

CYNULLIAD CENEDLAETHOL CYMRU: PWYLLGOR ARCHWILIO

CYNGOR CELFYDDYDAU CYMRU: CANOLFAN Y CELFYDDYDAU GWELEDOL

ADRODDIAD 05-02 – Cyflwynwyd i Gynulliad Cenedlaethol Cymru ar 19 Mehefin 2002 yn unol ag adran 102 (1) Deddf Llywodraeth Cymru 1998

Cynnwys	Paragraff
Cyflwyniad	1
Penderfyniad Cyngor Celfyddydau Cymru i ariannu Canolfan y Celfyddydau Gweledol	8
Y ffordd yr aeth Cyngor Celfyddydau Cymru ati i fonitro'r gwaith o ddatblygu, rhedeg a chau Canolfan y Celfyddydau Gweledol	22
Crynodeb o argymhellion	35
Sylwadau clo	36

Atodiadau

Atodiad A – Trafodion Perthnasol y Pwyllgor – Cofnodion Tystiolaeth (dydd Iau 22 Tachwedd 2001)

Atodiad B – Trafodion Perthnasol y Pwyllgor – Cofnodion Tystiolaeth (dydd Iau 13 Rhagfyr 2001)

Atodiad C – Llythyrau dyddiedig 27 Tachwedd 2001 a 6 Rhagfyr gan Gyngor Celfyddydau Cymru

Atodiad D – Llythyr dyddiedig 29 Tachwedd 2001 gan Mr Matthew Pritchard, Cadeirydd Ymddiriedolwyr Canolfan y Celfyddydau Gweledol

Atodiad E – Llythyrau gan Mr Emyr Jenkins (dyddiedig 18 Rhagfyr 2001), Ms Joanna Weston (dyddiedig Rhagfyr 2001), Mr Robert Edge (dyddiedig 20 Rhagfyr 2001) a Syr Richard Lloyd Jones (dyddiedig 7 Ionawr 2002)

Atodiad F – Sylwadau dyddiedig 7 Chwefror 2002 gan Mr Peter Tyndall, Swyddog Cyfrifo Cyngor Celfyddydau Cymru ar y dystiolaeth lafar a gyflwynwyd i'r Pwyllgor gan Mr Emyr Jenkins, Ms Joanna Weston, Mr Robert Edge a Syr Richard Lloyd Jones

Atodiad G – Llythyr dyddiedig 27 Mawrth 2002 gan Mr Emyr Jenkins ar sylwadau Mr Tyndall

Atodiad H – Llythyr dyddiedig 3 Mai gan Archwilydd Cyffredinol Cymru mewn ymateb i'r pryderon a leisiwyd gan Mr Emyr Jenkins, Ms Joanna Weston, Mr Robert Edge a Syr Richard Lloyd Jones

Atodiad I - Llythyr dyddiedig 14 Mai 2002 gan Mr Emyr Jenkins mewn ymateb i'r llythyr gan Archwilydd Cyffredinol Cymru dyddiedig 3 Mai 2002

Cyflwyniad

1. Mae'r adroddiad hwn yn ymwneud â rôl Cyngor Celfyddydau Cymru o ran darparu arian loteri a chymorth grant ar gyfer prosiect Canolfan y Celfyddydau Gweledol. Canolfan y Celfyddydau Gweledol oedd y prosiect loteri mawr cyntaf i Gyngor Celfyddydau Cymru ei gefnogi. Dychmygwyd y byddai'n atyniad pwysig i dwristiaid, fel y lle mwyaf yng Nghymru ar gyfer arddangos y gorau o blith gweithiau celf cyfoes a hanesyddol o Gymru ac o wledydd eraill, gydag oriel ryngweithiol hefyd i blant. Fe'i lleolwyd yn yr Hen Lyfrgell, adeilad Fictorianaid mawr yng nghanol Caerdydd.
2. £8.8. miliwn oedd cyfanswm y gost o agor y Ganolfan, gan gynnwys y gwaith adnewyddu sylweddol i adeilad yr Hen Lyfrgell. Cyfrannodd Cyngor Celfyddydau Cymru dros £3.2 miliwn o arian loteri tuag at y swm hwn (sef tua 37 y cant o'r costau i gyd). Rhoddodd y Cyngor hefyd dros £200,000 y flwyddyn i helpu i ariannu costau rhedeg blynyddol y Ganolfan. Agorodd y Ganolfan ei drysau i'r cyhoedd ym mis Medi 1999. Oherwydd anawsterau ariannol a achoswyd yn bennaf am fod nifer yr ymwelwyr gryn lawer yn is na'r disgwyl, caeodd y Ganolfan 14 mis wedi hynny ym mis Tachwedd 2000.
3. Ar sail adroddiad a baratowyd gan Archwilydd Cyffredinol Cymru¹, derbyniwyd tystiolaeth gan Mr Peter Tyndall, Prif Weithredwr a Swyddog Cyfrifo Cyngor Celfyddydau Cymru. Cynorthwywyd Mr Tyndall gan Ms Francis Medley, Dirprwy Brif Weithredwr, a chyn Brif Weithredwr Dros Dro Cyngor Celfyddydau Cymru; a Mr Rhys Parry, Cyfarwyddwr Cyllid ac Adnoddau Cyngor y Celfyddydau.
4. Oherwydd y pryderon a oedd gennym am y ffordd yr aeth Cyngor y Celfyddydau ati i ddelio â'r prosiect hwn ers i'r arian loteri cyntaf gael ei roi ym 1995, a'r cyfnod cymharol fyr y bu Mr Tyndall yn ei swydd, cynhaliwyd ail gyfarfod i gymryd tystiolaeth gan unigolion a oedd ynghlwm wrth y prosiect yn y dyddiau cynnar. Derbyniwyd tystiolaeth gan Mr Jon Shortridge, Ysgrifennydd Parhaol y Cynulliad, a oedd hefyd yn Swyddog Cyfrifo Cyngor Celfyddydau Cymru o Medi 2000 i Medi 2001. Clywsom dystiolaeth hefyd gan Mr Emyr Jenkins, Prif Weithredwr Cyngor Celfyddydau Cymru 1994-1998; Ms Joanna Weston, Cyfarwyddwr Loteri, Cyngor Celfyddydau Cymru 1994-98 a Phrif Weithredwr 1998-2000; Mr Robert Edge, Cyfarwyddwr Loteri, Cyngor Celfyddydau Cymru 1998-2001; a Syr Richard Lloyd Jones, Cadeirydd Cyngor Celfyddydau Cymru 1994-99. Rydym yn derbyn bod y bobl hyn, ac eithrio Mr Shortridge, bellach yn unigolion preifat heb unrhyw ran ym materion cyfredol Cyngor Celfyddydau Cymru. Rydym hefyd yn cydnabod nad oedd modd iddynt weld holl gofnodion Cyngor Celfyddydau Cymru nac ychwaith friffiau a chyngor staff Cyngor y Celfyddydau.

