems started in 1993 when she changed from part-time to full-time employment. Until then she had been used to being paid weekly but had to adapt to being paid monthly. So she took out a small loan to cover the month in hand. Next she applied for a credit card which she used to fund nights out as well as buying high-fashion clothes.

After a couple of years, Claire had acquired several store cards as well as credit cards. Feeling anxious because many of them were approaching their limits, she took out a £4,000 loan which she meant to use to pay off all her debts. Despite good intentions, she continued to use her cards to buy goods she otherwise could not have afforded.

Conscience struck again a few years later. This time she borrowed £8,000 to clear the old loan and consolidate all the cards. This worked for a while before Claire reverted to old habits and began using her cards again. Yet again she took out a loan intending to use it to sort out her finances. This time it was for £15,000. By the time she was 27, she owed £28,000.

Amazingly, Claire had never missed any payments but she had now reached a situation where she was paying out well

over what she earned in minimum payments alone with nothing left to live on. Luckily for her she had some good friends who made her seek help from the Foundation for Credit Counselling.

As she said: "Debt is an easy trap to get into but a hard one to get out of. I have such regrets and I always find myself asking why? I was such a compulsive shopper, I think one of the things was trying to keep up with the 'Joneses', also I used to get such a buzz from spending.

*"If I had problems at home, at work, or with a relationship I went shopping which would cheer me up. I didn't spend just on myself, but on my family and friends as well. Christmas was silly. I bought everyone far too much but, of course, I couldn't see that and thought I was being generous.*

"I am now on top of the situation. I can finally see my balances coming down and I try to curb my spending cravings by not going anywhere near shops. It is hard but I'm getting there." Claire completed her debt management plan in early July 2007, and is now completely debt free having repaid all her creditors. She can now start on the next stage of her life.

Should interest rates continue to surge upwards, then people will be hit with much higher mortgage repayments once fixed-rate deals come to an end. The average client in Wales already has only £95 surplus income a month from which to make debt repayments so it is clear that any increases in mortgage repayments, together with higher prices will erode their ability to repay and increase the time needed to become debt free.

Most people cope well in managing their personal finances. Inflation, rises in household bills, coupled with increases in interest rates have already brought about a tightening of credit spending. Growth in unsecured borrowing fell to a marginal one per cent last year.

However, there will always be people who fall into trouble because of circumstances beyond their control. Job loss, illness, bereavement, and separation can make a once comfortable situation difficult. As the financial situation spirals downwards, more and more debt is amassed. It is for such people that the Welsh Centre for Credit Counselling exists. Our aim is to help people who genuinely can't pay. There is little we can do for those who won't pay.

Most clients with the wherewithal and willingness to repay their debts, once living expenses have been accounted for, are recommended to establish a debt management plan. While on the plan they make us a single monthly payment which we then distribute among their creditors pro-rata. For others without the means to do this other recommendations will be made, including bankruptcy or token payments. About a third of the clients we counsel take out a management plan.

Once they have worked through their budget with a counsellor and applied financial management to their affairs, a surprisingly high proportion of our clients find they can meet their obligations. It is by no means all doom and gloom. However, it is clear that should the economy take a turn for the worse, our service along with other debt charities will be facing unprecedented demand.

*Malcolm Hurlston is chairman of the Foundation for Credit Counselling. Information on the counselling service offered by the Welsh Centre for Credit Counselling can be accessed at: [www.cccs.co.uk](http://www.cccs.co.uk). It also has free phone help line: 0800 138 1111.*



Jane Davidson AM, former Education Minister, advocating free breakfasts and fruit for school-children, demonstrating the Assembly Government's cross-cutting policy approach.

paul griffiths  
advocates  
networking  
between  
organisations  
to deliver public  
services

**I**n pursuing public service reform based on the management of dynamic networks Wales is developing a distinctive approach to delivery that has the potential to be a defining feature of the nation. The development and management of networks is going to be the dominant form of social and economic organisation in the 21st century and Wales has set itself at the frontier of change.

Inevitably there will be those who hanker for something more simple, tried and tested, those who feel uncomfortable at the leading edge. We could rely on increased hierarchy as a form of organisation. This would involve creating fewer, larger public service delivery organisations so that they could be more self sufficient in the provision of a comprehensive range of specialist services.

However, this would be the 'fordist' solution of the mid 20th century. In striving for a self sufficient scale organisations become inflexible and bureaucratic, potentially unable to respond to the individual needs of citizens and communities. In an increasingly complex world they will never be large enough to encompass all needs. We would soon return to the fact that the maintenance

of bridges between organisations is far more important than the positioning of their boundaries.

Alternatively we could rely increasingly on markets. The claimed advantages of school academies and foundation hospitals is that through competition different providers seek out different market segments and provide consumers with choices that suit their needs. The critique of markets is they offer limited product diversification as producers compete for the average consumer. In the context of Welsh public service delivery, markets would detach services from their communities and limit the contribution citizens can make.

Citizens want integrated public services shaped in their interest and not those of producers. There are few experiences more frustrating than that of an elderly person trying to manage the different contributions of the local health service, social services, housing service, benefits service when the attitude appears to be that that it is the role of the citizen and not of the provider to knit all the contributions and duplication together. This is government at its most indefensible. The major imperative for a collaborative public service is to provide



First Minister Rhodri Morgan needs to "rapidly re-assert the *Making the Connections* agenda which begins with citizen engagement and enhances local care services."

citizens with unified points of local access capable of integrating the contributions of a range of providers.

Citizens also expect access, as required, to diversified, personalised, specialised and expert services. We want a local school but we also want a diversified curriculum which allows each child the opportunity to develop their strengths and interests. We want a community based health service but also access to the most expert, specialised and quick-serving centres of excellence in clinical treatment.

The proposition is that we achieve the combination of local access and specialisation, community based services which are also efficient, reliable and of the highest quality, by developing and managing the networks between different providers. Let us consider some illustrations in education, the health service, and waste management.

30

The demand is for local community schools and for wider opportunities for young people to develop their learning in traditional academic subjects and in a variety of first rate vocational forms of learning. Sir Adrian Webb's Review of post 14-16 education will report later

this year. However, we can be fairly sure that it will confirm the view that schools and colleges must be required to form networks of provision in which young people might be housed in a community school but will have their learning supported from a range of different schools, colleges and workplaces. The local authority and the Assembly Government will need newly defined roles in managing such networks. Schools and colleges will need new forms of governance, accountability and financial incentives.

In health and social care there is the strong demand for localised integrated provision across the boundaries of health and social care. The creation in 2002 of local health boards which were coterminous with local authorities created the not yet fully realised potential for the management of care networks which include GP services, locally commissioned hospital services, pharmacists, social services, schools, housing and leisure services. The Wanless Report of 2003 confirmed this direction of travel advocating both the development of more community based services and the creation of regional centres for the most specialist care. All of this is consistent with the *Making the*

*Connections* model of collaborative networks which combine integrated local access with regional and national specialisation.

The fact that the reforms to health and social care were such a negative issue for the Labour Party in the 2007 Assembly elections indicates that citizens were not convinced that the anticipated reforms were in their best interest. Our engagement did not effectively begin with a vision of enhanced local services. Instead we allowed health professionals to hold their own debate in their own language and on their own perceived need to centralise specialised services in order to maintain clinical standards. If the Government in part lost control of its own reforms, the opposition parties were opportunistic in stirring up unfounded fears over the loss of local services.

We now need rapidly to re-assert the *Making the Connections* reform agenda which begins with citizen engagement and enhances integrated local care services which are networked where necessary with regional centres of clinical excellence. The populist slogan of 'Save our Hospital' serves to conceal the fact that there is a popular agenda for devolving many services from hospitals

into communities. It also conceals the fact that if people have confidence that their local services offer them rapid access, expert diagnosis and continuing care for chronic conditions, they will accept the argument that the most specialist services can often only be safely provided at a distance.

The management of waste is one of most challenging political, organisational and technological challenges facing Wales today. It is also an illustration of how networks between communities, regions and nations is the way forward. The key problem is that we cannot continue producing so much waste and we cannot in the future put that waste into holes in the ground.

We need to develop more community-based initiatives on recycling whilst at the same time promoting international regulation of packaging. Even so, there will always remain a residual, non-recyclable waste which must be processed through means other than land-fill. The urgent challenge is to create consortia of local authorities which can work with the private sector to procure regional energy from waste facilities

In pursuing a community basis to public services Wales has, by British standards, relatively small units of service delivery in its twenty two local authorities and local health boards. There is recognition that working on such a scale can create a high administrative overhead and in order to overcome that risk the public service reform agenda includes programmes for sharing important administrative services such as payroll, financial administration, personnel, procurement and IT.

Networks rarely occur spontaneously. Indeed, bureaucracies have an inherent dynamic to maintain self control and separation. The networks which Wales needs will require deliberate, creative and engaged leadership from the Assembly Government and from leaders in local authorities and other local organisations.

Assembly Ministers chair regional forums to make progress on the Wales

Spatial Plan and it would now make sense for these to be merged with the regional forums led by the Welsh Local Government Association to promote regional service delivery.

In six local authority areas Local Service Boards have now been formed to develop cross-sectoral working, bringing together local authorities, the NHS, housing associations, the police, local colleges and universities. By 2008 there should be local service boards in all parts of Wales. There are opportunities for these boards to create the seamless services that citizens demand: shared front offices, shared appointments, and pooled budgets to ensure that public services serve the citizen rather than the producer. Senior officials of the Welsh Assembly Government will participate in each of the local service boards.



Assembly Government Ministers and senior civil servants engaged in local and regional service delivery is a phenomenon of small country governance. It is a style of leadership that relies less on bureaucratic circulars, guidance and targets than engagement with partners. It requires leadership skills which rely less on command and control and more on shared strategic development, a creative use of resources and incentives, innovations in governance and accountability, communication, motivation and earned trust.

The challenge is equally great for local leaders to develop their style of

leadership. The tradition is for a local authority leader or NHS chief executive to mark out their own territory and exercise close control over it. The future local leaders will have shared territories. They will often need to exchange command for negotiation, and narrow control for broad community leadership. As we create local and national leaders who achieve their purpose through managing networks, we must take care to ensure that citizens and elected representatives have their means of challenging delivery and performance. It must not become acceptable in a world of increasingly shared responsibility for the citizen or the councillor to gain the response "that's not us, it's them".

If we are to stimulate local innovation in shared delivery, the Assembly Government will need to be tightly focussed in its limited use of standards, targets and performance indicators, ensuring that they capture significant shared outputs rather than drive the systems into traditional silos. Whilst targets should be few we need a rich supply of transparent performance information which allows citizens, elected representatives and service managers to compare inputs and outputs with public services both within Wales and elsewhere. There must be challenge in our systems and performance information is the key to informing that.

Much has already happened to move from intention to practical implementation. Now is the time for steadfast, creative and adaptive leadership from both local organisations and from the Welsh Assembly Government to achieve Wales' status of being an exemplar in small country governance.

*Paul Griffiths was Senior Special Adviser on finance and public service reform to Rhodri Morgan and his Cabinet from 2000 to August 2007. He is now establishing a public service consultancy offering services to public service organisations and universities.*

# beyond boundaries

## colin everett says the pace of collaborative public service reform is stepping up

As a promissory approach to Welsh governance, localism featured in all the party manifestos for the 2007 Assembly elections. However, the words on the glossy pages lacked definition and specificity of intent. Relative to its European counterparts, where federalism is often a pre-condition of governance, Welsh local government has highly limited autonomy in policy, legal and financial choice.

Nonetheless, devolved Wales is becoming renowned for developing a 'Welsh way' of doing things. At times Wales has consciously chosen a diametrically opposed path to England. At other times we have observed English experimentation first before 'dipping our toe' in policy waters. The Welsh approach to Local Service Boards is an example of a combination of these two approaches to policy formulation.

Wales observed the first two years of Local Area Agreements in England. Although worthy and transferable as a concept, they had become dogged by excessive bureaucracy and centralist control. *Beyond Boundaries*, the Beecham Review review of local public service in Wales, published in late 2006, gave credence to the alternative concept of Local Service Boards, since renamed Partnership Action Contracts (PACTs) by the Welsh Assembly Government.

Within the chosen policy model of collaborative rather than competitive reform of public services, Beecham advanced the concept of a strengthened local cross-public service partnership. As he put it, this was one "in which key local delivery organisations

negotiate with the Assembly Government to agree a set of joint priority actions for the area" under the umbrella of a PACT.

Beecham argued that to fulfil "greater partnership ambition" at the local level, the PACTs should be based on a "negotiated balance of national priorities and discrete local priorities". Critically, he added that the "means of achievement should include pooled sovereignty, strong networks, pooling of budgets, shared services and new flexibilities in respect of national targets and other requirements".

The review made specific recommendations which went to the heart of central-local relations and gave definition to the concept of localism. Put simply this is that local people and partners should work co-operatively and innovatively, with government support, to meet local priorities whilst fulfilling national social policy ambitions.

Things have moved on rapidly. The Assembly Government, with prompting from the Welsh Local Government Association (WLGA) and the NHS Confederation, issued a consultation paper and invited expressions of interest from local strategic partnerships. These would act as 'development projects' to test and develop the Local Service Board concept. The WLGA had appealed for 'time and space' for local partnerships to develop, enabling Local Service Boards to lead a reduction in central control over planning (statutory plan reduction), policy (policy consents), performance (performance management and measurement regimes), and finance (a reduction in specific grants).

Although criticised for being imprecise about the Local Service Board concept, the Assembly consultation paper was itself a 'victory' for central-local relations. It was co-produced with national partners, including the WLGA, and gave space for local innovation in shaping the new Service Boards.

A healthy return of seventeen expressions of interest were received and six development projects were chosen. The

criteria adopted included local governance arrangements, added value from being a development project, and clarity of purpose on where the partnership would make greater difference in critical areas of public service. The development projects are being undertaken in Caerphilly, Cardiff, Carmarthenshire, Gwynedd, Neath Port Talbot and Wrexham. Areas for impact range from health and social care integration, environmental management and climate change to the impact of migrant workers on local communities.

The stakes are high for the future of Local Service Boards. The Assembly Government is committed to making an impact on the quality of life of Welsh communities where levels of GDP, poverty and health still lag behind the UK and European comparators. Moreover, it is conscious that as a new institution it needs to prove its worth to an uncertain Welsh public and media. As the leaders of local partnerships, local authorities must show that they have the ambition, capacity and capability to step up the pace of collaborative reform and are worthy of being given freedoms and flexibilities.

The six development projects will lead the way. By the autumn they will have finalised their governance and project delivery arrangements. The aim is to establish Local Service Agreements by the early summer of 2008, with shared outcomes and targets of achievement to make real change.

The Assembly Government has placed local partnerships at the heart of wider public sector reforms to achieve more effective use of scarce resources. With its connected communities, Wales has the potential to be a 'world leader in small country governance. We must now 'walk the talk' of our own mantra in central-local relations.

Colin Everett is Director of Improvement and Governance with the Welsh Local Government Association.



scott greer reviews the record of  
NHS Wales policy-making since 1999

# strategy and tactics

**t**he Assembly Government began addressing health policy in 1999 with ambitions and intellectual resources. It could draw on Welsh political traditions of communitarianism, on the distinctive and innovative history of the Welsh health services, and on effervescent ideas about how to improve the health and health care of the citizens of Wales.

In the early days of devolution, this gave it the confidence to focus on health, rather than health services. Good education, good transport, good housing, a good job, and a healthy social and family life all contribute to a healthy life. Equality of income, status, and life chances all help to reduce health inequalities and improve the overall health of the population.

This was a good strategy, but the necessary tactics were missing. Recognising the importance of social factors in promoting good health is a source for policy suggestions for almost everything but the NHS. It does not give

ministers much advice on the appropriate way to run health services.