¹ Adroddiad gan Archwilydd Cyffredinol Cymru ar *Cyngor Celfyddydau Cymru: Canolfan y Celfyddydau Gweledol*, a gyflwynwyd i'r Cynulliad Cenedlaethol ar 15 Tachwedd 2001

Rydym felly'n ddiolchgar iddynt am fod yn bresennol yng nghyfarfod y Pwyllgor Archwilio i gyflwyno'u safbwynt ar y gwersi sydd i'w dysgu o'r prosiect hwn.

5. Efallai ei bod yn anochel, fodd bynnag, o gofio faint o amser sydd ers i'r syniad am y prosiect hwn ddod i'r amlwg, bod peth anghytuno wedi bod ynghylch rhai manylion mewn perthynas â'r ffordd y bu Cyngor Celfyddydau Cymru yn goruchwyllo'r prosiect hwn. Soniodd Mr Jenkins, Ms Weston, Mr Edge a Syr Richard Lloyd Jones wrthym am rai camau a phenderfyniadau a oedd, o'r hyn a gofient, wedi'u cymryd gan Gyngor Celfyddydau Cymru ond nad oeddent yn amlwg o'r cofnodion a oedd ar gadw gan Gyngor Celfyddydau Cymru. Fodd bynnag, mae pawb yn gytûn bod prosiect Canolfan y Celfyddydau Gweledol wedi methu yn y pen draw am nad oedd wedi gallu denu cymaint o ymwelwyr â'r disgwyl. Felly collwyd y buddsoddiad o £3.7 miliwn gan Gyngor Celfyddydau Cymru yn y prosiect hwn i'r celfyddydau yng Nghymru.
6. Mae'r adroddiad hwn yn canolbwyntio ar y ddau brif fater a ddeilliodd o'n hymchwiliad:
 - penderfyniad Cyngor Celfyddydau Cymru i ariannu Canolfan y Celfyddydau Gweledol; a'r
 - y ffordd yr aeth Cyngor Celfyddydau Cymru ati i fonitro'r gwaith o ddatblygu, rhedeg a chau Canolfan y Celfyddydau Gweledol.
7. Mae'r adroddiad yn nodi'n canfyddiadau a'n casgliadau o dan y prif themâu hyn. Rydym hefyd yn gwneud nifer o argymhellion a fydd, gobeithio, yn helpu Cyngor Celfyddydau Cymru a chyrrff eraill sy'n rhoi grantiau i ddysgu gwersi o'r prosiect hwn.

Penderfyniad Cyngor Celfyddydau Cymru i ariannu Canolfan y Celfyddydau Gweledol

8. Dros y cyfnod 1995 – 2000, rhoddodd Cyngor Celfyddydau Cymru arian loteri i Ganolfan y Celfyddydau Gweledol ar dri achlysur, a oedd yn werth dros £3.2 miliwn i gyd, ynghyd â chymorth grant refeniw o bron i £500,000.² Mae'r rhan hon o'r adroddiad yn ystyried y penderfyniadau a gymerwyd gan Gyngor Celfyddydau Cymru i ariannu prosiect Canolfan y Celfyddydau Gweledol. Yn benodol, mae'n archwilio'r prif ffactorau a arweiniodd at anawsterau ariannol Canolfan y Celfyddydau Gweledol, sef nifer yr ymwelwyr a ragwelwyd; y rhaglennu ar gyfer y Ganolfan; lefel yr arbenigedd yng Nghanolfan y Celfyddydau Gweledol; diffyg nawdd preifat; a'r amcangyfrifon gwael o ran costau adeiladu. Ymddiriedolaeth Hen Lyfrgell Caerdydd, cwmni cyfyngedig drwy warant â statws elusen,

² Adroddiad ACC, paragraff 2.2 a Ffigur 6

oedd yn gyfrifol am ddatblygu, rhedeg a gweinyddu Canolfan y Celfyddydau Gweledol.³

Nifer yr ymwelwyr a ragwelwyd

9. Roedd hyfywedd ariannol Canolfan y Celfyddydau Gweledol yn dibynnu ar dros chwarter miliwn o bobl yn talu am gael gweld ei harddangosfeydd yn y flwyddyn gyntaf, gan godi i ryw 340,000 y flwyddyn erbyn blwyddyn deg. Mewn gwirionedd, fodd bynnag, dim ond 47,000 o ymwelwyr, sef un rhan o bump o'r nifer a ragwelwyd, ddaeth i'r Ganolfan yn ystod ei blwyddyn gyntaf. Yr oedd amcangyfrif yr ymgeisydd o nifer yr ymwelwyr yn deillio o astudiaeth ddichonoldeb a gynhaliwyd ym 1992, tua tair blynedd cyn gwneud y cais cyntaf am arian loteri ar gyfer Canolfan y Celfyddydau Gweledol. Roedd yr astudiaeth ddichonoldeb wedi defnyddio gwybodaeth am nifer yr ymwelwyr ym 1991 ag amrywiaeth o amgueddfeydd ac orielau tebyg ynghyd ag ymchwil ddemograffig ar duedd y boblogaeth leol i ymweld ag atyniadau cefyddydol.⁴ Rydym yn nodi bod yr aseswyr allanol a benodwyd i werthuso'r prosiect hwn wedi cyngori Cyngor Celfyddydau Cymru fod yr amcangyfrif hwn yn un call.⁵ Fodd bynnag, rydym yn pryderu nad oes unrhyw dystiolaeth i ddangos bod Cyngor y Celfyddydau wedi cwestiynu dibynadwyedd y rhagolygon hyn neu, yn fwy pwysig, efallai, ei fod wedi gofyn i'r ymgeisydd ynghylch hyfywedd ariannol y prosiect pe na bai'n llwyddo i gyrraedd y targedau hyn.⁶ Dim ond yn gynnar yn 2000, ar ôl i'r Ganolfan agor a phan oedd eisoes yn wynebu anawsterau ariannol ac yn chwilio am fwy o arian, y gofynnodd Cyngor Celfyddydau Cymru am fwy o arian cyhoeddus. Dyma pryd, sef yn 2000, y cymerwyd camau gan Gyngor y Celfyddydau, drwy gomisiynu adolygiad annibynnol i ystyried yr opsiynau ar gyfer sicrhau dyfodol ariannol mwy diogel i'r Ganolfan.⁷
10. Yn ôl y Swyddog Cyfrifo presennol, roedd niferoedd yr ymwelwyr yn uchelgeisiol am sawl rheswm: lefel yr optimistiaeth ynghylch y prosiect; roedd niferoedd yr ymwelwyr yn dibynnu ar artistiaid llwyddiannus iawn; nid oedd yr amgueddfeydd a'r orielau a ddefnyddiwyd i gymharu yn ddibynadwy; ac ni chymerwyd i ystyriaeth ddemograffeg y dalgylch ehangach.⁸ Yn bendant, roedd niferoedd yr ymwelwyr â'r amgueddfeydd a'r orielau cymharol yn amrywio'n fawr, ac roedd rhai yn sylfaenol wahanol i Ganolfan y Celfyddydau Gweledol o ran y math o gelfyddyd a oedd yn cael ei arddangos, ac