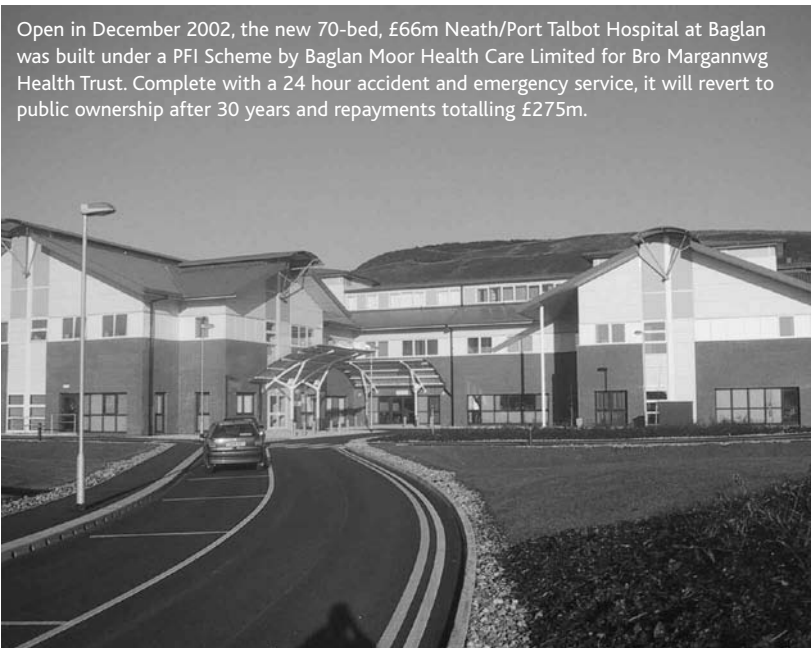
So what happened when the National Assembly tried to implement a strategy focused on health but not health services? There were some policies and plans, but nothing big enough to match the ambition. Now, we know what happens when politicians have that problem. Invariably they come up with changing the number, shape and responsibilities of the organisations that run the service in question. That can be regarded as a 'big idea'.

In the case of Wales in 2001, it meant linking health and local government. The intellectual justification was good. Joining up health and social care would solve all sorts of problems. Why hospitalise a pensioner who really just needs a carer for a few hours a week? Why run expensive and traumatic neonatal units when a few pounds' worth of prenatal classes would mean the baby was healthy? Joining them up, in the Welsh case, meant abolition of the existing five Health Authorities and creating 22 Local Health Boards in their place. They would have the same borders as the local authorities, deliver primary care, and identify local needs for hospital and specialist care.

Even before it went live, leading Welsh policymakers admitted that 22 Local Health Boards was too many. However, 22 local governments was what Wales had, and both localism and joining up demanded coterminosity. So 22 it was.

From a hospital trust's point of view, the reorganisation meant divide and rule. Hospitals have the upper hand in most respects. They are more visible, more popular, have higher-status tasks, are bigger employers, and can pay better.

Open in December 2002, the new 70-bed, £66m Neath/Port Talbot Hospital at Baglan was built under a PFI Scheme by Baglan Moor Health Care Limited for Bro Morgannwg Health Trust. Complete with a 24 hour accident and emergency service, it will revert to public ownership after 30 years and repayments totalling £275m.



## social policy – strategy and tactics

The relatively small Local health Boards did not even start to change this imbalance. Local government participation might have helped, by increasing their clout, but that did not work in most places. From a typical local councillor's point of view, Local Health Board service meant complexity and responsibility without power.

The reorganisation itself was a costly distraction, in time and effort even more than money. Meanwhile, existing problems in health services remained, and some quietly got worse. Reorganising had little impact on problems such as waiting lists, over-reliance on hospitals, decaying primary care in the Valleys, and patches of questionable quality. And it didn't get Wales much closer to a focus on health rather than health services either.

Jane Hutt AM, as Health Minister was responsible for the re-organisation 'big idea' – "a costly distraction, in time and effort even more than money."



The nadir was probably recorded by health analysts at the University of Glamorgan's Welsh Institute for Health and Social Care. In their 2004 *NHS Wales Barometer* they recorded that only 31 per cent of the leadership of NHS Wales would want to have it care for their loved ones.

A retreat on this strategic approach based on reorganisation was called in the winter and spring of 2005. Bugged down and increasingly distrustful of their maps, the health planners in Cardiff Bay were forced to re-think by the 2005 UK general election. Welsh Labour MPs complained that they were being made to defend an indefensible health system that they did not create.

Later, when English health policy meant 'record deficits' and nurses heckling Patricia Hewitt, England would look much less attractive. Welsh policymakers enjoyed some justified chuckles. But the damage was done. The goal became crisis management: solve the problems in the health services, and in particular the waiting lists. This meant putting tactics ahead of strategy.

Parts of NHS Wales were already chasing their tails. Poor primary care diverted patients into waiting at expensive hospitals, which cost so much that the Local Health Boards could not invest in better primary care that would reduce pressure on the hospitals. New staff shored up hospitals as often as they went into primary care. This was not surprising, because the hospitals were the basis of NHS Wales. And much of the new money went straight to doctors as part of contracts negotiated on behalf of the whole UK by Whitehall Ministers John Reid and Alan Milburn.

So the emphasis became tactical. The first shift from strategy to tactics had been the launch of *Health Challenge Wales* in 2004. This new public health strategy largely abandoned economic reform and reduction of inequalities, and instead tried to influence lifestyles in a way English policymakers would not find strange. The second was the appointment of a new minister when Brian Gibbons replaced Jane Hutt in January 2005.

A third tactic was a new health services 'strategy' *Designed for Life*, published in May 2005. Despite much consultation and the title 'strategy', this was a tactical document. It was about getting policy makers through the day. Told to sort out problems such as waiting lists, and freed from an overarching strategy, the health service managers got to work. They gave us an outbreak of hospital 'reconfigurations', what many people regarded as 'closures'.

Overcoming financial imbalance and service problems without simple cuts requires a sophisticated strategy as well as political courage. If managers are told to stabilise their budgets and if there is no further guidance they will have to do it by cutting. Much of this happens

without much notice (the casualties are groups like visiting nurses), but sometimes they turn to hospitals.

Tactics without strategy proved just as politically unsuccessful as strategy without tactics. For many, it meant threats to local services. For every party but Labour, it meant electoral opportunity. And it showed no signs of motivating staff or inspiring the public.

Welsh communitarianism had been the policymakers' ally when they spoke of localism and health inequalities. It became their enemy when they boxed themselves into arguments about local health services. In other words, when the strategy failed, there was no tactical knowledge good enough to avoid all the minefields and swamps.

The question and challenge now for Welsh health policy makers is whether they can unite strategy and tactics. Can they work out where Welsh health policy should go, and how to get it there through all the obstacle courses that await it? There is not much alternative. Primary health care in the Valleys is not getting any better. Rural services are getting harder to sustain. Health inequalities are still intractable and so are pockets of poor quality health care.

To meet the challenge, the political leadership of the Welsh health system needs to put together a sound strategic approach with effective tactics to implement it. Only when they combine strategy with tactics, rather than separating them, will they have a chance of placing NHS Wales on a sounder footing.

Professor Scott Greer works in the School of Public Health at the University of Michigan.

# stock transfer

nick bennett says Housing Associations are the mechanism for leveraging much-needed investment into our poorest communities

As a result of positive ballots in Monmouthshire, Rhondda Cynon Taff and Torfaen over the past year, Stock Transfer is firmly back on the Welsh housing agenda. Increasingly local authorities are appreciating that only transferring their stock will lever in the investment they need to bring their dwellings up to the Welsh Housing Quality Standard by 2012 (see Table 1).

For many years there has been serious under-investment in Wales's council housing stock. It is estimated that more than £3 billion needs to be spent to tackle the backlog of repairs and improvements. The only source of money on this scale is to be found from the value of the stock itself. Wales's 160,000 council houses have an asset value approximately five times their outstanding debt, estimated at some £1.4 billion. However, local authorities are prevented by Treasury rules from borrowing against this equity since it would increase the public sector borrowing requirement.

**table 1: position of local authorities in achieving the welsh housing quality standard by 2012**

Local authority	At October 2007
Bridgend	Stock transferred to Valleys 2 Coast Housing Association in 2003 following ballot
Monmouth	Stock transferred to Monmouthshire Housing Association in 2007 following ballot.
Rhondda Cynon Taf	Stock transferred to RCT Homes Housing Association in 2007 following ballot.
Torfaen	Stock transferred to Bron Afon Community Housing in 2007 following ballot.
Blaenau Gwent Ceredigion Conwy Gwynedd Merthyr Tydfil Newport	All will ballot on stock transfer in the next 12 months.
Wrexham	Opted against stock transfer following a ballot.
Swansea	Opted against stock transfer following a ballot.
Denbighshire	Says it can achieve the Welsh Housing Quality Standard via prudential borrowing.
Caerphilly Cardiff Carmarthen Flintshire Neath Port Talbot Pembrokeshire Powys Vale of Glamorgan Ynys Môn	All still working on their options.

As Registered Social Landlords housing associations are not subject to the same restrictions. So local authorities have the option of transferring ownership and management of their housing to existing housing associations or to new Registered Social Landlords specifically set up for this purpose, so they can borrow against the equity to improve the stock.

Despite these realities not all stock transfer ballots have been positive. In Swansea, for instance where tenants rejected transfer, a *Defend Council Housing* campaign claimed the it would be 'privatisation'. This is simply not the case since Housing Associations are not private companies – they are non-profit, independent social businesses usually industrial provident societies. Their aims are to provide homes and services, not to provide dividends. Any surpluses they make are ploughed straight back into their communities.

Welsh housing associations have a collective turnover of over £255 million a year, spend nearly £85 million on maintenance, and secure £67 million in private funding to match the £86 million investment in housing development grants from the Assembly Government. Over the past 25 years Welsh Housing Associations have invested billions of pounds into social housing and communities across Wales.

Far from selling off the family silver to the private sector, transferring council houses to housing associations places them in community ownership. Indeed, stock transfer represents the most radical extension of the not-for-profit social economy which Wales has ever seen. It should be seen as part of a proud Welsh tradition going back to the days of Robert Owen when the founders of the co-operative movement came together to form organisations to pursue social objectives through not-for-profit organisations.

Housing Associations are directly accountable to their tenants who on average make up 25 per cent of board members across Wales. Associations are also legally and financially accountable to the Assembly Government's Housing Directorate, the Financial Services Authority and a host of other statutory regulators. Like local authorities, housing associations are required to develop tenant compacts and support tenant participation. The Wales Audit Office is currently inspecting them as agents of the Assembly.

It is true that Housing Association rents are currently higher than those charged by local authorities (see Table 2). However, the government is gradually harmonising rents so that council and housing association tenants will be paying pretty much the same by 2012. This means that, over the next few years, council rents will actually rise faster than housing association rents.

This was confirmed in January 2007 when Edwina Hart reported to the Social Justice and Regeneration Committee that for 2007-08 she agreed an increase of 5.6 per cent to guideline rents for local authorities and a 4.6 per cent increase to benchmark rents for Housing Associations. This maintained the differential of 1 per cent in line with Assembly Government's policy on rent convergence. Some housing association rents will still be higher in the future, but only where the accommodation is of a higher quality.

So far in Wales only Bridgend has transferred its stock, in 2003 to the Valleys to Coast (V2C) Housing Association. In the intervening years it has built up an impressive record, demonstrating what could be achieved elsewhere in Wales:

- Rents have been kept in line with the promises made to tenants in the original Offer Document, that is the retail price index + 1 per cent. As a result rents have gone up by an average of 3.7 per cent a year since the transfer.
- 5,000 homes have benefited from new windows and doors, 3,000 from new kitchens; 700 from new bathrooms; 3,000 homes have been rewired; 2,700 new heating systems have been installed; 2,000 have benefited from energy efficiency works.
- V2C have completed almost 98 per cent of tenant requests for repairs within stringent target times. V2C recognise the challenges that they still face to bring about long term solutions to improve homes, services and communities. But to suggest that investment and improvements have not taken place is simply absurd and could not have occurred had the homes not been transferred.
- Current satisfaction levels among tenants on improvements works is running at 96 per cent.

Currently, there is a very high concentration of the unemployed and economically inactive amongst those living in social housing (see Tables 3 and 4). Housing stock transfer provides an opportunity to do something about these problems in an integrated way: boosting employment and community participation whilst also improving housing stock quality and reducing carbon emissions.

Housing associations are active in community regeneration, and are involved in multi-million projects that address health improvement, education and lifelong learning, diversity, skills development, care in the community and independent living.

**table 2: average weekly rents in wales by sector for 2005**

	1 bed	2 bed	3 bed	All
Local authority	45.39	48.93	52.86	50.06
Housing associations	46.46	54.63	58.54	52.93

**table 3: percentage of unemployed and economically inactive amongst those living in social rented accommodation**

	Unemployed	Economically inactive
Men	12	42
Women	5	59

**table 4: percentage of those who are unemployed or economically inactive in wales as a whole who are living in social rented accommodation**

	Unemployed	Economically inactive
Men	32.3	28.5
Women	31.7	34.1



Renovation underway by the Valleys to Coast Housing Association in Bridgend where satisfaction levels among tenants with improvement works is running at 90 per cent.

At the moment, construction skill development is a priority as the cost of building and maintaining property increases. Many associations are involved in credit unions, community businesses and capacity building.

In short, stock transfer offers the opportunity to unlock the full benefits of £3 billion of investment in Wales' poorest communities, by:

- Creating jobs, training opportunities and business development opportunities for SMEs through strategic procurement.
- Ensuring that the Community Housing Mutual or Housing Association models act as an anchor within the local community, delivering local accountability and regeneration benefits for tenants.
- Ensuring a renewed emphasis on sustainable development through making homes more energy efficient.

At the same time we face significant economic, social and human resource challenges if we are to maximise the benefits. These include the following:

- Leadership Development: the creation of perhaps 17 Housing Stock Transfer bodies will create the need for at least 17 new leaders, as well as Finance Directors with the requisite skills. Good technical skills in housing as well as community development will be equally important.
- Cultural Change: More fundamentally, stock transfer on this scale will impact upon the corporate culture of existing Council Housing departments. There will be an expectation

that the new Housing Stock Transfer bodies will uphold a commitment to public services as well as delivering housing investment benefits with the panache of the social entrepreneur.

- Specialisms: as well as delivering housing solutions, the new organisations will require knowledge and expertise to ensure strategic procurement, SME development, sustainable development and also perhaps critically the softer skills necessary to maximise local community benefit.

At a time of increased competition for mobile investment and public expenditure restrictions, stock transfer offers an unparalleled opportunity to create more economic and social inclusion in Wales. Given the tightness of the UK Government's October Comprehensive Spending Review in October 2007, and given that the Assembly Government has no tax varying powers, there is no other source for the £3 billion investment that we need to improve our social housing stock. For instance, Assembly Members are unlikely to vote to take it away from the education or health budgets. In this context stock transfer is not about privatisation, but protecting investment in our front line public services.

*Nick Bennett is Chief Executive of Community Housing Cymru that represents Housing Associations in Wales.*

# spending crunch

eurfyl ap gwilym analyses the  
impact of the 2007 comprehensive  
spending review


Since New Labour came in to power in 1997 there have been three distinct phases in its public expenditure policy. During 1997-1999 spending was kept within the very tight limits set out by the previous Conservative administration. This was Gordon Brown's 'prudence with a purpose' period.

However, from 1999 to 2007 spending grew rapidly, both in real terms and as a proportion of gross domestic product. To fuel this growth Labour increased the tax burden and moved from a budget surplus of £20 billion to a deficit that by the end of 2007 is expected to exceed £38 billion. This is a deterioration of some £58 billion and the latest Treasury forecasts project continued deficits in the coming years.

Inevitably Labour's spending spree had to come to an end. The Comprehensive Spending Review, published in early October 2007, introduces the third phase of Labour's spending, a period when taxes will continue to rise but when public expenditure is planned to grow more slowly than gross domestic product. This policy approach was earlier promoted by the Conservatives under the slogan "sharing the proceeds of growth". Although this policy was derided by Chancellor Alistair Darling at the time, he has now adopted it.



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Chancellor  
Alistair  
Darling –  
cutting the  
baseline for  
the Welsh  
spending  
assessment.

The period of rapid public expenditure growth coincided with the first eight years of the National Assembly when Labour was in power. The new Labour-Plaid Cymru coalition government thus faces a major additional challenge in implementing its *One Wales* agreement. It has to do so against a background of much reduced growth in public expenditure. Indeed, it is likely that 'real' spending growth will be minimal.

Changes to the Assembly's block grant are determined by calculating the consequential of changes to public spending programmes in England where the programmes concerned are devolved to Wales. The consequential change for Wales is based on the relative populations of the two countries.

Given the nature of the programmes that are devolved, the two spending programmes that have the dominant effect on changes to the block grant are health and education. As a rule of thumb changes in health spending have a weighting of 40 per cent on changes to the block grant, education has a weighting of 30 per cent with the balance being made up of a mix of smaller spending programmes such as agriculture, trade and industry, transport, culture and sport.

Despite the latest spending review being delayed a year and thus taking place after the elections to the National Assembly in May 2007, it was possible, prior to that election, to make an estimate of the expected growth in the block grant over the next three years. This was because the Labour Government in London had already established the overall spending increase for the period and had also pre-announced spending growth in education and certain other programmes. Allied to this, in 2002 Labour had committed to increasing spending on health by 4.4 per cent in real terms in line with the recommendation of the Wanless report on health funding, a report which had been sponsored by Gordon Brown when Chancellor of the Exchequer.

As the UK Government's spending plans were progressively pre-announced it was possible, by applying the Barnett Formula, to estimate that the block grant would grow by some 2.6 per cent per year in real terms during the period 2008-9 to 2010-11. However, during the Assembly election campaign a civil service briefing paper was leaked to the Conservatives which forecast growth of 1.9 to 2.0 per cent. Such low growth would either mean that Labour was not going to increase spending on health as planned, or that there would be cuts in spending on other programmes which are devolved to Wales.

Given this background the latest Comprehensive Spending Review was awaited with some concern. The outcome was that Wales would receive a real increase of 2.4 per cent per year for the three years to 2010-11. Whilst this was not far away from the earlier estimate of 2.6 per cent, there was a sting in the tail. In establishing the base line expenditure for 2007-08 the Treasury had not used the current expected out-turn of £14.0 billion but a lower figure of £13.6 billion.

Whilst some adjustment to the baseline figure could reasonably be expected due to one-off, non-recurring allocations, a major reason for the exceptionally large reduction was the fact that health spending in England had been re-phased. Around £2.85 billion had been moved from the earlier 2004 Spending Review period into the 2007 Spending Review. As well as delaying expenditure the effect of this was to make the growth in health spending appear to be higher both because the base on which any percentage increase was being calculated was lower and the corresponding spend in the 2007 Comprehensive Spending Review that much higher. Even after these 'adjustments' health spending in England is planned to grow at only 4.0 per cent compared with the earlier commitment of 4.4 per cent.

One suspects that the Chancellor was not unaware of the presentational advantages of such a manoeuvre. In the case of Wales the knock-on effect of the change in England was a reduction of the Comprehensive Spending Review baseline by £167 million. In total the exceptional reduction was £200 million, which means a loss of up to £600 million over the next three years.

Assembly Government Finance Minister Andrew Davies was both cryptic and guarded in his immediate reaction to this announcement. He stated that: "These increases, however, are calculated on an adjusted baseline – down by £200 million on our actual 2007-08 baseline" and "I have to have further discussions with Treasury to clarify the baseline issue where we still have serious concerns about the adjustments". It appears that the baseline reduction was done at the last minute and with minimal consultation with the Welsh Government. The Minister noted that based on the actual 2007-08 baseline, the average annual increase over the three years was 1.8 per cent in real terms. However, for 2008-09 real growth will be 0.7 per cent followed by increases of 2.1 per cent and 2.6 per cent in the sub-sequent years.

Nevertheless, the Minister tried to present the settlement in a positive light claiming that by 2010-11 Wales would have "an extra £2 billion spending power". He omitted to say that of this sum £1.14 billion would be required merely to offset inflation. The result is that the real increase will be a much more modest £860 million. And even this sum assumes that the inflation rate for Welsh Government spending will be kept down to 2.7 per cent a year which, based its recent record, is optimistic. Inflation as measured by the Retail Price Index was 4.1 per cent in August 2007.



Welsh Finance Minister Andrew Davies – guarded in his reaction.

The upshot of these machinations is that Wales will receive considerably less money over the next three years than it could reasonably have expected. The real growth in the previous Spending Review had been 4.5 per cent per year – it will now average 1.8 per cent. Once again it underlines the stark fact that spending in Wales is mechanically linked to spending decisions made in London to suit the needs of England.

The fact that budget and spending decisions are very much taken from the point of view of London and the south east England was further emphasised by the proposed treatment of public expenditure on the 2012 London Olympic Games. It appears that much of this spending will be treated as 'for the benefit of the UK as a whole', and that Wales will not receive its Barnett consequential share of such expenditure. The impact on Wales is arguably even worse than this. The £5.6 billion being spent by the UK Government on the London Olympics means that other potential spending will have to be foregone, spending which would reasonably have produced a consequential increase in the block grant. Indeed, other programmes may be cut and the Barnett consequential for Wales reduced as a result of the London Olympics.

Alongside publication of the Comprehensive Spending Review, the Treasury updated its listing of Barnett comparability factors. These dry but important statistics are used to determine whether or not Wales gets a share of increased spending on various programmes and projects. In the latest report it is puzzling to note examples of charges categorised as being 'for the benefit of the UK as a whole' but appearing to be for the principal benefit of England. An example is the £398 million of public money being spent in 2007-08 on the London and Continental Railway which operates the high speed Channel Tunnel rail link. In transport the 'Network Grant New' incurred public expenditure of £2,944 million in 2007-08. Yet, while Northern Ireland and Scotland will have received their Barnett consequential increases, Wales has to hope that its gets its fair share of the England and Wales total because this spending programme is not devolved to Wales. In the case of Scotland 91.5 per cent of the transport expenditure budget is controlled by Scotland. The corresponding figure for Wales is only 68.3 per cent.

In a federal system the monies allocated to England would be listed alongside the corresponding totals for Northern Ireland, Scotland and Wales. However, the Government has consistently refused to do this. This should prove to a fertile area of investigation for the newly formed Finance Committee in the National Assembly and for the soon to be established commission on the funding of the National Assembly and the working of the Barnett Formula.

But what does all this mean for the Welsh Assembly Government? First, that the spending round was very tight and, second, that it will make implementation of the *One Wales* programme extremely difficult. The knock-on effects for local authority budgets will be severe as well. The pressures arising from the 2007 Comprehensive Spending Review will thus be an acid test of the coalition government's cohesion.

There could be a positive side to this low settlement. For the first eight years of its existence and against a background of rapid, real increases in expenditure (4.5 per cent per year for the last three years) the Welsh Government has pursued a conservative policy programme making small changes at the margin. Labour's May 2007 Assembly election manifesto was characterised as 'steady as she goes', with small, managerial tweaks here and there. Indeed, Labour in Wales has proved less ready to experiment and innovate than Labour in England. A spending crunch is certainly an opportunity to think more radically and address some of the more fundamental challenges in Wales. Large organisations often need a shock to the system to stimulate change.

Challenges to be faced include:

- Hitherto, in discussing the public sector, both London and Cardiff governments have emphasised inputs and not outputs. Government is for ever emphasising increases in the amount of money being spent, although it is often claimed to be 'investment' rather than mere expenditure. Meanwhile, little attention is paid to measuring outputs. It is high time that efforts were made more effectively to measure outputs. Throwing more money at problems has not proved very effective over the last eight years.
- How can public sector productivity be raised when all the indications are that per capita productivity has fallen in recent years? The Assembly Government has set less ambitious efficiency targets than Labour in London. A recent Public Accounts Committee report (11 October 2007) indicated that in the case of Whitehall departments, many of the efficiency savings claimed were questionable (only £3.8 billion out of the £13.1 billion savings claimed were deemed safe by the committee). In fact, most savings were 'self certified' with no independent auditing taking place. The outcome in Wales is likely to be worse because less ambitious efficiency targets have been set.
- The public sector in Wales cannot continue to expand its workforce by two per cent a year. What can the Welsh Government stop doing or what can it do in smarter ways?
- Welsh public sector pay rates have been increasing more rapidly than those in the private sector. Can this trend be arrested? Has the Assembly Government the will to tackle this issue? Should not the emphasis be on paying fewer people more for working more efficiently?
- The private sector in Wales is small and fragile. Will curbing the growth of the public sector offer an opportunity to rebalance the Welsh economy in favour of the wealth generating part?

It remains to be seen whether or not the new Welsh coalition government has the appetite to recognise and, more difficult still, to tackle these issues.

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The Ford Motor Company's production line at its Bridgend engine factory.



max munday  
highlights the continued  
importance of  
manufacturing for  
the Welsh economy

# job shake-out

Rarely a week has passed over the last few years without news of further manufacturing redundancies in the Welsh economy. Some of the job losses have made national headlines including the much publicised closure of the Burberry textile plant near Treorchy in early 2007. In part the impacts of manufacturing reversals on overall Welsh employment have been masked by stronger employment growth in the services sector.

The share of manufacturing employment in total Welsh employment has been in decline for some time. Indeed, when reflecting on manufacturing job losses since 2000, we should remember that Wales lost around one third of its manufacturing employment between 1979-1983, including 8,000 job losses in one closure at the Shotton steel plant on Deeside. However, this decline was followed during the late 1980s by what has been described as a 'boom' in inward

**table 1: some redundancies in welsh manufacturing 2006-07**

Company	Area	Redundancies
Continental Teves	Ebbw Vale	400
Sofa Workshop	Llantrisant	320
LG Electronics	Newport	315
Thomson Technicolor	Cwmbran	310
Alcoa	Swansea	300
Burberry	Treorchy	300
Cooper Standard Automotive	Maesteg	250
Panasonic Electronic Devices	Port Talbot	250
Grampian Foods	Llangefni	200
Dura Automotive Systems	Llanelli	270
Visteon	Swansea	175
G. Costa	Caerphilly	150
Solectron	Newbridge	150
T. R.W. Automotive	Pontypool	156
D.S. Smith	Sudbrook	135
Dairygold	Felinfach	115

figure 1: manufacturing share (%) of welsh employment and gross value added (selected years)

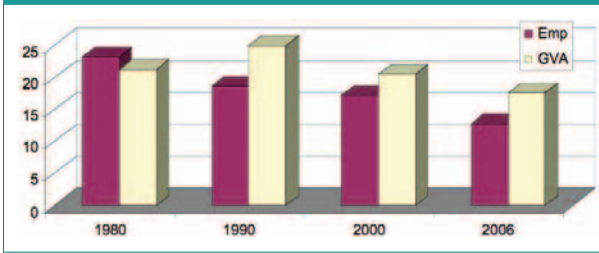


figure 2: index of manufacturing: wales and uk trends to 2006

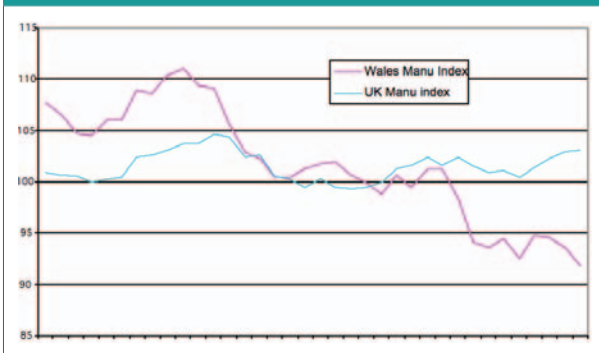
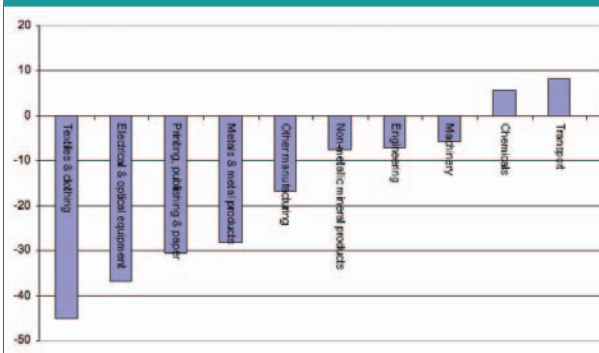


figure 3: percentage changes in welsh index of manufacturing output by sector 2000-06



investment that regularly saw Wales attracting around one fifth of foreign manufacturing projects and associated jobs coming to the UK. That is now well in the past and, as highlighted by commentators at the time, Wales's position as a winning inward investment location was always going to be threatened by EU enlargement together with the more complex forces of globalisation.

The Labour Force Survey suggests that in 1999-00 manufacturing employment in Wales was around 234,000, falling to 186,000 by 2005-06. That meant a little over one in five manufacturing jobs were lost during this period. Some recent examples are given in Table 1.

Nonetheless, in 2006 manufacturing still comprised an estimated 13 per cent of Welsh employment, and an

estimated 18 per cent of gross value added. The longer term trend is illustrated in Figure 1.

Job losses since 2000 have not been evenly distributed, with some sectors more prone to rationalisation and restructuring pressures than others. For example, between 2000-05 the *Annual Business Inquiry* suggests that the largest employment losses have been in clothing and textiles (73 per cent employment fall), basic metals (30 per cent fall), machinery (24 per cent fall), electronics and electrical engineering (34 per cent fall), and furniture (24 per cent fall).

Falling employment has been accompanied by a reduction in manufacturing output. Figure 2 shows that in the last quarter of 2006 manufacturing output levels in Wales were around 7 per cent lower than in 2003, and by as much as 16 per cent lower than in 2000. For comparative purposes the figure also reveals trends in the overall UK index of manufacturing output and shows a widening gap between the Welsh and UK indices of manufacturing during the past year.

Figure 3 reveals where the largest losses in output have been. This shows that the textiles and clothing and electrical engineering sectors have been particularly badly effected by recent changes.

It is noticeable that some of the largest employment and output losses have been in the most labour intensive sectors. The losses provide evidence of products completing their life cycles. There is evidence, too, of Welsh plants finding it much harder to compete in cost terms with central and eastern Europe and locations in Asia for new rounds of production and investment. There should be few surprises at the speed at which regional manufacturers (domestic and foreign-owned) have been able to take advantage of new opportunities and place more labour intensive operations in areas of central and eastern Europe, north Africa, and Asia. Clearly, the same forces that are forcing manufacturing rationalisation and restructuring now are the very same factors that gave Wales such as a strong competitive advantage in attracting manufacturing inward investment. In part the seeds of regional vulnerability to globalisation pressures were sown in the inward investment boom in the later 1980s.

Recent manufacturing losses give rise to a continuation of old policy debates and a series of new challenges. Commentators have pointed out that current vulnerabilities owe something to the production-only, branch plant nature of much of the regional manufacturing sector. Few manufacturing plants display either genuine embeddedness, occupational or functional depth, or the presence of higher value added headquarters activities. Moreover, for policy makers there is an issue that the impacts of manufacturing losses have not been felt equally across the region. Unfortunately, it is more economically disadvantaged parts of Wales that have been hardest hit by losses, including areas such as Blaenau Gwent and Pembrokeshire. These same areas are least well placed to attract the new manufacturing or services industry investment which has tended to cluster around the M4 corridor in the south east of Wales.

What does the future hold? Depending on the statistical source it is estimated that between 2000-06, Wales lost an average of around 2.5-3.0 per cent of its manufacturing employment every year. There is an expectation that the shake-out in the manufacturing sector will slow down during the next few years. Many of the most exposed and labour intensive sectors have already disinvested, that is to say textiles and electrical equipment. However, some regional forecasting groups suggest that manufacturing employment will still fall by an average of around 1.5 – 2.0 per cent a year between 2007-12, meaning some 14,000 – 18,000 more jobs could be lost.

Is manufacturing therefore a spent force in the Welsh economy, approaching the shadows that engulfed the coal industry in the 1970s? This is not the case. Even taking into account projected employment losses manufacturing remains an important part of the economy. Several factors underline its continued significance.

Manufacturing in Wales is comparatively well paid, and tends to offer a relatively high proportion of full time as opposed to part time employment opportunities. Earnings in Welsh manufacturing are typically closer to UK averages than earnings in services. For example, male and female manufacturing gross weekly earnings are currently around 7-8 per cent lower than the UK average. In faster growing elements of the services sector (particularly financial and business services) earnings can be as much as 25 per cent below UK averages.

The continued loss of manufacturing employment coupled with gains in services where the pay gap between Wales and the UK is substantial could contribute to widening of the Wales: UK income per capita gap. Closing the gross value added per capita gap is a critical overarching theme of the Assembly Government's economic strategy, and a strong and productive manufacturing sector is important in meeting these aspirations. Manufacturing is also an important source of Welsh productivity improvements. Regrettably several services sectors that have the strongest record of employment growth since 2000, also feature poor prospects for long term productivity growth.

It is also worth noting here that some parts of the manufacturing sector feature higher levels of earnings and productivity than others. For example, the foreign owned sector of Welsh manufacturing has significantly higher earnings and productivity than the domestically owned. Moreover, parts of the foreign manufacturing sector have been shown to be an important conduit for new manufacturing and management practices, and connected to positive productivity spillovers into the domestic sector, and will continue to be so.

Manufacturing also supports significant indirect employment and output through its purchases of Welsh goods and services, and it remains an important contributor to regional exports. Interestingly, the poor showing of parts of Welsh manufacturing has not been reflected in a fall in Wales's export performance. There is an expectation that firms that are successfully exporting overseas are better able to cope

with the pressures that have forced some firms to central and eastern Europe and further afield.

HM Revenue and Customs estimates of exports from Wales for 2006 showed that the value of exports in 2006 actually increased by £646m to £9.3bn (up 7.5 per cent compared to 2005). In terms of products it is the metals industry that headed Welsh exports during 2006. Exports of metal products were worth an estimated £1.94bn in 2006, up 15.5 per cent on 2005, while exports of engineering products were worth £1.48bn, up 5.6 per cent.