³ Adroddiad ACC, paragraffau 1.8 ac 1.9

⁴ Adroddiad ACC, paragraffau 2.6 – 2.8

⁵ Cwestiynau 7 a 15

⁶ Adroddiad ACC, paragraffau 2.10 a 2.16; Cwestiynau 1 a 6; Llythyr gan ACC, paragraffau 15 – 17 (Atodiad G)

⁷ Adroddiad ACC, paragraff 1.12

⁸ Cwestiynau 2 a 4

o ran polisi prisio. Roedd hyn yn cyfyngu ar eu defnyddioldeb fel cymaryddion arwyddocaol.⁹Yn ogystal, nid oedd yr ymchwil ddemograffig a ddefnyddiwyd i amcangyfrif nifer yr ymwelwyr â Chanolfan y Celfyddydau Gweledol yn cynnwys unrhyw arolygon o'r bobl a oedd yn byw o fewn y dalgylch, neu'n ymweld â'r dalgylch, i gael syniad gwell o ba mor dueddol oedd y boblogaeth leol i ymweld ag orielau. Yr oedd hefyd yn seiliedig ar nifer sylweddol o dybiaethau nad oedd wedi'u herio. Er hynny, dangosodd yr ymchwil ddemograffig bod y boblogaeth leol dipyn yn llai tebygol o ymweld ag orielau na'r cyfartaledd cenedlaethol, a dylai hynny fod wedi codi amheuan pellach ynghylch dibynadwyedd y niferoedd amcangyfrifedig a nodwyd yn y cais am grant.¹⁰

11. Rydym yn derbyn y pwynt a wnaed gan yr Archwilydd Cyffredinol ei bod, yn y bôn, yn anodd iawn darogan nifer yr ymwelwyr, a phwynt Ms Weston, sef nad gwyddoniaeth mo hyn.¹¹Ond ymddengys nad oedd asesiad Cyngor Celfyddydau Cymru o nifer amcangyfrifedig yr ymwelwyr yn ddigon trylwyr, ac mae hyn yn destun pryder i ni.¹² Mewn perthynas â swm o faint a natur yr un a roddwyd i Ganolfan y Celfyddydau Gweledol, rydym o'r farn y dylai unrhyw gorff sy'n rhoi grant ofalu bod ei benderfyniad yn seiliedig ar wybodaeth ddemograffig mwy manwl a chyfoes, ac y dylid herio'n fwy unrhyw dybiaethau sy'n sail i niferoedd amcangyfrifedig ymwelwyr.
12. Gofynnwyd i bob un o'r tystion a ymddangosodd ger ein bron a oeddent yn ymwybodol o unrhyw wrthdaro buddiannau neu lobio a allai fod wedi effeithio ar y graddau yr archwiliwyd y prosiect hwn gan Gyngor y Celfyddydau. Fe'n sicrhawyd, gan y dystiolaeth a ddarparwyd gan y tystion nad oeddent yn ymwybodol o unrhyw wrthdaro o'r fath a bod y ceisiadau am arian loteri ar gyfer Canolfan y Celfyddydau Gweledol wedi bod drwy weithdrefnau asesu safonol y Cyngor.¹³
13. Rydym yn cydnabod bod Cyngor Celfyddydau Cymru yn y broses o ddysgu llawer yn sgil cyflwyno'r arian loteri newydd ym 1994, ac nad oedd gan ei staff brofiad o ddelio â phrosiectau o'r maint hwn.¹⁴ Rydym hefyd yn nodi, er gyda pheth pryder, y sylwadau a wnaed gan Archwilydd Cyffredinol Cymru sef nad yw'r anawsterau hyn yn unigryw a'i fod, fel y Rheolwr a'r Archwilydd Cyffredinol, wedi tynnu sylw at broblemau tebyg mewn rhannau eraill o'r Deyrnas Unedig ar rai prosiectau loteri cynnar.¹⁵

⁹ Adroddiad ACC, Ffigurau 7 ac 8, paragraffau 2.10 a 2.11; Cwestiynau 17 a 21

¹⁰ Adroddiad ACC, paragraffau 2.13 - 2.16

¹¹ Adroddiad ACC, paragraff 2.10; Cwestiynau 214 a 238

¹² Cwestiynau 13, 14 a 40

¹³ Cwestiynau 130, 131 a 304 - 308

¹⁴ Cwestiynau 5, 191 a 309

¹⁵ C244

Rydym yn falch o glywed bod Cyngor Celfyddydau Cymru ers hynny wedi ceisio sicrhau bod ceisiadau loteri yn cael eu hasesu'n fwy gofalus er mwyn dysgu gwersi o'i brosiectau loteri cynnar. Yn arbennig, rydym yn nodi'r sicrwydd y mae Swyddog Cyfrifo presennol Cyngor Celfyddydau Cymru wedi'i roi, sef bod gweithdrefnau cyfredol Cyngor Celfyddydau Cymru yn golygu bod niferoedd amcangyfrifedig ymwelwyr yn cael eu harchwilio'n fwy trylwyr, a phe bai'r ffigurau yn y cais am Ganolfan y Celfyddydau Gweledol yn cael eu cyflwyno ger eu bron heddiw, na fyddent yn cael eu derbyn.¹⁶ Hefyd, mae Cyngor Celfyddydau Cymru yn comisiynu asesiad annibynnol o'i weithdrefnau ar gyfer delio â cheisiadau loteri.¹⁷