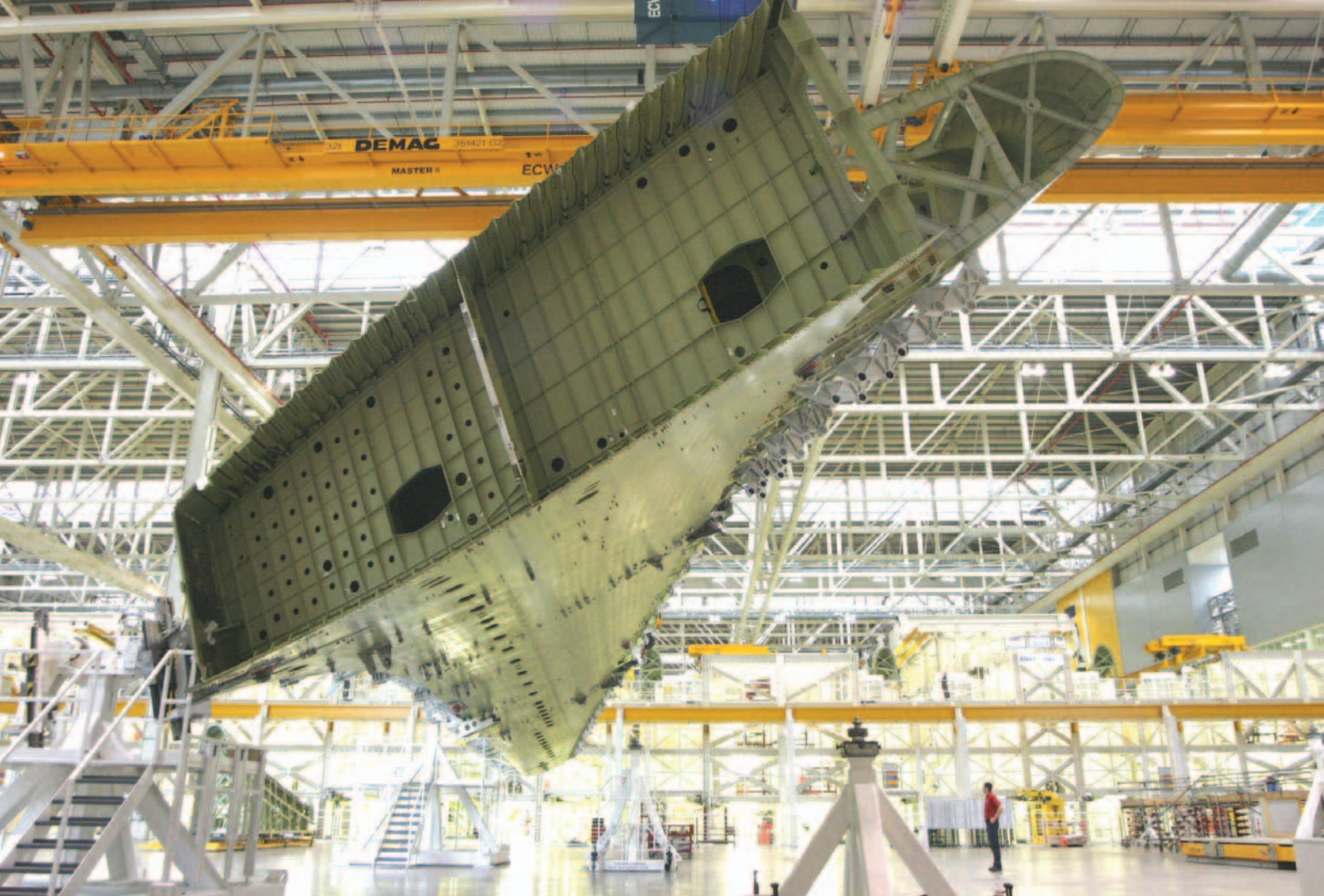


Another view of Ford's engine plant at Bridgend.

Wales continues to attract new investment in manufacturing. This includes new investment at existing sites. For example, during 2006-07 major new investments have been announced by firms such as Toyota (Deeside), Allied Steel and Wire (Celsa, Cardiff) and Creative Outsource Solutions (cosmetics at Maesteg). In spite of strong competition for new manufacturing plants, Wales continues to enjoy success in attracting new investment. The first half of 2007 saw new investments announced by firms such as IMC at Wrexham producing catering equipment, Takao Europe at Ebbw Vale producing car components, Connaught Motor Company at Llanelli, and Morvus Technology (pharmaceuticals and R&D near Carmarthen).

Obviously, we should be concerned at the scale of current manufacturing redundancies. The speed of reductions in output and employment tell us much about the defining functional characteristics of many of the manufacturing plants. However, manufacturing remains an important element of the contemporary Welsh economy.

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# revolution in the air

penny evans on the  
challenges facing the Welsh  
aerospace industry

**t**he aerospace industry is an exemplar of the high skill, knowledge-intensive economy Wales so badly needs to develop. It provides an annual gross value added of £74,000 per employee, the highest among the UK's engineering sectors. Wales, with five per cent of the UK population, accounts for 17 per cent of the UK's aerospace workforce.

It is difficult to gauge how many people in Wales are directly employed in the industry. Significant numbers commute daily across the Severn Bridge to the Airbus Filton site, while many others make the reverse journey from England to Airbus in Broughton, in north-east Wales. In 2006 it was estimated that approximately 20,000 people were working in 180 aerospace companies in Wales. Six of these are among the world's top ten companies. Airbus employs 6,000 people at Broughton, manufacturing wings for the A380, arguably the most technologically complex component of the most advanced passenger aircraft in the world.

Some years ago, in response to the increasing dominance of the sector by the US, a consortium of European countries, led by

A wing for the new A380 Airbus in production at Broughton in Flintshire – "arguably the most technologically advanced component of the most advanced passenger aircraft in the world."

the French and German governments, formed Airbus Industrie. The UK's interest in this was represented by BAE Systems, a public limited company in which the UK Government retained a 'special' share, arguably a necessary device allowing governmental veto in response to any substantial changes.

Just such a substantial change occurred in 2006. BAE Systems, in all probability with the UK Government's blessing, sold its interest in Airbus together with its ownership of the Airbus factories in Broughton and Filton, assets that were seen as the jewels in the crown of UK manufacturing. BAE Systems is now using the revenue accrued to invest in a number of US aerospace and defence companies, gaining in the process the domestic status necessary to bid for coveted US contracts.

One is bound to ask why it was not possible for the UK government to develop a strategy that would have supported both BAE Systems ambitions in the US and continued co-operation with the Airbus consortium, the European Aeronautic Defence and Space Company. Documented evidence reveals that Japanese suppliers received \$1.6 billion in the form of direct support from their own government to 'encourage' Boeing to site its 787 wing manufacture in Japan, a country that had previously *never* built a wing for a big airliner. In the past two years the aerospace industry in the UK has lost 20 per cent of its production to Canada and the US, *not* to some low wage third world country. It is critically important that the UK Government takes account of what is happening.

In contrast to position in the UK, the German Government understands the critical importance of the aerospace industry to its national economy. Huge revenues from state privatisation are dedicated towards the sector. In Bavaria, a major European Airbus manufacturing region, 23,000 are directly employed in the sector, a figure roughly equivalent to that of Wales. In the period since 1990, the Bavarian government has provided around £121 million for co-operative or inter-organisational research into the sector. This has directly encouraged technology transfer of research findings and provided public investment support for SMEs. In Munich alone 200 aerospace academic specialists graduate every year.

The lack of UK Government commitment to the Airbus consortium is surprising given the perceived international recognition of the strategic and political importance of the sector. Currently severe redundancies are being forced upon the company as a consequence of huge losses resulting from production problems and the weakness of the US dollar. How long will those European states investing heavily in Airbus be content to suffer these redundancies while the UK's Airbus workforce appears to be relatively safe, and in receipt of the confidence of the Airbus Chief Executive Tom Enders?

Aircraft manufacture is experiencing its second great revolution. The first was the move from wood framed construction to metals. The second is occurring now, with

metal being replaced by carbon fibre composites. Indeed, it is estimated that 52 per cent of the weight of Boeing's new 787 'Dreamliner' consists of composite materials. To date, the massive retooling necessary to support the changes necessary for handling composite materials does not seem to be happening in Wales. It is some comfort that Airbus is indicating that the next generation aircraft – the A350 Airbus' response to the Boeing 787 – will incorporate composite wings and that the manufacture of these is destined for Broughton. This, however, may be some years away.

The huge loss of jobs at the DARA St Athan facility in the Vale of Glamorgan resulting from the move of the maintenance, repair and overhaul defence contract to England has had a devastating impact. Although presented as a saving to the taxpayer £1.4 billion, what appears not to have been costed is the damage to the Welsh economy. The loss of 500 quality jobs and the parallel decline and possible migration of the precious Welsh skill base that supported these jobs, are serious matters.

The unions continue to argue, with justification, that there were insufficient workers with the necessary skills at the English sites to which the contract had been awarded. Meanwhile, the super hangar at St Athan, built in order to support the DARA complex, costing more than £100 million to the Assembly Government, is not being fully utilised. Unsurprisingly, the Commons Defence Select Committee has announced that it intends to re-examine the whole issue.

Companies that benefit from public procurement orders probably undergo more frequent retooling while also gaining from economies of scale. BAE Systems is the fourth largest aerospace company in the world. In order to safeguard this leadership position, it is essential that, with the support of the UK government, it maintains not only a critical mass of suppliers, but also the ability to fund and support research into new technologies and aerospace systems. Globalisation, capital mobility, deregulation, market imperatives (price, quality, technical abilities, infrastructures, and delivery times), are forcing manufacturers and service providers to streamline where they can. This often means subcontracting, the so-called 'high road/low road dichotomy'. Producers rarely manufacture a complete product. They outsource and subcontract to other firms, national and international. The resulting mutual co-operation, and transfer of technologies, best practices and systems, benefits all concerned.

Indeed, there are indications that much of the innovation in the aerospace sector emanates from the small and medium enterprises. Yet this may be under threat. There are moves by many of the 'prime' manufacturers, such as BAE Systems, Airbus and Boeing to consolidate, by up to 80 per cent, their supply bases. In fact, they are being offered incentives and directions by their own national governments (including the UK Government in the guise of the Ministry of Defence) to do so via 'financial and market leverage to secure rationalization'. This will reduce the size and capabilities of

## economy

clusters and agglomerates, with particular implications for the clusters in north and south Wales. If, as it is argued, the spur for innovation is more orders and an opportunity to expand, it is difficult to see how the SMEs will be encouraged to invest in research and development in a market that is set to be reduced by four-fifths. The knock-on effect of reduced innovation is bound ultimately to hit the 'primes'.

Nonetheless, in spite of the bleak picture painted above, there is cause for optimism. The Welsh aerospace sector has a champion that will help it to meet the challenges. A dedicated Aerospace Strategic Team has been established within the public sector by the Assembly Government. Together with the Metrix consortium, this team was responsible for the recent successful bid for the Defence Training Academy at St Athan, a contract will contribute an estimated £60 million a year to the local economy. It is possibly the biggest contract, in any sector, that Wales has ever received.

In addition, the Assembly Government funds the Aerospace Wales Forum, a highly regarded independent organisation that works directly with aerospace stakeholders in both the private and the public sectors. It is also committed to the collaborative £32.4 million Autonomous Systems Technology

Related Airborne Evaluation and Assessment programme. This provides funding for research and development into the technologies of unmanned air vehicles, an area in which Wales already has a track record at both Aberporth and Llanbedr, near Harlech.

The Assembly Government is also supporting research. A recent Airbus announcement that it is to locate a substantial part of its systems research capability in Newport is a direct consequence of lobbying by the government on behalf of Welsh universities and the research skills available in Wales.

Aware of the strategic potential offered by the aerospace industry, the Assembly Government is committed to working closely with the larger aerospace organizations, and to broadening and strengthening the involvement of indigenous SMEs. Its ambitious objective is for Wales to become recognised as a leading European aerospace region.

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A finished A380 Airbus wing on a barge at Mostyn Dock, to be transported to France for assembly.



# farming futures

gareth wyn jones  
puts a new report on  
Welsh agriculture  
under the spotlight

**t**he report *Sustainable Farming and the Environment: Action towards 2020*, published in September 2007, is an inheritance from Carwyn Jones's period as Minister for Environment, Planning and Countryside. The terms of reference of the group, chaired by Breconshire landowner and farmer William Legge-Bourke, was to "produce a report outlining the way forward for agriculture and rural Wales in the future (towards 2020) together with policy recommendations towards achieving the objectives of economic, environmental, social and cultural sustainability".

While the group contained many familiar names there was a welcome input from younger, less familiar names, but only one woman. Interestingly and crucially the group, assembled one must assume by Carwyn Jones and his officials, represented farming and food interests with some input from environmentalists. However, there were no representatives of other 'rural' interests such as the tourism, coastal communities, local authorities, housing associations, health, medical, postal and other services, non land-based business, the small towns in Wales or renewable energy interests.

One result is that the report identifies the interests of rural Wales (which remains undefined either geographically or economically) with farming and, to a limited extent, forestry and in passing with fishing on the Wye and Usk. Unsurprisingly, therefore, the report is very much the creature of the chosen group and does not seek to address the full importance or complexity of a broader, fuller interpretation of its terms of reference. The report identifies the key objectives for agriculture as:

- Connecting to the market.
- Delivering environmental goods and services.
- Contributing to the sustainability of rural communities.

Taken together there are 54 policy recommendations attached to these objectives with the connecting themes of collaboration, local empowerment and innovation through rejuvenation. One striking aspect of the report is its emphasis



A view overlooking the Centre for Alternative Technology at Machynlleth – emblematic of rural Wales's need to diversify in a sustainable direction.

on the market and the inevitability of further trade liberalisation in agri-products. Consequently, attention is paid to the agri-food strategy and on cooperation and integration within the food chain.

However, the report does not face up to some difficult issues. For example, it states that "the majority of farm outputs from Wales are sold into supply chains which extend geographically into England and beyond". This is undeniable, but the report does not address whether it is this compatible with the generation of a 'Wales' or 'Welsh' brand loyalty. Is its desirable, as in Scotland or Ireland, to sell a 'Wales' brand or, as one sees alongside the A470 near Brecon, is it a better strategy to sell British beef? Alternatively, should brands attempt to be more local or to establish a distinctive 'niche'?

Should it be Assembly Government policy to encourage a greater 'internalisation' of the food chain through 'Welsh' slaughter houses and food processors? Indeed, is this feasible? Curiously, the issue of traceability is not addressed, nor are the technical, regulatory and bureaucratic implications.

Neither are animal welfare and local slaughter to minimise transport addressed in any depth, despite the data in the report that 'ethical' standards are the main reasons consumers might be prepared to pay more. Surely the purchaser of a branded product wishes to be assured that they are buying exactly what they think they are buying. Certainly, for those who are concerned with vegetarianism, animal welfare and ethical production are critical issues.

The report's market orientation leads to a further 13 recommendations on delivering 'our vision', many of them focused on Farming Direct and its farm advice and business

services. Many of these recommendations are not new. An example is the call for farmers to co-operate, although this is reinforced by well chosen case histories. However, the sad truth is that the repetition is essential.

The report also reflects farmers' frustration with regulation, inspection and record keeping. These could be reduced if public financial support for farming was lowered. However, while acknowledging farm dependence on public purse, especially in the Less Favoured Areas, the report does really follow this through. Cooperation in marketing and in the food chain will bring its own regulations. Marks and Spencer, Waitrose, and local butcher and processor will all have their own requirements. In time it is likely that farmers be subjected to carbon audits.

The report's section on the contribution that farming can make to the delivery of environmental goods and services seems to me to suffer from the same lack of cutting clarity. Having said that, it does recognise existing environmental threats and future challenges from climate change as well as the current poor status of many protected areas, for example Sites of Special Scientific Interest (SSSIs). And it acknowledges the impact of the abandonment of traditional practices which supported many aspects of biodiversity and the landscape.

One of the report's great merits is the recognition of scenario planning, although it is not obviously followed through. However, the possible scenarios for the interactions between the market orientation of agri-production and environmental priorities pursued through agri-environmental schemes do not appear to have been addressed.

A strong market orientation may well militate against good environmental practices. Examples include heavy stocking rates, high fertiliser applications, pesticide application, large fields, ranching of the uplands with 'easy care' of animals to increase margins. The report recognises that the international situation is likely to promote such changes but may be significantly greater than now appear. A recent report from the International Food Policy Research Institute in Washington suggested that international grain prices were set to rise due to a competition for irrigation water, desertification of semi-arid ranges and population growth. This was before the current hike in grain prices and without factoring in bio-diesel production.