14. Roedd Canolfan y Celfyddydau Gweledol yn atyniad newydd nad oedd wedi'i brofi, ac eto er mwyn bod yn hyfyw yn ariannol roedd angen iddo ddenu nifer anghyrraeddadwy o ymwelwyr a oedd yn talu. Mewn gwirionedd, roedd nifer amcangyfrifedig yr ymwelwyr dros 500 y cant yn rhy uchelgeisiol. O edrych yn ôl, mae'n amlwg i ni nad oedd Cyngor y Celfyddydau wedi archwilio'r wybodaeth a ddarparwyd gan yr ymgeisydd yn ddigon trylwyr nac wedi herio'r wybodaeth honno'n ddigonol. Ymddengys nad oedd y Cyngor yn ymwybodol bod cyrraedd y nifer gofynnol o ymwelwyr yn gymaint o risg allweddol i hyfywedd ariannol y prosiect. Maes o law, daeth y risg hon yn llawer rhy real.
15. **Rydym yn argymhell bod Cyngor Celfyddydau Cymru, fel rhan o'r adolygiad annibynnol y mae wedi'i gomisiynu ar ei weithdrefnau, yn ystyried pa mor ddigonol yw ei asesiad o risg mewn perthynas â phrosiectau loteri. Yn arbennig, dylai archwiliad trylwyr o'r prif risgiau sy'n allweddol i hyfywedd ariannol prosiectau, gan gynnwys nifer yr ymwelwyr sy'n debygol o ymweld ag atyniadau celfyddydol newydd, fod yn rhan annatod o'r gwaith o asesu pob cais am arian loteri. Rydym hefyd yn argymhell bod Cyngor Celfyddydau Cymru yn sicrhau bod cynlluniau wrth gefn digonol ar gael rhag ofn y daw'r risgiau i hyfywedd ariannol y prosiect yn realiti.**

Newidiadau allweddol i'r prosiect

16. Mae adroddiad yr Archwilydd Cyffredinol yn nodi rhai newidiadau allweddol wrth i'r prosiect gael ei ddatblygu, sef y newid i'r strwythur codi tâl mynediad ar ymwelwyr, i'r rhaglen agoriadol a chynnwys Canolfan y Celfyddydau Gweledol. Erbyn i'r Ganolfan agor i'r cyhoedd ym 1999, roedd y taliadau mynediad wedi codi o'r cynnig gwreiddiol o £2.00 pris llawn i £3.50; ac o'r pris rhatach o £1.00 a

¹⁶ Cwestiynau 3, 5, 6 a 269

¹⁷ Cwestiynau 154 a 180

gynigiwyd ar gyfer plant, pobl ddigyflog a phlant, i £2.50.¹⁸ Roedd hyn yn gynydd mawr a fyddai'n anochel o effeithio ar rifau ymwelwyr.

17. Nid yw'r Archwilydd Cyffredinol na'r Swyddog Cyfrifo presennol wedi gallu dod o hyd i unrhyw dystiolaeth yng nghofnodion Cyngor Celfyddydau Cymru i esbonio'r rhesymeg a oedd yn sail i'r newidiadau hyn nac i ddangos bod y Cyngor wedi ystyried effaith bosibl y prisiau hyn ar nifer yr ymwelwyr a oedd wedi'u darogan a hyfywedd ariannol y prosiect.¹⁹ Ar ôl ei holi, nid oedd Mr Jenkins yn siwr ai'r cwmp yn nifer yr ymwelwyr a barodd i'r pris gael ei godi neu ai'r cynnydd yn y pris a arweiniodd at gwmp yn nifer yr ymwelwyr.²⁰ Fodd bynnag, dyma'r math o faterion y byddai disgwyl i Gyngor Celfyddydau Cymru fod wedi'u cofnodi a byddai disgwyl iddo hefyd fod wedi trafod y materion hyn yn fanwl gyda'r ymgeisydd. **Rydym yn argymhell bod Cyngor Celfyddydau Cymru, yn y dyfodol, yn cadw nodiadau manwl ar ei ystyriaeth o faterion sylfaenol fel y berthynas rhwng tâl mynediad a nifer yr ymwelwyr mewn perthynas â phrosiectau y mae'n bwriadu rhoi arian loteri ar eu cyfer. Rydym hefyd yn argymhell bod Cyngor Celfyddydau Cymru yn asesu ei bolisiau cadw cofnodion cyffredinol er mwyn sicrhau bod cofnod digonol yn cael ei gadw o benderfyniadau a thrafodaethau allweddol y Cyngor ynghylch prosiectau loteri.**
18. Y syniad gwreiddiol oedd y byddai Canolfan y Celfyddydau Gweledol yn gartref i arddangosfeydd o'r radd flaenaf gan feistri fel Picasso, Matisse neu Mondrian. Fodd bynnag, artistiaid cyfoes modern, gan mwyaf, a gynhwyswyd yn y rhaglen derfynol.²¹ Pan holwyd a oedd hyn yn adlewyrchu newid ymwybodol mewn polisi neu gamddealltwriaeth o'r term celfyddydau gweledol cyfoes, yr oedd y dystiolaeth yn anghyson. Dywedodd Mr Jenkins wrthym nad oedd unrhyw newid yn y rhaglennu ond fe fyddai wedi bod angen dwy neu dair blynedd ar Ganolfan y Celfyddydau Gweledol i baratoi ar gyfer arddangos gweithiau'r artistiaid byd-enwog y cyfeirir atynt yn yr astudiaeth ddichonoldeb.²² Fodd bynnag, er mwyn denu cymaint o ymwelwyr â'r disgwyl, ymddengys yn glir i ni y byddai angen i Ganolfan y Celfyddydau Gweledol fod wedi arddangos y math o arddangosfeydd ysgubol a danlinellwyd yn yr astudiaeth ddichonoldeb o'r cychwyn cyntaf. Ac fel y nododd y Swyddog Cyfrifo presennol, roedd Cyfarwyddwr Canolfan y Celfyddydau Gweledol wedi bod yn ei swydd am bedair blynedd cyn agor y Ganolfan, a dylai hynny fod wedi bod yn ddigon o amser i sicrhau agoriad ysgubol

¹⁸ Adroddiad ACC, paragraffau 2.20 - 2.24

¹⁹ Adroddiad ACC, paragraffau 2.21, 2.23 a 2.24; Cwestiynau 56, 60, 61 a 98

²⁰ C241

²¹ Adroddiad ACC, paragraff 2.22

²² Cwestiynau 247 a 248

i'r Ganolfan.²³ Os nad oedd rheolwyr cynharach Cyngor Celfyddydau Cymru yn credu bod hyn yn bosibiliad rhesymol, rydym yn synnu na chwestiynodd y Cyngor yr ymgeisydd ynghylch effaith bosibl arddangos gwaith artistiaid llai adnabyddus ar nifer tebygol yr ymwelwyr. **Rydym yn argymhell bod Cyngor Celfyddydau Cymru, yn y dyfodol, yn monitro'n fwy gofalus unrhyw newidiadau i natur yr atyniadau sydd i'w cynnig gan brosiectau y mae'n rhoi arian loteri ar eu cyfer, er mwyn sicrhau bod canlyniadau refeniw posibl newidiadau a gyflwynir ar ôl i grantiau loteri gael eu cymeradwyo yn cael eu harchwilio'n briodol.**