If we add oil price rises, which affect fertilisers prices as well as fuel costs, climate change, uncertainty and extreme events as well as political unrest, we can anticipate that policy makers within the EU, the UK and Wales will be scratching their heads. Already we see 'set aside' being discarded. Will the EU anxious to protect its citizens from the impact of international food commodity turbulence, for examples as a result of Australia and possibly other countries experiencing long term water shortage? What of CAP reform in 2011 under such circumstances? Will the market still be regarded as the whole answer? I have grave doubts.

As a result some are anticipating a renaissance in Welsh farming as we are blessed with a high rainfall and mild climate. If such scenarios materialise how can agricultural practices be made compatible with the Countryside Council for Wales' vision of migratory corridors for wildlife to allow them to response to climate change? In these circumstances the SSSI process will become increasingly inadequate.

Regrettably, the report refrains from recommending a comprehensive all Wales agri-environmental approach and, indeed, it is somewhat ambiguous about current schemes. Maybe a review of the lessons from the Tir Cymen agri-environment scheme and its derivatives would be in order as some of questions asked in the report were addressed a decade ago. A comprehensive all-Wales agri-environmental scheme, agri-food branding and marketing, 'rural' and urban tourism/recreation/food outlets should make natural bed-fellows, mutually reinforcing and sustainable, 'euro' and WTO compatible, and offering a good return on public investment.

In summary, the report is limited in its scope but makes a valuable contribution to thinking about farming policy. However, its shelf life may be limited in our rapidly changing world. Given the poor economic returns from farming, even the desired renaissance will not make the industry an economic and social saviour for what is called 'rural' Wales.

Nonetheless, 'rural' Wales is still economically, socially and to an extent psychologically important to Wales. While international changes driven primarily by climate change, population growth and water shortages may well reverse the fortunes of Welsh agriculture, it must also be clear that it can only be a smallish component of a sustainable development strategy for what is in effect the least urbanised part of the country, in effect greater part of the nation outside the conurbations in the north and south east.

*Gareth Wyn Jones is Emeritus Professor and former Director of the Centre for Arid Zones Studies at Bangor University.*



Secretary of State for Wales Peter Hain, leading a press pack to inspect the location of the projected Severn Barrage. Alongside him is Professor Brian Morgan, Director of Cardiff Leadership and Enterprise at UWIC's School of Management, an ardent exponent of the barrage.  
Photo © Huw Evans Picture Agency



# severn up

**peter davies  
outlines the tough  
conditions the  
Government  
should meet in  
developing a  
Severn Barrage**

**t**he strength of the political tide flowing in favour of the Severn Barrage was demonstrated by Peter Hain taking the press pack on a boat trip to view the possible location the day of the launch of the Sustainable Development Commission's report on tidal power.

The Commission started from the point that the Severn estuary is a critical resource to develop if we are to vastly increase our sources of low carbon electricity. With about 80 per cent of the UK's tidal range resource it has the potential for contributing up to 5 per cent of the UK's electricity needs over a period of 120 years or more. At the same time the Commission's report, giving the green light to the £15 billion barrage which could be operating by 2020, lays down some tough environmental conditions before it should be allowed to go ahead.

The report considers two forms of tidal range technology, lagoons and barrages. Tidal lagoons have been much heralded,

## environment – severn up

yet there is limited evidence available with which to assess either the economic or environmental costs of lagoons. The report recommends that the Government acts to ensure the development the world's first demonstration tidal lagoon projects in a suitable location – probably in shallow water bays such as off Swansea or Rhyl – to provide data and practical experience. However, we do not believe that large scale tidal lagoon development would be environmentally or economically beneficial for capturing the huge tidal resource of the Severn. We do though recommend the concept of a Severn Barrage, providing tough conditions can be met.

In coming to this conclusion the Commission reviewed all previous studies, commissioned new work and tested public opinion. While the public is largely in favour of a barrage, stakeholder views are fiercely polarised. There are those who believe that the prize of a long term, secure supply of low carbon electricity is so great that environmental concerns should be set aside. On the other hand, others believe that constructing a barrage would threaten the biodiversity of the unique Severn estuary environment and be in complete breach of the EU Habitats directives.

So what can be the conditions under which the barrage can be developed? The Commission's report sets out three key challenges to Government:

- There must be full compliance with the European Directives on habitats and birds, with a long term commitment to creating compensatory habitats on an unprecedented scale. The Directives lay out a process that incorporates the concept of environmental limits into decision making, thus facilitating sustainable development. The Commission would be firmly against moves to derogate from the Directives, which would have significant repercussions on the ability to ensure protection for key European environments from unsustainable development. However, the Commission believes that the need to meet the directive requirements to compensate from any environmental loss provides a huge opportunity. The Barrage will be a huge a revenue generating project that will help to prevent climate change. At the same time it can provide funds to deliver a large scale compensation package that will allow us to make the changes necessary to adapt our coastline to the changes brought about by climate change.
- The Commission believes that a barrage should be a publicly-led project and publicly owned as an asset. Crucially, this would enable low cost financing through the use of the very low discount rate that Sir Nicholas Stern recommended in his report. In turn this would deliver both a highly competitive cost of electricity for the Barrage and enough financial resource to fund the compensation package. This does not rule out a strong role for

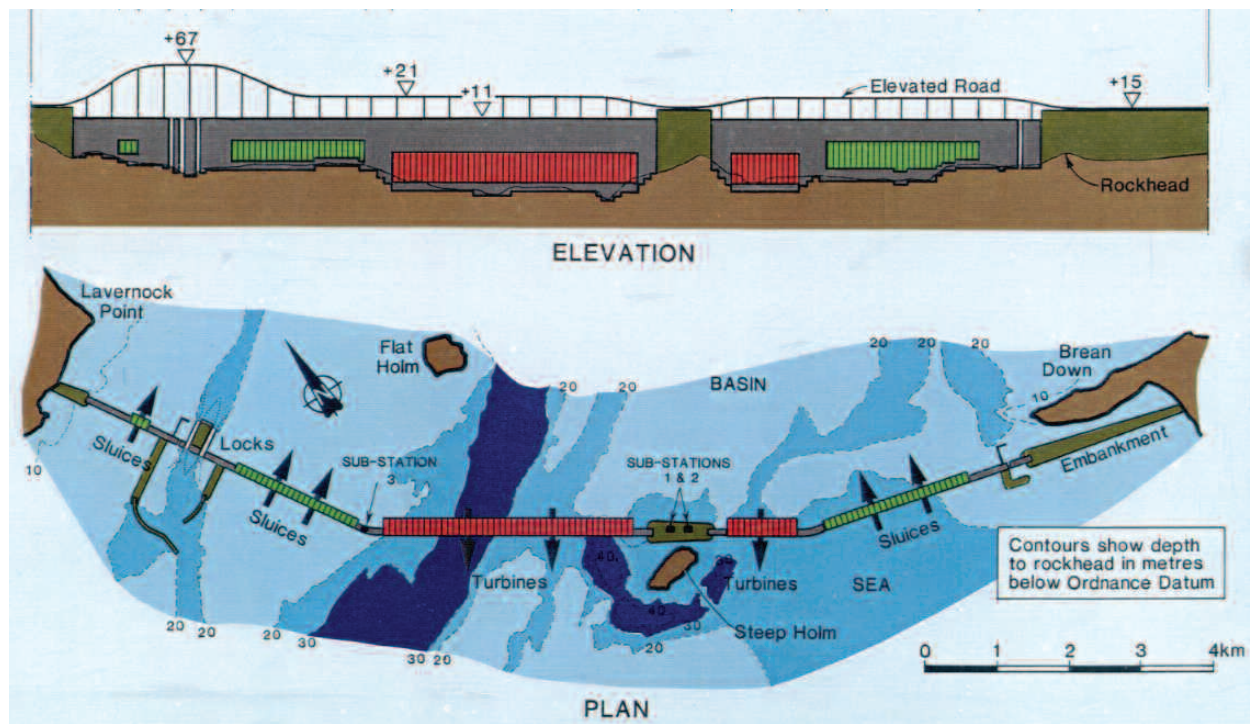
the private sector in delivery and finance. However, we are clear that the long term public benefit requires Government to maintain public control and ownership of the project.

- The Barrage must not divert Government attention away from much wider actions on climate change. This is not a silver bullet or a quick fix solution. It does not mean that we will not have to reduce energy use, or increase electricity generation from other sources of renewables. Indeed, we need to use the Barrage as a symbol of our wider commitment, as a stimulus to change behaviour and as a symbol of leadership in sustainable development.

These are big conditions for the Government to adopt. There is a danger that they will be swept aside by the strong political tide favouring the barrage from UK Government Ministers, who may move quickly to a 'decide and deliver' mode. There is also a big challenge to ensure that this same tide does not swamp the role of the Welsh Assembly Government. This should play a leading role in the process, not as a junior partner on par with a regional development agency, but in grasping the opportunity to ensure the Barrage becomes a symbol of excellence in sustainable development which is synonymous with Wales.

*Peter Davies is Vice Chair (Wales) of the Sustainable Development Commission and an IWA Trustee.*

Elevation and plan drawings of the projected barrage between Lavernock Point on the Welsh coast and Brean Down in Somerset.



# barrage debate



The estuary at low tide looking east to the Second Severn Crossing.

## morgan parry argues that the barrage is unsustainable

**t**he Sustainable Development Commission's recommendations on tidal power are presented in a way which means that the most important issues will be ignored by Government. It is human nature to respond very differently to the advice "no, unless" than to "yes, if...", even though they may mean exactly the same thing.

If planning consent is refused for a development until certain conditions are met, the developer will pay heed to the preliminary steps that are required before beginning work. If the same applicant is granted permission with strings attached, the applicant will usually get started on the project and worry later about the conditions, by which time it's too late to turn back.

The Sustainable Development Commission's findings will be similarly abused by Government. The key message from the report is to "recommend the concept of a Severn Barrage, providing tough conditions can be met". This is the "yes, if..." message which Government Ministers like Peter Hain and Rhodri Morgan wanted to hear.

Peter Davies is candid enough to admit that "there is a danger that (the conditions) will be swept aside by the strong political tide favouring the Barrage in the UK Government". The Sustainable Development Commission itself anticipates the "inevitable risk that our recommendations will be selectively applied". This danger could have been averted had the Commission presented its recommendations differently, by

## environment – barrage debate

The Barrage would put an end to surfers riding the upriver power of the Severn Bore.



saying "no, unless...", which is in fact the logical expression of the Commission's own precautionary principle. The Government, which undermined the Commission's work by announcing its decision to proceed before the report was published, will only see the positive messages. It will drive through the construction regardless of the conditions.

It is to the Commission's credit that it explains the issues behind the "tough conditions" in depth, with their own

sustainable development principles as reference points. One condition is particularly worth repeating: that the development must comply fully with the Habitats Directive. There has been much ignorant commentary from Labour politicians about the Habitats Directive no longer being "fit for purpose", that it "prevents action on climate change" and is therefore "anti-sustainable development". The Commission firmly refutes these ideas, demonstrating the primacy of the Habitats Directive in sustainable

development policy at the European level, and its importance as a process for responding to climate change.

Neither does the Commission support the view of Peter Hain and others that because climate change will impact on the estuary's biodiversity anyway, we shouldn't let conservation measures stand in the way of a barrage. They recommend strongly that the Government should vigorously uphold the overall viability of habitats and species, and they would be "firmly

against any moves to revise or derogate from the Directives to facilitate the Severn barrage”.

The Sustainable Development Commission points to the requirement to provide compensatory habitat as the “deal-breaker”. The view of the statutory agencies has always been that the barrage would fail this “compensatory habitats” test, because it is impossible to recreate a high-energy estuarine environment like the Severn Estuary. The Commission itself concludes that the barrage will result in “very high risk of very high mortality” of migratory fish such as Allis and Twaite shad, resulting in “potential stock eradication”. Whatever your definition of “compensatory habitat”, it can’t extend to the recreation of an entire stock of rare fish, so the barrage fails this test immediately.

The Commission’s analysis is that “provision of alternative measures to satisfy the test of overall coherence would be very challenging, possibly to the point of not being deliverable”. It adds that “if compliance with the Directives is found to be scientifically or legally unfeasible, then proposals for a Severn barrage should not be pursued.” Yet it goes on to conclude that “the requirements of the Habitats Directive on compensation measures “could be met given the political will”.

Again, this shows the Commission bending over backwards in an attempt to reconcile the irreconcilable. Peter Hain is no doubt already mobilising the barrage supporters to ensure that the requirements of the Habitats Directive will be bent to their “political will”. The rest of the Commission’s analysis of habitat recreation is, from an ecological point of view, wishful thinking. Even with a multi-billion pound habitat creation project, which would raise the cost of electricity generated as they would have to be absorbed into project costs, the idea that we could “make the UK coastline more robust in the face of sea-level rise and other climate change impacts” is absurd.

Moreover, the Sustainable Development Commission desperately tries to make an



Line of the projected Barrage from Lavernock, west of Cardiff, via Steepholm to Brean Down near Weston-super-Mare.

economic case for the barrage where none exists. It concludes that none of the major market-based instruments currently in place to drive low-carbon technologies, nor carbon pricing through the EU Emissions Trading Scheme, “is likely to offer the support needed to make the Severn barrage attractive to investors”. And it comments that the scale of the project “would have a serious detrimental effect on the support provided to other technologies by deflating the price of Renewables Obligations Certificates”. The unlikelihood that it will be replicated anywhere else makes it “hard to justify Government intervention on innovation grounds”.

However, instead of rejecting the barrage out of hand, the Commission recommends that the barrage should be made exempt from energy policy and pursued as a public sector-led and owned project. To make it look attractive under this scenario, the Commission compares barrage electricity costs at subsidised discount rates with other technologies at the existing commercial rate, an astonishing sleight-of-hand. Any technology could be made to look economical if discount rates are rigged in its favour. The costs of decommissioning, which the Commission estimate “could be as high as the construction cost in real terms” are air-brushed out of the equation, making the barrage look even more favourable.

The whole basis of the Government’s current energy policy is the liberalised market. For it to adopt the Commission’s

recommendation and ignore the hidden decommissioning costs would require a major U-turn. In the case of the nuclear industry, for instance, which could produce low carbon electricity like the barrage, the government has insisted it must stand on its own two feet and meet decommissioning costs. This is all for a project that produces only a 1 per cent reduction in the UK’s CO<sub>2</sub> emissions.

In energy terms, there is no public interest in favouring the barrage above other technologies. In fact, it offers extremely expensive carbon savings, more than ten times the going rate according to one estimate. There are strong arguments in favour of government intervention in the marketplace, but tradable carbon quotas in the commercial and domestic sectors would be a much more effective intervention in terms of carbon reductions.

The “special case treatment” for the barrage will reduce the likelihood that more efficient, removable, replaceable, upgradeable marine technology options will come to fruition. If the Government adopts this recommendation, they are sure to be challenged by other power generators for “picking technology winners” in the same way that Centrica and others have recently challenged the Government decision to favour one carbon capture and storage option over another.

Morgan Parry is Head of WWF Cymru.



St Teilo's, 'the old church on the marsh', resurrected at St Fagans.

# future meets the past

haf roberts on how new technology is answering a preservation problem at St Fagans

St Fagans National History Museum isn't exclusively about our past. Among the clom thatched cottages and Celtic huts is Ty Gwyrdd, formerly known as the House for the Future, a prototype of the green homes we will need to reach our zero carbon target by 2011. The house incorporates the best of environmentally friendly technology, from solar panels to biomass heating and wool-clad walls. It mixes old and new technologies in an interesting dialogue between the vernacular and innovative technologies, including less familiar ones like heat pumps.

Now, with the completion of the major St Teilo's Church rebuilding project at St Fagans, another marriage of old and new techniques has been made. In the process the curators have utilised modern heating technology to ensure the preservation of original and new oak woodwork by controlling the relative humidity levels inside the building.

The original site of St Teilo's, 'the old church on the marsh', was at Llandeilo Tal-y-bont on the Llŵchwr flood plain, close to Pontarddulais in West Glamorgan. It was acquired in a semi-derelict state in 1985 and was painstakingly measured, recorded and dismantled before being carefully rebuilt over the last eight years using traditional materials and skills at St Fagans.

This is the first time such a church has been moved to an open-air museum in Britain, most of the churches re-erected on the continent being of timber. To appreciate the difficulties the team experienced it is useful to know a little about the building and its history.

The Museum decided to restore the church as it might have looked in the early 1500s, just prior to the Reformation. The date was chosen because it links back to the time a very fine series of wall-paintings, uncovered in the church, were created. A number of them appear to have been copied from illustrations in books that were printed between 1500 and 1530. They were discovered as the interior lime-wash was being removed when the church was dismantled.

Two major series of pre-Reformation wall-paintings were discovered. The two earliest paintings date from about 1400, one of which shows St. Catherine. The entire church appears to have been repainted in the early sixteenth century with scenes from the Passion Cycle, the story of Christ's crucifixion. Teilo is the patron saint of horses and apple trees and St Teilo's Day is celebrated on 9th February.

The church is built using masonry and lime mortar and incorporates a lot of original timberwork in the roofs of the

porch, south aisle and north chapel. A substantial amount of new (green) oak has been used in the nave and chancel as well as in the newly carved Rood screen which would have separated the congregation from the high altar in the chancel.

Because the building is intended to show, as accurately as possible, how St Teilo's Church might have looked, visible radiators or heating equipment would have been unsuitable. An environmentally-friendly solution was sought that would have minimum impact on the church building and the environment.

At St Fagans, Ty Gwyrdd uses a ground source heat pump with a borehole 35 metres deep to collect natural heat from the ground. It was soon realised that incorporating underfloor heating at St Teilo's would answer some of the particular requirements of the church. As a result, visible radiators, pipes, boilers and flues associated with normal installations have been avoided. It was also realised that this heating solution would not only maintain low-level background warmth during winter, but also control relative humidity levels which are important in preserving older buildings.

A geothermal heat pump operates as a 'reverse fridge' in that it is designed to create heat, and the by-product of that heat

An interior view of the renovated St Teilo's, with representations of the pre-Reformation wall-paintings that were uncovered when the church was dismantled.



## environment

is coolant. This circulates into the ground in a sealed loop of pipes. The warmth in the ground then re-heats this coolant and is sent back to the heat pump, where the cycle starts over again. A heat pump has the same reliability as a fridge and requires around the same amount of maintenance.

Heat pumps have a co-efficient of performance of over five, which means that for every unit of electricity used, the heat pump will give out over five units of heat. In practice, the ratio is usually one to four, meaning that for every four kilowatts of heat pumped into the building, only one unit is paid for. There is a saving on energy use and carbon load to the atmosphere, even though the pump runs on electricity.

This time, instead of drilling down 35 metres as had been done in Ty Gwyrrd, coils of pipework (slinkies) were laid two metres down in six trenches each extending some 50 metres. Water pumped through these coils is then fed back through the heat pump and into the church, then via a set of manifolds through pipework laid under the floor.

The floor itself was specially constructed with, first, a layer of geotextile membrane, then 150mm of insulation, another layer of geotextile, followed by 150mm of limecrete. The pipes were then laid out and fixed onto the limecrete base before being covered by 50-75mm of lime screed and finally flagstones.

The system here is controlled by humidistats which measure relative humidity, not by thermostats. The intention is not so much to heat the building, but to provide a degree of low-level background warmth of around 15°C and to enable a relative humidity level of around 70 per cent to be maintained. The system is still being monitored and refined, but results so far appear very promising, indicating that the relative humidity levels have not fallen below 60 per cent.

For example, data collected during the period 27 November to 12 December 2005, show that the outside temperature fluctuated around freezing point for about five days, then hovered around 7°C for about four days before fluctuating again above and below freezing point. Such temperatures would normally have meant that no building work, especially plastering using lime, would have been possible for most of that time. The critical point is 7°C, below which fresh lime plaster will fail.

However, due to the use of the ground source heat pump, the inside temperature remained above this level for most of the time, enabling work to continue and the deadlines to be met. The plasterwork did not suffer from any of the shrinkage or crazing that would normally have been expected when working at that time of year.

Gerallt Nash, Senior Curator at the Museum, reports that the new timberwork has not suffered either. "This system seems to be the most appropriate for the church building," he said. "Where floors are of solid mass construction and where it is important to control humidity, then underfloor heating seems to be the answer.

"The system installed in the church is not intended as a means of heating the building, though it can be increased above its present level. But it will certainly take the edge off the cold for those supervising the building on a bleak January morning."

In this case, the use of modern technology in an older building has been a success, although it demonstrates the need for it to be carried out with care. The use of a relatively new technology in preserving a piece of our heritage in St Teilo's church seems to be an appropriate and timely solution.

The floor of St Teilo's showing a layer of geotextile as part of the insulation.



Some of the interior pipes, part of the heating system.

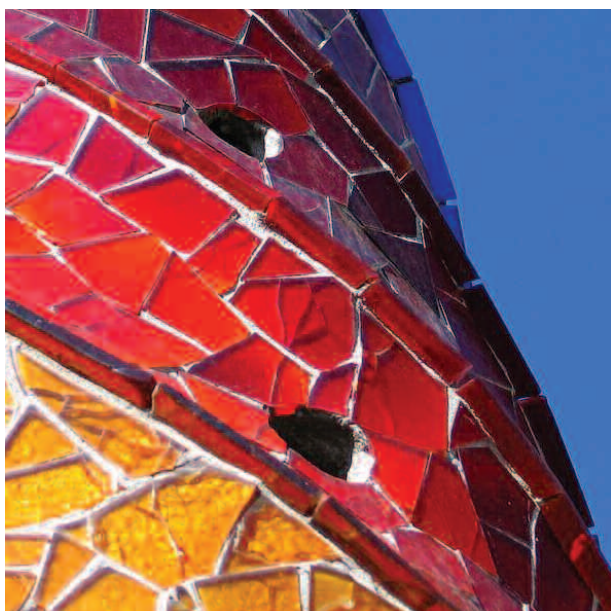


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# statutes of autonomy

anwen elias  
analyses the importance of  
the new Catalan Statute of  
Autonomy for the future of  
the Spanish state



Architect  
Antoni  
Gaudi's  
expression  
of Catalan  
identity.

The new Catalan Statute of Autonomy came into force in August 2006, having been overwhelmingly approved by a referendum two months earlier by 73.9 per cent of the vote. The result of over two years of difficult negotiations between Barcelona and Madrid, the Statute was significant for two reasons.

Firstly, even though Spain's Autonomous Communities had enjoyed varying degrees of autonomy since the signing of the Spanish Constitution in 1978, the Catalan Statute proposed the transfer of significant new powers to the Autonomous Community. The *Generalitat* was given more responsibility over financial spending in Catalonia, and a greater role in policy areas including agriculture, social and environmental policy, immigration and transport. The *Generalitat* was also given a new remit to pursue and sign international agreements. Importantly, the Statute also recognised Catalan as the favoured language of daily life.

Most controversially, the preamble to the Statute referred to Catalonia as a "nation" and, even though such a reference was replaced by "national entity" (*nacionalidad*) in the main text of the Statute, this recognition represented a hitherto unprecedented formal acknowledgement of the Autonomous Community's historical, cultural and linguistic specificity. All in all, the Statute of Autonomy promised to grant Catalonia a degree of autonomy unmatched by any democratically elected regional institution elsewhere in Western Europe. Pasquall Margall, leader of the state-wide Socialist Party in Catalonia at the time, even claimed that, from then on, "[Catalonia] can do what she likes".

Secondly, the Catalan Statute of Autonomy fuelled debate about the future of the Spanish model of territorial organisation that had existed since the 1978 Constitution created a "State of Autonomies". Whereas this model was premised on the basic right of all Autonomous Communities to a level of autonomy broadly defined in the Constitution, the Catalan Statute of Autonomy threatened to upset this territorial equilibrium in different ways.

Whilst the 1978 Constitution recognised the historic and linguistic specificities of these three Autonomous Communities, no privileged status of autonomy was accorded to them. Thus Catalan, Basque and Galician nationalists applauded the Catalan Statute as a recognition at long last of the special status of Spain's historic nationalities. The granting of similar powers to the Basque Country and Galicia, it was claimed, would transform the Spanish state into a system of asymmetrical federalism.

At the same time, other Autonomous Communities predictably decried any prospect of establishing a two-tier

system of autonomy, and promised to push ahead with their own proposals for reforming their autonomy statutes in line with their Catalan counterpart. If successful, these reforms would constitute a major re-configuration of the division of power between the state and the sub-state level that existed for the previous thirty years.

Either way, the approval of the Catalan Statute of Autonomy seemed to herald the transformation of the old "state of autonomies", and its replacement by a new model of territorial organisation characterised by a significant re-allocation of political authority away from the central state, to some or all of the Autonomous Communities.

One year on, what impact has Catalonia's new Statute of Autonomy had upon politics in the Autonomous Community itself, and to what extent has the Spanish territorial model been transformed as a consequence of the Statute?

At first sight, the answer has to be not very much. An assessment of developments over the last twelve months reveals that, contrary to the predictions of far-reaching change instigated by the Catalan Statute of Autonomy, remarkably little has altered. This is the case whether it concerns the practical realities of autonomous government in Catalonia or in the territorial configuration of the Spanish state.

In Catalonia, the high hopes of August 2006 have been undermined by the launching of a judicial inquiry into the

constitutionality of many of the Statute's provisions. The right-wing state-wide party, the *Partido Popular*, vociferously opposed to the new powers proposed for Catalonia, petitioned the Spanish Constitutional Court to pass judgement on the legality of many of the Statute's articles. Until the Court pronounces its judgement – a process that is likely to take several more months – there is doubt over whether many of the Statute's most ambitious proposals will ever enter into force.

Even with respect to aspects of the Statute unaffected by the judicial hearings, the transfer of powers from Madrid to Barcelona has been limited. The establishment of joint State-Generalitat committees and working groups to flesh out the details of such a transfer has thus far resulted in little concrete augmentation in the policy capacity of the Catalan political institutions. The first anniversary of the referendum on the new Statute of Autonomy in June 2007 was more of an opportunity for Catalan politicians to vent their frustration at the slow pace of reform, than an occasion to celebrate the achievements of twelve months of unprecedented political autonomy.

Elsewhere in Spain, there is little evidence of the far-reaching transformation of the "state of autonomies" model established thirty years ago. Whilst the majority of Spain's 17 Autonomous Communities have debated the prospect of statute reform, the difficulties of securing cross-party support for such processes has meant that only in a minority of cases have such reforms been achieved.

To date, three more Autonomous Communities have been successful in their petitions for new statues of autonomy: Andalucía, Aragón, and the Balearic Islands. The Spanish parliament is still negotiating the reform of the statutes of the Canary Islands and Castilla y León. None of these reforms have been as difficult as the Catalan reform, because none of the proposals have been as controversial or as far-reaching.

In other places, discussions have stalled. Most significantly, in Spain's two other historic nationalities – the Basque Country and Galicia – a failure to agree on the extent of new powers to be sought, and the contentious issue of whether these Autonomous Communities should be described as 'nations' or not, has paralysed debate on statute reform. In particular, although the Basque Parliament approved a proposal to reform the Autonomous Community's Statute of Autonomy in December 2004 (the so-called 'Plan Ibarretxe', named after the Basque President, Juan José Ibarretxe), this was rejected by the Spanish Parliament in February 2005. Subsequent discussions about statute reform have not led to cross-party agreement on an alternative proposal.

So, initial forecasts of a wave of reform fever sweeping across Spain underestimated the practical obstacles for achieving such ambitions. As a result, for the time being at least, the Spanish model of territorial organisation remains in tact.

José Luis Rodríguez Zapatero, the Spanish Prime Minister, accompanied by Pasquall Margall, President of the Catalan government, on the eve of the referendum on the Catalan Statute of Autonomy.





ETA declares a ceasefire, 23rd March 2006. The ceasefire came to an end on the 6th June 2007.

Even so, one year on, the issue of territorial reform remains as high on the political agenda as ever. Uncertainty about the constitutionality of the Catalan Statute of Autonomy has prompted some politicians and lawyers to argue that it is necessary to revise the Spanish constitution in order to delineate a new territorial framework for determining the division of decision-making powers within the Spanish state. These demands are likely to increase if the Constitutional Court declares aspects of the Catalan Statute of Autonomy to be unconstitutional.

Nonetheless, the idea of constitutional reform has proved controversial. For political parties on the right of the political spectrum, any move to further compromise the unity of the Spanish state will be opposed vociferously. Deeply entrenched partisan differences on the issues of territorial and constitutional reform are likely to dominate the Spanish political agenda over the next twelve months.

Moreover, the decision by the terrorist group ETA to abandon its truce on the 6 June 2007, has further raised the temperature of debates on how best to deal with the 'nationalities' question in Spanish politics. ETA's decision to abandon political violence in pursuit of greater autonomy for the Basque nation in 2006 was widely reported as being a response to the new willingness of the Socialist government in Madrid to engage in talks over the reform of the territorial division of power, as evidenced by progress in Catalonia on precisely this issue.

However, the failure of talks between ETA and government representatives to agree the scope of such reforms in June 2007 led to the collapse of the best chance yet of bringing

an end to political violence in Spain. ETA's resumption of its terrorist activities has further highlighted the highly contested issue of the territorial distribution of political authority within Spain. Just as with the notion of constitutional reform, political parties are deeply divided on how best to respond to this challenge.

The approval and entry into force of the Catalan Statute of Autonomy may not have led to the far-reaching transformations in Catalan and Spanish politics that many hoped for, and that others feared. Nevertheless, the Statute has been a major factor in prompting the first serious debate within Spain about the nature of the territorial distribution of power for thirty years.

The renewed threat of terrorist attacks by ETA has further demonstrated the limitations of the existing constitutional framework for dealing with competing claims of national distinctiveness within the territory of the Spanish state. With general elections scheduled for March 2008, these issues are likely to remain salient for the foreseeable future. The results of these elections will have major implications for the future territorial set-up of the Spanish state, the full implications of the Catalan Statute of Autonomy have yet to be determined.

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# basque lessons

The Alavese  
Valley of Zuya.

## mikel zalbide says Wales can learn from Basque language teaching

**t**he growth of Basque-medium education over the last thirty years has been phenomenal. Until the mid-1970s it received no official funding. Basque medium schools were few and far between and pupils studying in Basque were in a clear minority. There were hardly any teachers capable of teaching in Basque and there was not a single teacher training college producing teachers who could teach through the language. Similarly, there were virtually no learning materials in Basque.

Yet today new Basque-medium schools have been set up and many that previously functioned entirely in Spanish have turned to using Basque in whole or in part. The majority of teachers are bilingual, with around 21,000 teachers achieving the level required to teach through the medium of Basque up to University level. Most primary and secondary school subjects have a considerable variety of materials from which to choose.

However, despite the success of Basque medium education, schoolchildren who come from fully or primarily Basque speaking homes are still an exception rather than the rule. This reflects the increasing social pressures facing the Basque language, which have serious implications for the future of Basque-medium education.

Those physical environments where, traditionally, Basque has been dominant, The so-called 'breathing spaces' for the

language, are weakening. A new phenomenon has become clear over the last ten or fifteen years. Villages and hamlets in provinces with very or fairly high numbers of Basque speakers are filling up with urban-style, one-family dwellings, bringing great pressure to bear on the relationship networks of the Basque speaking inhabitants of those villages and strengthening Spanish speaking relationship networks.

It is in family life and friendship groups that the greatest changes are visible. In many domains of ordinary, everyday life Basque is being forced out and replaced by Spanish. In short, the language is weakening in the very domains once regarded as its preserve, such as the home, the local community, friendship networks and the local workplace.

The increased number of young Basque speakers produced by the education system is not a natural, inevitable trend but the result of the firm stance in favour of strengthening the Basque language shown by society over the last quarter of a century. However, attitudes are not static, uniform, or unchanging. We should not forget that the section of society which views Basque-medium schooling with deep mistrust has for a long time been in our midst and is unlikely to contribute to the strengthening of Basque-medium schooling.

Furthermore, over the past few years the influx of foreign, often young, immigrants, many of whom are native Spanish speakers, may influence the evolution of Basque-medium education. At best, forty years from now Basque will continue to be the small language and Spanish the majority one.

We are back to the same old conclusion. The school is as much a mirror of society as a source of innovation within it. It is completely legitimate to imagine a new world achieved

through education but one should distinguish between dreams and the realm of the possible. While Basque language education has to a substantial degree won the struggle for quantity, that is not enough. We now need to concentrate on the quality of teaching through the medium of Basque, on the linguistic and curricular relevance of learning materials and, above all, in results.

Much remains to be done if we wish to match the leap in quantity with a similar growth in quality. It will be necessary to implement specific changes in a number of spheres, all of which have implications not only for Basque-medium education but also for the normalisation of the language.

There is a strong case for differing treatment (more different than at present, at any rate) to children who have a good command of Basque from home and to children from Spanish-dominant bilingual or non Basque-speaking homes. If we take the experience of many teachers to heart, it would seem that at present the advantages gained by non-Basque speakers are frequently matched or even outweighed by backtracking among Basque speaking pupils. That does not mean that children of different home language backgrounds must be placed in different schools. It does mean, however, that we should specially protect and foster the speech (and, in general, the facility for speaking Basque) acquired at home, if we wish to develop the potential for language normalisation to the full.