Pryderon ynghylch lefel yr arbenigedd yn y Ganolfan a diffyg nawdd preifat

19. Tynnwyd sylw at rai gwendidau yn y prosiect gan yr aseswr allanol a gyflogwyd gan Gyngor Celfyddydau Cymru i asesu'r ceisiadau am arian loteri ar gyfer Canolfan y Celfyddydau Gweledol. Cyfeiriodd at y diffyg o ran arbenigedd marchnata ac argymhellodd bod angen i'r ymgeisydd, Ymddiriedolaeth Hen Lyfrgell Caerdydd, benodi rhywun â mwy o brofiad o reoli atyniadau i ymwelwyr.²⁴ Tynnodd sylw Cyngor Celfyddydau Cymru at y pryderon ynghylch lefel yr arbenigedd yn y Ganolfan o ran denu nawdd preifat. Cyngor yr aseswr annibynnol oedd y byddai'r prosiect yn llai dibynnol ar niferoedd uchel o ymwelwyr pe bai modd perswadio cwmnïau i noddi arddangosfeydd unigol. Ei gyngor i'r Ymddiriedolaeth oedd y dylai benodi rheolwr datblygu i ddenu mwy o nawdd preifat.²⁵ Tynnodd Mr Jenkins a Ms Weston sylw at y ffaith bod Cyngor y Celfyddydau wedi anfon adroddiad yr aseswr at yr ymgeisydd fel ei fod yn gallu gweithredu ar yr argymhellion hyn.²⁶ Fodd bynnag, ni roddodd Cyngor y Celfyddydau bwysau ar yr ymgeisydd i fynd i'r afael â'r gwendidau hyn. Roedd yr adolygiadau annibynnol a gynhaliwyd wedyn yn dal i fynegi pryder ynghylch marchnata'r Ganolfan a diffyg nawdd preifat.²⁷ **Rydym yn argymhell bod Cyngor Celfyddydau Cymru nid yn unig yn tynnu sylw'r ymgeisydd at y gwendidau a nodir gan ei aseswr annibynnol ond ei fod, fel rhan o'i waith yn monitro'r prosiect, yn cymryd camau cadarnhaol a chynnar i sicrhau bod yr ymgeisydd wedi mynd i'r afael â'r pryderon hyn.**

Amcangyfrifon o gostau adeiladu

²³ Cyflwyniad ysgrifenedig Peter Tyndall i'r Pwyllgor Archwilio [cyf. 248] (Atodiad E)

²⁴ Adroddiad ACC, paragraffau 2.25 a 2.27

²⁵ Adroddiad ACC, paragraff 2.29

²⁶ Cwestiynau 229 a 234

²⁷ Cyflwyniad ysgrifenedig Peter Tyndall i'r Pwyllgor Archwilio [cyf. 229] (Atodiad E); a llythyr gan ACC, paragraffau 18 – 20 (Atodiad G)

20. Roedd y grant loteri cyntaf, sef £2 miliwn, a roddwyd gan Gyngor Celfyddydau Cymru ar gyfer Canolfan y Celfyddydau Gweledol, yn seiliedig ar gynlluniau a chostiadau annigonol. Cymeradwyodd y Cyngor y cais hwn am arian loteri ar sail darluniau cynnar pensaer, neu gam B Sefydliad Brenhinol Penseiri Prydain (RIBA). O ganlyniad, dim ond amcangyfrifon bras o'r costau adeiladu oedd ar gael. Am fod y cynlluniau gwreiddiol a'r amcangyfrifon o'r costau adeiladu ar gyfer Canolfan y Celfyddydau Gweledol yn annigonol, roedd yn rhaid newid y cynlluniau sawl gwaith rhwng 1995 a 1997, gan olygu cynnydd o fwy na £1.8 miliwn yng nghost yr adeilad. Ymhlith y newidiadau hyn yr oedd uwchraddio gosodiadau, drysau mewnol, cyntedd gwydr, ac eitemau ychwanegol megis TG nad oeddent wedi'u cynnwys yn y cynlluniau gwreiddiol. O ganlyniad, gwnaeth yr ymgeisydd gais am fwy o arian loteri a chafodd £723,000 yn rhagor o arian grant gan Gyngor Celfyddydau Cymru. Unwaith y darparwyd yr amcangyfrifon mwy trylwyr hyn, llwyddwyd i gwblhau'r gwaith adeiladu o fewn y gyllideb, gan mwyaf.

28

21. Rydym yn nodi bod Cyngor Celfyddydau Cymru bellach wedi cydnabod nad yw'n ddoeth rhoi arian grant ar sail darluniau cynnar. Dywedodd y Swyddog Cyfrifo presennol a Ms Weston wrthym fod y Cyngor wedi cryfhau ei weithdrefnau yn sylfaenol er mwyn sicrhau na fyddai hyn yn digwydd eto. Mae ceisiadau am fwy na £100,000 a dderbynnir gan Gyngor Celfyddydau Cymru bellach yn destun proses archwilio tri cham, lle mae'r cais yn cyrraedd cam D RIBA, sy'n golygu darluniau llawn gan bensaer ac sy'n rhoi syniad llawer mwy cywir o gostau.²⁹ Mae'n anffodus nad oedd y broses hon yn ofynnol adeg y cais cyntaf ac mae'n hanfodol ei bod yn cael ei defnyddio'n llawn gyda phob cais yn y dyfodol. Rydym yn croesawu'r ffaith bod y gweithdrefnau wedi'u cryfhau **ac yn argymhell bod Cyngor Celfyddydau Cymru yn adolygu ei drefniadau archwilio er mwyn sicrhau bod yr angen am eitemau fel offer TG yn cael ei gydnabod yn llawn a'i gostio'n iawn pan fo cais yn cael ei gyflwyno am arian loteri.**

Y ffordd yr aeth Cyngor Celfyddydau Cymru ati i fonitro'r gwaith o ddatblygu, rhedeg a chau Canolfan y Celfyddydau Gweledol

22. Unwaith yr oedd Cyngor Celfyddydau Cymru wedi penderfynu rhoi'r swm cyntaf roedd yn ddyletswydd arno i fonitro'r buddsoddiad hwnnw er mwyn sicrhau bod yr arian loteri yn cael ei ddiogelu. Fel rhan o hyn, dylai fod wedi sicrhau bod yr arian yn cael ei ddefnyddio i'r dibenion y'i