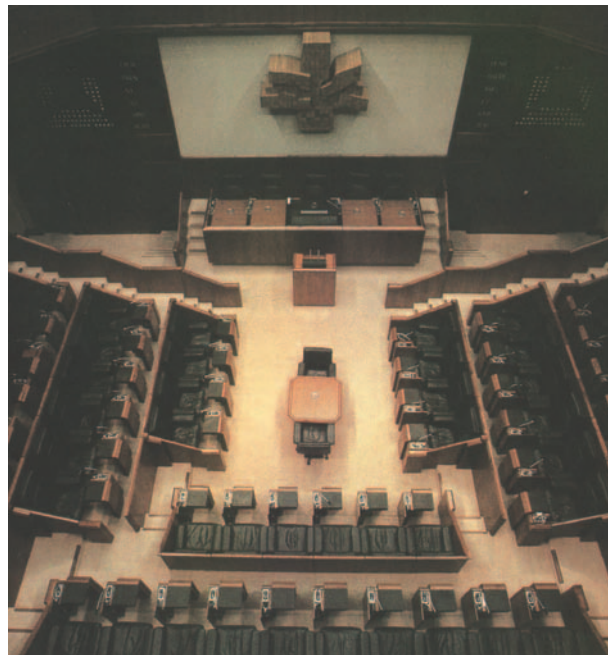
For children from non-Basque speaking homes, there is a need to formulate more precisely-determined learning paths than those we have at present. All students should know how to use both official languages orally and in writing by the end of compulsory schooling. This is the clear expression of the school system's prime language objective. But it is not enough. It would be a step forward to establish precise targets with examinations or other evaluations to be achieved at the end of the intermediate stages to see whether those objectives are being attained.

New teachers with a good level of Basque and the Basque dimension of the curriculum are needed. This should be the task of the University. At least, that is how things should be in a normalised situation. However, instead of being a powerful trail-blazer the University has turned out have limited capacity. It will be essential to strengthen teacher training in the Universities. This will be a long-term task, but success would be a sign that we are on the road to a normalised situation.

Improvement of teacher skills, both at the level of practical knowledge of Basque and in connection with the Basque dimension of the curriculum, is an urgent matter. A good number of teachers have serious limitations in oral ability, especially those who have learnt Basque over the last few years through in-service training. Such matters cannot be resolved in a couple of days or even a couple of years. It is the task of a whole generation, one which received no Basque-medium education in its school years. For example, delivering a discourse in Basque on vertebrates and invertebrates,

Newton's law of gravity or Kant's main ideas is demanding. Those demands are even more complex when over half of the students are from non-Basque speaking homes.

Of course, improvement is not only a matter for the schools. However reluctant we are to admit it, the success or failure of the school-based process of increasing the use of Basque depends on systems of reward and sanction within the vast domain outside the school. School-based initiatives could turn out to be a waste of time unless they are integrated within a broader, out-of-school planning. Again this must be a long-term project over two or three decades.



Interior of the Basque Parliament in the capital, Vitoria Gasteiz.

If, after spending ten to fifteen years studying the language, school-leavers do not find domains or relationship networks to use their Basque, their reading, writing and speaking skills will atrophy. Users of Basque will need to find solid relationship networks in Basque for their post school years, particularly those involving everyday topics and spheres of activity, if school-based immersion in the language are to bear any fruit. To achieve that, language planning for the school sphere must be tied into the protection of Basque's breathing spaces in those districts where it still retains its place and importance in everyday life. In urban areas and provincial capitals it has to ensure that it establishes its own strong domains, however small. Without doubt this is the most important challenge for the future.

*Mikel Zalvide works in the Department of Education in the Basque Government. This article is based on a paper presented at the Cardiff conference of Cymdeithas Addysg Ewrop y Rhanbarthau/Education Society of the European Regions earlier this year.*

Part of an exhibition at the Identity Gallery by artist Marc Rees based on memorabilia from his grandparents home.

## talismans of affinity

gaynor kavanagh  
welcomes a fresh  
eye on Wales

The recently opened gallery on Welsh Identity at the St Fagans National History Museum marks a departure from conventional and outdated approaches to cultural representation. It is a brave and important initiative by National Museum Wales, supported in this endeavour by the Principality Building Society.

This is not to say, of course, that St Fagans has never addressed national identity in the past. Its whole *raison d'être* from its inception in the war years has been a need to affirm something of Welsh identity in ways that best suited the contemporary moment. The 'identity' the museum offered has mutated, progressively re-defining Wales as the moment demanded, by passively offering culture defined by its exclusions.

In the early days and up until the 1980s, St Fagans defined Wales as a undiminished rural idyll, running on the economy of craftworkers whose work was never within the reach of external influences or anything beyond a dubious definition of 'traditional'. Slowly and at times highly tentatively, the museum

came to admit further dimensions to this notion of 'Welsh culture'. In the 1980s an industrial past became part of its remit, a brave discovery though made late in the day. In the 1990s, a post-war and environmentally conscious world became evident in the museum's purview, and in the 2000s a further dimension to religion in Wales was recognised.

Even with these shifts, the notion of Wales that the museum's conspectus of buildings and internal exhibitions offers, has been one that was essentially about unity and passivity. Despite the admission that Wales had an industrial past, a post-war existence, and contemporary environmental imperatives, the museum's view of Welsh culture and history has been linear and essentially neat. It is marked by an absence of under-current and contradiction. The silences are deafening.

The 'traditional' does not allow for the known and unfortunate, the contradictory and problematic. The squeaky clean cottages were never home to searing poverty, chronic ill-health, domestic abuse or political

## culture and communications – welsh identity

awareness. People with ambitions, dreams and opinions never populated the shops and workplaces. In-migration, international trends, and wider socio-economic forces apparently passed Wales by.

It is too easy and, indeed, way off the mark, to put these constructions of Welsh culture at the door of the museum staff and the trustees, as this is more than the product of curatorial decisions. The 'construction' of a Welsh past at St Fagans is, arguably, a direct reflection of the country's ever-shifting political self-confidence.

In the years following the Second World War, Wales was happy to be vague about itself. The indentations made to a susceptible national identity by cultural discordance, cycles of deep economic difficulty and an uneasy relationship with Westminster had run deep. So, St Fagans served the political climate of Wales well with its cultural fantasies and historical inexactitude. Nothing problematic, contradictory or distinctly wonky would seem to have existed in this world. Wales was safe in its institutional hands, regardless of what all other Welsh media and academics might reveal or challenge.

Something has now clearly shifted. A new gallery *Perthyn/Belonging* has been opened in the museum, one that directly confronts and explores the notion of 'Welshness'. In this, it shifts the role of the museum from one of passivity and didacticism to one of debate and engagement. The pursuit of open discussion through this gallery situates St Fagans as a forum for all of us in Wales, a place for collective examination of who, what and when we are.

The introduction to the exhibition sets the tone and the intent in a powerful way, with an interactive media gallery showing film clips of people happy to call themselves Welsh. Each speak of their identity and sense of belonging, notwithstanding the many language and cultural sets they represent. Thankfully, the museum has refused to get bogged down in bi-cultural, bi-lingual stereotypes. Through this means, the gallery asserts the multi-culturalism of

contemporary Wales and implies social strength through diversity.

This casts an especially interesting light on the iconographic objects and images – such as flags, mobile phones, Scrabble games, lovespoons, graffitied road signs – gathered in the gallery. Here the icons of culture join us and oddly claim us, however different we are. They are employed here as the talismans of affinity. Through them the gallery offers the notion of Welsh identity as being something that is multi-faceted, personal, divergent, generational, contradictory and alive.

The gallery asks us to consider different beliefs in Wales and their impact on identity. The delicate image of St Catherine, from Saint Teilo's Church, sits side by side with the Torah, Hindu Gods, and pagan amulets. Alongside this rich material, drawn from the museum's collections, are objects that different community groups have sent to the museum,

objects that represent their beliefs and identity. The museum extends further its theme of identity, through gallery areas devoted to the family and to the nation, both galleries rich with personal and public icons that are key signifiers in the expression of who and when we are.

The gallery is tied together in an area called *Read and Reveal*. Here viewers are given access to catalogues, images and texts through which they can explore their own meaning of identity, as well as question further the dominant themes in the exhibition. This provides a comfortable place, right at the heart of the exhibition, for discovery and exchange. It breaks the dominant experience of the museum as a place where meaning is made on the hoof, museums being the one form of cultural experience that has to be consumed walking and standing.

The gallery has been carefully constructed, drawing on a now

Sporting memorabilia on display in the Identity Gallery.



## culture and communications – welsh identity



A display of Welsh LP record sleeves in the Identity Gallery, part of an exhibition put together by the artist Peter Finmore.

significant body of research on how museums operate as complex systems of communication, serving diverse audience groups, with each visitor making their own meanings through disparate personal frames of reference. Theories of learning, and their intersections with theories of knowledge and communication, have been employed to good effect, making this gallery accessible on a number of different levels. It is an excellent case study in contemporary museum practice, linking the themes of the gallery with various locations in the museum.

No doubt, many will take issue with its contents. It is well understood that museums as systems of cultural representation are never neutral nor

without an agenda. There will be criticisms of its inclusions and exclusions, and it will be analysed as further mythologising Wales. That is as it should be. This gallery is about debate. Its bravery in breaking away from all the norms of museum provision in Wales has to be acknowledged and applauded.

But there is another element here. The fact that an institution as tied to the notion of Welsh identity as St Fagans can be dealing in such currency as this, without trepidation, is saying something powerful about the current political environment of Wales. It signals a new maturity and an openness for self-reflection. Moreover, the fact that this most public of history/cultural institutions has made this seismic shift suggests that Wales itself is beginning to

recognise itself by its complicated past and diverse present, rather than through the filter of an unrequited self-image.

Up until now this licence has been enjoyed by many other forms of cultural and academic expression in Wales – from films, television, novels, fine art, and poetry to original historical research. This time, it is a museum that is saying something important about Wales, and doing so in one of the most democratic of forums – a free national museum. This is a brave beginning, one which promises a lot for the future.

*Gaynor Kavanagh is Dean of the Cardiff School of Art and Design at the University of Wales Institute, Cardiff.*



## margot morgan celebrates the work of contemporary artist Mary Lloyd Jones

# first language



Detail from the Mary Lloyd Jones painting shown on the cover picture.

As with many champions of small nations, resistance and survival are key aspects of cultural identity for Welsh artist Mary Lloyd Jones. While the denial of such identities continues to be a tool of oppression, used by colonising régimes the world over, some individuals will stop at nothing to project their identity back onto a grey world that would extinguish them.

It is fitting, therefore, that her *laith Cyntaf/First Language* exhibition is launching the new Welsh Identity Gallery at the St Fagans National History Museum. The artist points out that, extraordinarily, this is the first funded gallery in the capital to have mounted an exhibition of her work. Artists in Wales are some way from being empowered by the greater esteem accorded to those in Ireland and Scotland. It seems only natural that Mary Lloyd Jones, an artist of national and international reputation with her roots in *y fro Gymraeg*, should be chosen to make a substantial contribution to this exciting and lively exhibition which has belonging as its central theme.

In her book *First Language*, published in 2006, Mary Lloyd Jones writes of how she struggled to find a voice that reflected her identity. In particular, she describes the difficulties of a Welsh-speaking child confronted with the language of war-time evacuees to Devil's Bridge, her village in Ceredigion. Then there was the world of broadcasting, overwhelmingly transmitted in English. She was becoming a visual artist as a neighbouring culture began to overwhelm and marginalise her own.

There was the notion that 'real culture', significant art, happened elsewhere. The tradition that great painters were always

dead males also left her bereft of role models. In Wales women had seemed to be absent from history. Yet Mary Lloyd Jones sought out what role models she could: Among them were the spiritual hymnist Ann Griffiths (1776-1805), Llangranog-born Sarah Jane Rees (Cranogwen, 1839-1916) editor of an early women's magazine *Y Frthones* (the Female Briton), and the novelist Kate Roberts (1891-1985).

Eventually, Mary Lloyd Jones would find her art in her sense of place, and, by extension in nature, with its capacity for surviving destruction and its ability to heal itself. Time is another element fundamental to the artist's sense of herself and of place.

Stimulated by her discovery of prehistoric cup and ring marks in the Yorkshire Moors, which had the effect on her of identifying the Cymry as the aboriginals of Britain, she began to examine and appropriate for her compositions the languages of Celtic aboriginal peoples. Using these, she developed a vocabulary of Ogham, zigzags, spirals, triangles, wandering lines, and the bardic alphabet associated with Iolo Morganwg. This was both a response to the overwhelming dominance of English, which for her had submerged the Welsh-language and culture, and also a recognition of the centrality of literature and the bardic tradition in Welsh culture. Consequently, she has sought to bridge visual language with these literary art forms, linking the harmonies and aural shadings of *cynghanedd* with those of colour, and combining text with paint and other media.

Developments in digital technology together with an invitation to work with the Cardiff-based V6 group of artist-publishers

## culture and communications – welsh identity

Mary Lloyd Jones pictured between two of her paintings on display in her *laith Cyntaf/First Language* exhibition at St Fagans.



have led to the production of digital prints incorporating found materials. Here, texts, manuscripts, maps, hand-made marks and archive materials provided the unexpected configurations that fired her imagination to produce the 2006 exhibition *laith Cyntaf, First Language*, from which much of the St Fagans exhibition is taken.

With the support of the National Library and Aberystwyth University, she had access to in-house studio space over a two-year period. Working in this archive environment, she found herself driven to develop themes that reflected her growing concern for the survival of minority languages and cultures, which was focused on Cymraeg and its sister languages. She is concerned that, because half of the world's nearly 7,000 remaining languages will be extinct by the end of the century, it is imperative that the speakers of majority languages should become sensitive to the necessity for minority languages to thrive.

The St Fagans exhibition includes part of the celebratory procession of images which Mary Lloyd Jones assembled for the 2006 exhibition at the National Library. The emphasis is on those in Wales who preserved crucial aspects of the culture: Edward Lhuyd, Iolo Morganwg, Ieuan Fardd, and Sir John Rhys (a native, incidentally, of Mary Lloyd Jones's own *bro* of Ponterwyd, Ceredigion). Accessibility to other language texts in these images is, of course, a problem tackled by the artist, who recommends a "peripheral or oblique way of looking, a reading between the lines". Simply to expose the viewer to these different visual experiences is to invite their acceptance and to enhance cultural diversity. The works also inspire in the curious a search for meaning, perhaps sending them on an exciting investigation of their cultural heritage – in an environment, at St Fagans, ideally suited to such a quest.

Although there are today more opportunities to show work professionally in Wales, progress is thwarted by the London-centred media, which neglect exhibitions in Wales. Meanwhile in Wales we still lack either a journal for the visual arts or a National Gallery. For Mary Lloyd Jones it is clear that part of strengthening a sense of indigenous identity must be the drive to promote the best of Welsh art, rather than habitually importing art or pandering to a centrist agenda. It is entirely appropriate, therefore, that the work of this most confidently Welsh of contemporary artists should be chosen as a centerpiece for what is a stimulating and edifying cultural experience.

*Margot Morgan is a performance artist, voice coach and lecturer in further education in Swansea.*

# welsh news

**rhodri talfan davies  
reports that although  
demand for Welsh  
broadcasting remains high,  
supply remains a problem**

**C**oal House, BBC Wales new Autumn series, sees three families sent back to the coalfields of 1927 to sample life without the creature comforts of modern life. For the younger children it is a rude awakening. A generation weaned on mouse-clicks, DVDs, Sky+ and iPods are being asked to make their own fun.

One of the more sobering thoughts for older viewers is that many of the challenges and deprivations these youngsters will face would have been almost as stark had we only sent them back to the 1980s, such is the speed of change in the communications sector over recent years.

It is this accelerating change that provides the context for two strategic initiatives just unveiled. In October the BBC unveiled its strategic content plan for the next five years. In parallel, Ofcom embarked on its second review of public service broadcasting, barely two years since the last. For both, the stakes are high.

In Wales, we can expect both projects to be carefully scrutinised. How will they address the information needs of a fast-changing Wales? And how will two essentially pan-UK



Children from BBC Wales's *Coal House* series, dressed as they would have been in 1927.

## culture and communications

institutions grapple with the nuances and distinctive requirements of media policy in each of the devolved nations?

BBC Wales' ambitions are clear. We will be looking to extend our provision for local audiences across Wales, deploying strengthened news teams in every corner of Wales. This will transform our existing local online services into rich video and audio services, but the output will also enrich our existing national services across radio and television.

John Barrowman as Captain Jack, the lead in *Torchwood* – "manna from heaven" for BBC Wales's marketing team.