²⁸ Adroddiad ACC, paragraffau 2.31 a 2.32 a Ffigur 10

²⁹ Cwestiynau 70 a 288

bwriadwyd, asesu a monitro'r risgiau a oedd ynghlwm wrth y prosiect a sicrhau bod y prosiect yn llwyddo fel y gobeithiwyd.³⁰

Asesu risg prosiect Canolfan y Celfyddydau Gweledol

23. Rydym yn cydnabod y pwynt a wnaed gan yr Archwilydd Cyffredinol nad oes unrhyw brosiect a ariennir gan arian loteri yn ddi-risg ac yn cydnabod mai'r hyn sy'n allweddol yw bod Cyngor Celfyddydau Cymru yn rheoli'r risgiau hyn yn briodol i ddiogelu arian loteri. Fodd bynnag, nid asesodd y Cyngor y risgiau allweddol i'r prosiect ac ni ddatblygwyd cynllun wrth gefn y gellid ei weithredu pe bai'r risgiau hyn yn dod yn realiti. Roedd y risg o lai o ymwelwyr na'r disgwyl yn llawer rhy real ond tan fod y prosiect yn methu nid oedd neb wedi ystyried beth ddylid ei wneud pe bai hynny'n digwydd.³¹ Fel y nododd y Swyddog Cyfrifo presennol, roedd y dadansoddiad sensitifrwydd a gynhaliwyd ar arian amcanol Canolfan y Celfyddydau Gweledol yn gyfyngedig i amrywiad o ddeg y cant, dadansoddiad bras iawn. Rydym yn cytuno â Mr Tyndall y dylid bod wedi gofyn yn gyson i Ganolfan y Celfyddydau Gweledol ddangos y gallai ddenu incwm o ffynhonnell arall neu leihau ei wariant pe bai unrhyw risg i hyfywedd ariannol y prosiect.³² Dywedodd Ms Weston wrthym nad oedd asesiad llawn o'r risg a oedd ynghlwm wrth brosiectau loteri yn orfodol bryd hynny, ond bod Cyngor Celfyddydau Cymru wedi dysgu o'r camgymeriad hwn ac y byddai wedi bod yn fwy defnyddiol cael asesiad llawn o risg.³³
24. Mae pawb a oedd yn rhan o'r prosiect wedi dweud wrthym fod y ffaith na wnaed asesiad manwl o risg yn ffactor a arweiniodd at fethiant Cyngor Celfyddydau Cymru i ddiogelu ei fuddsoddiad yng Nghanolfan y Celfyddydau Gweledol. Pe bai asesiad o'r fath wedi'i wneud, byddai'r Cyngor wedi bod yn fwy ymwybodol o'r risgiau a ddaeth yn realiti maes o law a gellid bod wedi paratoi cynlluniau wrth gefn i reoli'r risgiau hyn. **Rydym yn argymhell y dylai cynllun busnes unrhyw brosiect o'r maint hwn gynnwys proses asesu risg lawn ynghyd â chynlluniau wrth gefn realistig sydd wedi'u datblygu'n llawn.**

Y ffordd yr aeth Cyngor Celfyddydau Cymru ati i fonitro prosiect Canolfan y Celfyddydau Gweledol

³⁰ Adroddiad ACC, paragraff 3.5

³¹ Adroddiad ACC, paragraffau 3.5 a 3.7

³² Cwestiynau 8 ac 89

25. Mae'r gwaith monitro y mae Cyngor Celfyddydau Cymru yn ei wneud mewn perthynas â phrosiect loteri yn allweddol yn yr ystyr ei fod yn ffordd o sylwi ar broblemau posibl fel bod modd eu hosgoi neu eu datrys yn gyflym. Mae'r Cyngor yn gofyn i ymgeiswyr llwyddiannus am arian loteri ddarparu adroddiadau rheolaidd ar hynt y prosiect. Penododd y Cyngor berson annibynnol hefyd i fonitro ac adrodd yn ystod cyfnod adeiladu prosiect Canolfan y Celfyddydau Gweledol.³⁴
26. Cafodd Cyngor Celfyddydau Cymru drafferth wrth geisio cael gwybodaeth gyfoes gan yr ymgeisydd am brosiect Canolfan y Celfyddydau Gweledol drwy gydol y cyfnod adeiladu a hefyd unwaith yr oedd yn agored i'r cyhoedd. Effeithiodd hyn ar allu'r Cyngor i fonitro'r prosiect yn effeithiol.³⁵ Rydym yn cytuno â Mr. Tyndall y dylid cael cytundeb cyfreithiol, sy'n ei gwneud yn ofynnol i'r sawl sy'n derbyn arian loteri i ddarparu'r wybodaeth y mae ar Gyngor Celfyddydau Cymru ei hangen i fonitro prosiectau'n iawn a sicrhau bod yr arian cyhoeddus sydd wedi'i fuddsoddi ynddynt yn ddiogel.³⁶
27. Rydym hefyd wedi clywed tystiolaeth anghyson ar y gwaith monitro a wnaed gan Gyngor Celfyddydau Cymru ar y prosiect arbennig hwn. Mae'n glir mai prin iawn yw'r cofnod ysgrifenedig ffurfiol o waith monitro. Nid oedd y Swyddog Cyfrifo presennol yn gallu dod o hyd i unrhyw dystiolaeth bod unrhyw gamau wedi'u cymryd yn dilyn adroddiadau'r aseswr annibynnol ac nid oedd yn credu bod y trefniadau monitro yn ddigon trylwyr.³⁷ Mae'r dystiolaeth yr ydym wedi'i gweld yn dangos bod y gwaith monitro wedi bod yn dameidiog dros gyfnod hir y prosiect, gan arwain yn y pen draw at anawsterau yn ystod camau olaf y prosiect.
28. Un enghraifft o'r problemau a all godi pan nad oes digon o fonitro'n cael ei wneud yw'r ddarpariaeth o le storio. Nid oedd Cyngor Celfyddydau Cymru yn ymwybodol o newid yn nyluniad Adeilad yr Hen Lyfrgell. Nid oedd yn yr adeilad ddigon o le storio diogel, a oedd wedi'i gynnwys yn y cynlluniau cam D a gyflwynwyd i'r Cyngor gyda'r ail gais am arian loteri ym 1997. Roedd y lle hwn yn hanfodol os oedd yr oriel yn mynd i allu trefnu arddangosfeydd o statws cenedlaethol a rhyngwladol.³⁸ Ceisiodd Ms Weston esbonio nad oedd colli'r lle storio diogel hwn yn broblem anorchfygol ar gyfer yr arddangosfeydd celf a gynhaliwyd yn y Ganolfan.³⁹ Gallai, fodd bynnag, fod wedi effeithio ar y

³³ C310

³⁴ Adroddiad ACC, paragraffau 3.3 a 3.4

³⁵ Adroddiad ACC, paragraff 3.11

³⁶ C100

³⁷ Llythyr gan ACC, paragraffau 24 a 25 (Atodiad G); Cwestiynau 97 i 99

³⁸ Adroddiad ACC, paragraff 3.12

³⁹ Llythyr gan Joanna Weston (Atodiad D)

defnydd a gâi ei wneud o'r adeilad yn y dyfodol. **Rydym yn argymhell bod Cyngor y Celfyddydau yn rhoi ar ddeall i ymgeiswyr sy'n llwyddo i gael arian loteri, ar ddechrau pob prosiect, na ddylent newid y cynlluniau gwreiddiol heb hysbysu'r Cyngor yn llawn ymlaen llaw.**

29. Mae adroddiad yr Archwilydd Cyffredinol hefyd yn tanlinellu nifer o achosion lle methodd Cyngor Celfyddydau Cymru â chymryd camau yn sgil y pryderon a leisiwyd gan y rhai a oedd yn monitro prosiect Canolfan y Celfyddydau Gweledol ynghylch hyfywedd ariannol y prosiect, er i un o'r rhybuddion hyn gael eu rhoi tua'r adeg yr oedd y Cyngor yn ystyried rhoi arian loteri am y trydydd tro (a gymeradwywyd yn ddiweddarach) i'r Ganolfan.⁴⁰ Mae dau bryder mawr yn deillio o hyn: yn gyntaf, os nad yw'r Cyngor yn gweithredu yn sgil pryderon ynghylch prosiect, yna mae'r prosiect hwnnw'n debygol o wynebu anawsterau; ac yn ail, mae'r Cyngor yn methu â sicrhau gwerth am yr arian y mae wedi'i dalu am gyngor proffesiynol annibynnol.
30. Yr ydym o'r farn mai un o'r prif broblemau gyda phrosiect Canolfan y Celfyddydau Gweledol oedd y ffaith nad oedd gan Gyngor Celfyddydau Cymru systemau monitro ac adrodd ffurfiol digonol. Nid yw'n ddigon rheoli prosiectau o gof a phrin iawn oedd y dystiolaeth ddogfennol o unrhyw waith rheoli prosiect trylwyr. Tynnwyd sylw at y diffyg rheoli a monitro hwn gan Ymddiriedolaeth Hen Lyfrgell Caerdydd a ysgrifennodd at Gyngor Celfyddydau Cymru i'w atgoffa nad oedd yr amserlenni monitro byth wedi'u darparu gan gydnabod nad oedd hyn yn helpu.⁴¹ Mae hyn yn hollol annerbyniol ac **rydym yn argymhell bod Cyngor Celfyddydau Cymru yn datgan yn glir, ar ddechrau pob prosiect, pa wybodaeth ddylai'r ymgeisydd am arian loteri ei darparu a pha mor aml y dylid darparu'r wybodaeth honno. Dylai'r gofynion hyn gael eu nodi mewn cytundeb cyfreithiol rwymol rhwng Cyngor Celfyddydau Cymru a'r ymgeisydd. Os nad yw ymgeisydd yn glynu wrth y gofyniad hwn, yna dylid dal yr arian yn ôl.**

Cau Canolfan y Celfyddydau Gweledol

31. Erbyn i Ganolfan y Celfyddydau Gweledol agor ym mis Medi 1999, roedd ganddo ddiffyg ariannol o £360,000 cyn i ymwelydd groesi'r trothwy. Pan nad oedd niferoedd yr ymwelwyr ar gyfer y flwyddyn gyntaf ond yn 47,000, o'i gymharu â'r 250,000 amcangyfrifedig, roedd y Ganolfan yn wynebu methdaliad. Pan redodd Canolfan y Celfyddydau Gweledol i anawsterau ariannol, nid oedd gan

⁴⁰ Adroddiad ACC, paragraffau 3.13 a 3.14

⁴¹ Llythyr gan ACC, paragraff 24 (Atodiad G)

Gyngor Celfyddydau Cymru y ffeithiau i gyd, roedd yn cael anhawster cael y ffeithiau i gyd wrth yr ymgeisydd ac nid oedd ganddo gynllun gweithredu i oresgyn y problemau ariannol.⁴²

32. Ym Mawrth 2000, cymerwyd nifer o gamau gan Gyngor Celfyddydau Cymru i geisio goresgyn problemau'r Ganolfan: trwy ddarparu grant refeniw atodol o fwy na £50,000; gorfodi nifer o amodau grant refeniw llym ar y Ganolfan; a chomisiynu adroddiad ar ddyfodol ariannol y Ganolfan. Roedd yr adroddiad hwn yn pwysleisio bod angen £350,000 yn fwy o gymorth ariannol bobl blwyddyn os oedd y Ganolfan yn mynd i barhau i weithio fel yr oedd wedi bod yn ei wneud. Er gwaethaf yr hwb ariannol gan ei brif noddwyr, nid oedd y Ganolfan yn gallu codi digon o incwm i dalu'i gostau rhedeg a chaeodd ym mis Tachwedd 2000.⁴³
33. Dan yr amodau safonol sydd ynghlwm wrth bob rhodd loteri, gall Cyngor Celfyddydau Cymru fynnu bod arian loteri yn cael ei ad-dalu os yw'r sawl sy'n derbyn yr arian hwn yn gorffen gweithredu, yn cael ei ddyfarnu'n fethdalwr, yn mynd i law'r derbynydd neu'n dod i ben. Cytunodd Cyngor y Celfyddydau i beidio â galw'r ddarpariaeth ad-fachu i rym mewn perthynas â'r rhodd loteri, ar yr amod bod asedau a oedd wedi'u noddi gan arian loteri yn cael eu trosglwyddo i fudiadau elusennol trydydd parti.⁴⁴ Pe baent wedi ceisio adfer yr arian, esboniodd Mr Shortridge, byddai'r Ymddiriedolaeth wedi dod i ben a byddid wedi cael arwerthiant o ychydig iawn o asedau yr oedd modd eu gwerthu. Roedd o'r farn y byddai'n well sicrhau bod modd parhau i ddefnyddio'r asedau hyn i'r dibenion y'u cafwyd yn wreiddiol.⁴⁵ Ar ôl cau Canolfan y Celfyddydau Gweledol, aeth Adeilad yr Hen Lyfrgell ar ei newydd wedd yn ôl i Gyngor Sir Caerdydd. Rydym yn nodi bod Cyngor y Celfyddydau, ers hynny, wedi newid ei weithdrefnau, fel ei fod yn awr yn mynd i godi tâl am yr adeilad ar gyfer pob cynllun loteri mawr, a fydd yn ei alluogi i adennill ei asedau.⁴⁶
34. Pan dderbyniodd Cyngor Celfyddydau Cymru restr lawn o asedau a oedd wedi'u noddi gan arian loteri, bron i chwe mis ar ôl i'r Ganolfan gau, nid oedd sôn am sawl eitem. Mae asedau gwerth £103,600 bellach wedi'u rhoi i sefydliadau celf eraill yng Nghymru. Fodd bynnag, nid yw bron i £110,000 o eitemau a ariannwyd yn rhannol gan Gyngor y Celfyddydau o restr Canolfan y Celfyddydau Gweledol wedi'u hadennill, yn bennaf am eu bod yn eitemau nad oes modd eu symud yn hawdd o adeilad Hen Lyfrgell Caerdydd. Mae tua £20,000 o asedau, cyfarpar TG ac offer adeiladu, gan mwyaf, wedi mynd