We will also be prioritising investment in content with real scale and ambition that can deliver impact across all BBC platforms. *Coal House* is a good example of this 'multi-platform' future. Radio, television and online services are all working together to bring to life the reality of 1927 Wales for a generation which otherwise might only encounter its industrial past through the pages of a school textbook.

There is also a determination to strengthen our contribution to the BBC's UK networks across a range of genres, ensuring Wales is better reflected among audiences beyond our border. We've made a good start – *Doctor Who*, *Tribe* and *Torchwood* have been manna from heaven for our marketing team. But the strategic importance of these series to BBC Wales – and the wider creative economy of Wales – will depend on our ability to build on their success, rather than luxuriate in it.

The Ofcom review, in so far as it addresses Wales as a distinct entity, is also replete with opportunities and some considerable challenges. Perhaps the greatest will simply be moving beyond the scope of the first review. This is easier said than done, with so much unfinished business.

Uppermost will be the future for programming from ITV Wales. As Lee Waters set out in the last edition of *Agenda*, the commercial

pressures facing ITV – and the loss of its protected status in the analogue domain – will exercise some fine strategic minds. How can we retain a plurality of English language provision for Wales when there is apparently such little commercial incentive for ITV to continue to fund its *regional* commitments?

But an open debate focused exclusively on the future of ITV in Wales would be a serious missed opportunity. If audiences are the heart of the matter, we need to consider carefully how their consumption of news and other media services is evolving. Lee Waters' analysis painted a bleak picture, with fewer and fewer people consuming Welsh news and information through television or the press: a dwindling media supply exacerbated by dwindling audience demand. It's a compelling thesis but it is not the whole picture.

Scratch the surface of the audience data, and there are encouraging signs of robust – and in some cases, growing – audience demand for Welsh news and information. With television news, for example, there are certainly significant audience pressures at play, both in Wales and across the UK. Younger audiences have always been harder to reach, and the range of digital choice available to them today has made this even tougher. Yet, despite these challenges, more than a million viewers see one or more BBC Wales bulletins on television each week – some 45 per cent of the adult population of Wales.

If you throw in the additional viewers reached only by ITV Wales news, the figure rises to 55 per cent. Moreover, despite the proliferation of digital channels and the growth of the internet, the average nightly audience for *Wales Today* remains more or less where it was in 1995.

This robust demand for Welsh news and information is also evident on radio. Over the last eighteen months, *BBC Radio Wales* has invested heavily in additional news output, with some three hours of additional coverage each week. Its reward has been record listening figures, with half a million adults in Wales tuning in each and every week.

What's most surprising and encouraging is that these record listening figures came at the height of the station's comprehensive coverage of the Assembly election and the aftermath of two months of coalition negotiation. Whisper it quietly but it seems quality speech radio sells. Perhaps Ofcom might wish to ponder what more it can do to generate meaningful coverage of Welsh news and information in the local commercial radio sector.

Based on audience preferences alone, radio certainly deserves to play a more central part in any debate on public service provision in Wales. Audiences here consume radio and television in roughly equal measure, and the reach of the local commercial sector is impressive. Almost half the population tunes into these stations each week, well ahead of the numbers that buy a locally-produced newspaper over the same period.

Of course, the BBC's interest in local radio is not just about the selfless support of plurality. We are also reliant on the local

commercial marketplace to provide the digital radio infrastructure for the carriage of both *BBC Radio Wales* and *BBC Radio Cymru*. Whereas the BBC's UK radio networks are broadcast on a BBC-owned 'multiplex', our two national stations can only be broadcast in areas where a commercial multiplex has been licensed by Ofcom.

Given Wales' topology and population density, this was always going to be a problem. Unsurprisingly, the market has snapped up licenses for much of south east Wales, while interest in many other parts ranges from lukewarm to non-existent. In north-west Wales, this is further compounded by technology issues that prevent any DAB licence being offered until the Republic of Ireland switches off its analogue TV signal. This is a decision the Irish seem in no great rush to make.

The impact on audiences is significant. More than half the households in Wales – and some 70 per cent of Welsh speakers – are unable to receive either of the national stations on their DAB sets. Ofcom has done its best to accelerate the licensing process but it seems there is only so much it can do. Even where licenses are being advertised, there is no guarantee – or frankly likelihood in rural Wales – that the successful applicant will choose to provide DAB coverage for the entire area. The BBC Trust and others have been vociferous in voicing their concerns, but answers are harder to come by.

Given the thorny issues facing both television and radio, one would have thought that the public service opportunities available in the online realm might excite a lot of interest at Ofcom. If they do, it seems they're keeping it to themselves. The media watchdog's draft terms of reference for the new review talks rather tentatively about examining "*new ways of delivering content...that might create new opportunities for achieving the goals of public service broadcasting*". It's as if the viability of the internet were still an each-way bet.

I think we can afford to be a tad more bullish. Ofcom's own data tells us that 60 per cent of households are already online in Wales. BBC Wales' website alone is used by hundreds of thousands of users every week. This is a maturing platform with real public service impact here and now. Certainly, it remains beyond some of the poorest groups in Welsh society, but the historic gulf in take-up between young and old, and rich and poor, is fast closing. It deserves a place on the public service media agenda in Wales.

Across television, radio and online, the truth is there is a very real appetite for news and information for and about Wales. The demand doesn't need to be stimulated, just the supply. Solutions will not be easy, but we can at least start with the confidence that at the heart of the debate is an audience with a strong and growing appetite to understand how its own nation is developing.

*Rhodri Talfan Davies is Head of Marketing, Communications and Audiences at BBC Cymru Wales.*



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Actress Sian Cothi, takes the lead in S4C's drama *Con Passionate* – part of the channel's strategy for promoting creative excellence.



as S4C celebrates its 25th birthday  
elan clos stephens looks at its future

# converged world

**b**efore I come to the next phase for S4C, I need to take you on a journey that began with the Broadcasting Act of 1996. And since I am talking about a Welsh Channel, let me be stereotypical and offer a Biblical vision. It belongs to Jason Chess, Partner in the renowned media law firm, Wiggin in a speech he made in June 2005.

*"My approach to tonight's billed topic of convergence is a little bit Biblical," he said. "First, be watchful, for the terrible hour cometh and you know not when. Second, when it does, all shall be in all and tears shall be wiped away. So be watchful, for all shall soon be in all."*

For most of us the hour came in 2004. For a long time, convergence had been anticipated, plans laid, theories and models of the future debated. Dot com bubbles were blown and some burst. ITV was to lose a billion pounds on its digital ventures. Most analysts now place 2004 as the real beginning of convergence in broadcasting.

It had taken eight years from the Broadcasting Act of 1996, which set up the digital multiplexes, to the time when consumers actually moved to Freeview, to music downloads, to radio podcasts, to text interaction with programmes, to broadband streaming. To put it more succinctly, in the title of the Cambridge Convention of the Royal Television Society in 2005, *Anytime, anywhere, any platform: always on.*

Analysts and media lawyers such as Chess list the factors necessary for digital growth. Let me repeat that list in a Welsh

context. First, customer appetite – we all know the growth of the internet over the past ten years worldwide, as well as the huge dominance of the mobile phone.

Second on the list is customer habits. 'Pay-as-you-go' (or Top up) mobile phones are now more popular than contracts by a ratio of 6 to 4, thus providing a climate where short subscription is commonplace.

Third is spending power. In Britain we have had a decade of economic stability favouring couples who put having children off until their thirties, bringing prosperity through the housing market to empty nesters. And as in the past, poverty is no barrier to home entertainment. Those who do not go out to a concert or a restaurant are heavy consumers of subscription and free multi-channel viewing. Despite its Objective One status, Wales has had a more rapid take-up of digital services than the UK as a whole.

Finally, through the Assembly Government's drive to roll out broadband throughout Wales, we have the technology to overturn traditional modes of receiving information. Thus the platform is now set for the converged world in which all television, and S4C in particular, have to survive.

This new converged world was presaged in the 2003 Communications Act and in particular by the White Paper, *A New Future for Communications*, produced in 2000 by the then Secretary of State for Culture, Media and Sport, Chris Smith, and Stephen Byers at the then Department of Trade and Industry. It is, in my opinion, one of the clearest and most far-reaching White Papers produced. It embraces communications

including telephony, and it merges telecommunications and broadcasting regulators to form a single agency. It is in the context of that White Paper, made law by the 2003 Act and acted through the agent Ofcom, that S4C now operates.

There is a common assumption that the major change has been the proliferation of channels. It is true that there has been an exponential growth from five to hundreds of channels. Yet competition has long been part of television. It began that fateful day in September 1955, at the start of ITV, when the BBC decided that Grace Archer should die in a fire in the stables on the very night that ITV began.

In my view, the revolutionary change has been that from multi-channel to multi-platform and from multi-platform to on-demand. The ability to view at a time and place of the viewer's choosing puts to the fore issues about the sustainability of:

- Content regulation – where is the watershed when you can view anytime?
- The licence fee in a world of on-demand and top up fees.
- UK regionalism in a global market.

S4C is well placed within this ecology but faces challenges. As the platforms proliferate, so does the cost. Even in Wales, where S4C has a "must carry" provision in law, this does not mean a free carriage.

Outside Wales, Freeview, Virgin, and other cable carriers come at additional cost. Yet, one of the successes of S4C in recent years has been the appreciation of its out-of-Wales audience for its services. The increased mobility of the labour market and the ease with which young people find themselves moving between cultures, emphasises the need to provide universality of access to S4C throughout the UK as part of a diverse Britishness. Possibly this cost can be eased as we move to computer based viewing and a broadband offer. We might also consider the exciting possibility of increased viewers through language choice.

S4C has taken huge steps to move to a multi-platform world, offering its programmes on broadband over a three week period. S4C has to ensure that its legal status allows it full access to this multi-platform world where our young people roam so freely. The rest of the world is also watching S4C's international offering such as the Llangollen Eisteddfod and this is an opportunity for bringing that audience into other programming.

As I look back on the early period of digital, post the 1996 Broadcasting Act, I think S4C, along with the BBC in BBC Choice, understood the new digital world as a proliferation of programmes which would form a wallpaper of viewing. This has been proved wrong. As multi-channel moved into download, the emphasis was not on increased content but on a special, unique content which people would search for.

Chief Executive, Iona Jones, addresses this in her policy of creative excellence. S4C is uniquely placed in that people throughout the UK recognise its singularity. The channel is also

highly challenged in bringing in others who could participate in its world but have preconceptions and prejudices. The new branding is a major step forward in trying to address these views of the Channel.

Looking back to the 2003, and the Communications Act which underpins activity, one of the major aims of the UK Government was to grow the creative industries by shifting growth to the independent sector. This has been echoed in Wales by the emphasis placed by former Economic Development Minister, Andrew Davies, on the growth of the creative industries, the creation of a dedicated Creative Business Wales as well as Finance Wales.

The main difference was to be the retention of rights by the independents to create real value in their back catalogues and the exploitation of secondary rights. In Wales, companies had to understand the challenge of the Development Fund, the opportunities for consolidation and the strength of size in the marketplace.

Many questions remain:

- What is the mechanism for small-scale creative entrepreneurship to emerge which might not want to be part of a large company?
- How much value do we place, within the levers of nationbuilding, on larger companies such as Tinopolis and Boomerang, Greenbay and Presentable who have taken risks? Is there support for enterprise?
- Will Scotland put on the table the federalisation of broadcasting including the BBC which would have huge repercussions for us all in Wales? And if so, how do we safeguard an international dimension not just a regional or national one?

As a very new Chair of S4C I was in Llanrhaedr ym Mochnant in 1998 to launch the service on Sky. Like many small towns and villages in rural Powys and along the border counties of Wales, Llanrhaeadr suffered from a porous border as regards transmitters. Satellite offered viewers a chance to receive the channel when they had very poor picture terrestrially and it was part of former S4C Chief Executive Huw Jones's vision that the digital universe was to Wales's advantage.

In this age of texting, blogging, podcasting, downloading, Llanrhaeadr looks like another age. Now the opportunities are much bigger, ambitions larger, and challenges more difficult. As Jason Chess said, *All is now in All*. Convergence is here. I finish where I began, Biblically. Llanrhaeadr is also where the Bible was translated into Welsh, an act of modernity and excellence. These two words, highlighted in S4C's current policy, offer the key to the future.

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# love and marriage



## peter stead

The other evening I bumped into the Deputy First Minister and the new Culture Secretary at a Noson Lawen at the West End Labour Club in Barry. Apparently similar evenings are planned for all over Wales as the nation celebrates what commentators are calling 'The Great Coming-Together'. Certainly at Barry that evening there was almost a carnival atmosphere as hard-bitten former dockers almost queued up to confess to the visiting politicians that their ancestors had come to Barry from deepest Cardiganshire. Meanwhile several Plaid media types asked me for instructions on how to find the humble cottage in Dowlais in which the great seer Gwyn Alf was born. Would I join them on their quest? "Is there a blue plaque?" they wondered.

I was greatly encouraged to learn from Ieuan that henceforth Plaid's annual conference will always be held at the Ebbw Vale Leisure Centre, in what he called their 'heartland'. Meanwhile, the Labour Party has this year opted for Llangrannog. In the general

spirit of things Dafydd Iwan is moving his company to the Pop Factory in the Rhondda, the Presiding Officer has bought a new home in Splott and Merthyr Council are to rename the Slip Road (above the old Hoover site) Dafydd Wigley Way.

It was a heady evening for me as I was presented a picture of a Wales being re-discovered and re-defined. The historian John Davies was there (although surprisingly there were no cameras) and he explained how the new great Alliance had been forged over the last few decades in the pubs of Pontcanna and Canton, in Cardiff, as young people from Gwynedd were forced to share tables with 'sionies' from the Valleys. He told of how the initial distrust and mocking of accents had given way to a realisation that they had all read the same books by Gwyn Alf, supported the same rugby team and shared a taste for Brains. In fact John went so far as to explain that the night he first realised that his friends and the First Minister were regulars in the same Grangetown pub was the moment that the new political dispensation became a possibility.

Inevitably the advent of a new politics will involve a rethinking and even a rewriting of History. This was to become obvious to me that evening as friends reported on academic articles now in the press. Meic Stephens has discovered a diary in which the novelist Gwyn Thomas confessed that he had belatedly converted to the devolution cause and spoke of how his biggest regret was that he had not been admitted to the Gorsedd. And

it emerges that we have to think again about Plaid's great men. Apparently Saunders Lewis only moved to Penarth so that he could join Dannie Abse at Cardiff City matches. A newly discovered letter reveals that Gwynfor would have sacrificed everything that he had achieved politically for the chance to have opened the batting for England.

During the Cerdd Dant session Wayne David MP asked me to join him in the Snooker Room where he reported that his hero Ness Edwards had in private always felt guilty about his opposition to Welsh constitutional ambitions. He asked whether I had heard that a group that had until recently met regularly in a Caerphilly pub to commemorate Fred Evans had disbanded. They had however balked at the suggestion that they should become the Phil Williams Society. I just caught Dai Smith as he slipped away and was fascinated to hear that he has found a letter in which Nye Bevan had suggested that the key to his own personality was actually to be found in his Christian name. Dai speculated as to whether this revelation might trigger a new fashion for what he described as 'the most mellifluous and evocative of all Welsh names'. I could only reflect that, as with political coups and revolutions throughout History, our new politics will inevitably involve a shuffling and retouching of the portraits in the pantheon.

Escaping from the historians and returning to the men of the moment I was eager to discuss policy. The AMs suggested that

a rethinking about hospitals would be the most obvious first benefit of the Coalition. Following on from that there would be a new and fuller sense of Wales as one distinct nation. It was felt that the media would now be more sympathetic to the Assembly Government and that Labour would be less prone to thinking of the BBC and Western Mail as being controlled by the Opposition. Programmes might become analytical rather than confrontational. Labour Cabinet members might start to enjoy broadcasting. Physical communications would likewise be improved with journeys from north and west Wales to Cardiff, whether by road, rail or air. They would become comfortable and routine rather than epic.

Mercifully, we all resisted the temptation to become too serious and, after everyone had made it clear that a Plaid/Labour alliance is what they had been working for since 1979, the rumours came thick and fast. Someone had heard one radio programme in which Lord Kinnock had requested a playing of *Wrdd Feddwl am fy Nghymru* and another in which Dafydd Iwan had asked for Neil singing *Bandiera Rossa*. Yes, Ieuan liked the idea of himself and Rhodri as the Odd Couple and he was quite happy to adopt the Jack Lemmon role to Walter Matthau's formidable First Minister. Did someone say something about the same hymn-sheet or was it just the steward collecting the evening's songbooks? Certainly nobody was rocking the boat for, after all, we are all children of Raymond Williams and Max Boyce.