⁴² Adroddiad ACC, paragraffau 3.15 a 3.16

⁴³ Adroddiad ACC, paragraff 3.16

⁴⁴ Adroddiad ACC, paragraff 3.17

⁴⁵ C352

⁴⁶ C152

ar goll neu wedi'u gwerthu i staff.⁴⁷ Dywedodd Cyngor y Celfyddydau wrthym bod yr Ymddiriedolaeth wedi cadarnhau ei bod wedi gwneud pob ymdrech i geisio adennill yr asedau coll hyn.⁴⁸ **Rydym yn argymhell bod Cyngor Celfyddydau Cymru yn adolygu ei weithdrefnau er mwyn sicrhau bod camau prydlon yn cael eu cymryd i ddiogelu unrhyw fuddiant sydd ganddo mewn unrhyw asedau sy'n weddill pan fo prosiect sydd wedi derbyn arian loteri yn methu.**

Argymhellion

35. Yng ngoleuni'r canfyddiadau a'r casgliadau hyn, rydym yn argymhell bod Cyngor Celfyddydau Cymru:

- i) fel rhan o'r adolygiad annibynnol y mae wedi'i gomisiynu ar ei weithdrefnau, yn ystyried pa mor ddigonol yw ei asesiad o risg mewn perthynas â phrosiectau loteri. Yn arbennig, dylai archwiliad trylwyr o'r prif risgiau sy'n allweddol i hyfywedd ariannol prosiectau, gan gynnwys nifer y bobl sy'n debygol o ymweld ag atyniadau celfyddydol newydd, fod yn rhan annatod o'r gwaith o asesu pob cais am arian loteri;
- ii) yn sicrhau bod cynlluniau wrth gefn digonol ar gael rhag ofn y daw'r risgiau i hyfywedd ariannol y prosiect yn realiti;
- iii) yn cadw nodiadau manwl ar ei ystyriaeth o faterion sylfaenol fel y berthynas rhwng tâl mynediad a nifer yr ymwelwyr mewn perthynas â phrosiectau y mae'n bwriadu rhoi arian loteri ar eu cyfer;
- iv) yn asesu ei bolisiâu cadw cofnodion cyffredinol er mwyn sicrhau bod cofnod digonol yn cael ei gadw o benderfyniadau a thrafodaethau allweddol y Cyngor ynghylch prosiectau loteri;
- v) yn monitro'n fwy gofalus unrhyw newidiadau i natur yr atyniadau sydd i'w cynnig gan brosiectau y mae'n rhoi arian loteri ar eu cyfer, er mwyn sicrhau bod canlyniadau refeniw posibl newidiadau a gyflwynir ar ôl i grantiau loteri gael eu cymeradwyo yn cael eu harchwilio'n briodol;
- vi) nid yn unig yn tynnu sylw'r ymgeisydd at y gwendidau a nodir gan ei aseswr annibynnol ond ei fod, fel rhan o'i waith yn monitro'r prosiect, yn cymryd camau cadarnhaol a chynnwys i sicrhau bod yr ymgeisydd wedi mynd i'r afael â'r pryderon hyn;
- vii) yn adolygu ei drefniadau archwilio er mwyn sicrhau bod yr angen am eitemau fel offer TG yn cael ei gydnabod yn llawn a'i gostio'n iawn pa fo cais yn cael ei gyflwyno am arian loteri;

⁴⁷ Adroddiad ACC, paragraffau 3.17 - 3.19, Ffigur 11

⁴⁸ C155

- viii) yn sicrhau, ar gyfer unrhyw brosiect o'r maint hwn, bod y cynllun busnes yn cynnwys proses asesu risg lawn ynghyd â chynlluniau wrth gefn realistig sydd wedi'u datblygu'n llawn;
- ix) yn rhoi ar ddeall i ymgeiswyr sy'n llwyddo i gael arian loteri, ar ddechrau pob prosiect, na ddylent newid y cynlluniau gwreiddiol heb hysbyu'r Cyngor yn llawn ymlaen llaw;
- x) yn datgan yn glir, ar ddechrau pob prosiect, pa wybodaeth ddylai'r ymgeisydd am arian loteri ei darparu a pha mor aml y dylid darparu'r wybodaeth honno. Dylai'r gofynion hyn gael eu nodi mewn cytundeb cyfreithiol rwymol rhwng Cyngor Celfyddydau Cymru a'r ymgeisydd. Os nad yw ymgeisydd yn glynu wrth y gofyniad hwn, yna dylid dal yr arian yn ôl;
- xi) yn adolygu ei weithdrefnau er mwyn sicrhau bod camau prydlon yn cael eu cymryd i ddiogelu unrhyw fuddiant sydd ganddo mewn unrhyw asedau sy'n weddill pan fo prosiect sydd wedi derbyn arian loteri yn methu.

Sylwadau clo

1. Roedd cau Canolfan y Celfyddydau Gweledol ar ôl dim ond 14 mis yn golled fawr i Gaerdydd ac i Gymru. Mae'r £3.7 miliwn a fuddsoddwyd gan Gyngor Celfyddydau Cymru yn y Ganolfan yn arian sydd wedi'i golli i brosiectau celf eraill yng Nghymru. Rydym yn cydnabod bod cyflwyno arian loteri wedi golygu newid mawr yng ngweithgareddau Cyngor Celfyddydau Cymru, gan fwy na dyblu'r arian a ddosberthir i'r celfyddydau yng Nghymru, ac mae'n amlwg nad oedd gan Gyngor y Celfyddydau y profiad i fynd i'r afael â phrosiectau cyfalaf o'r maint hwn. Mae wedi dysgu llawer o wersi dros y degawd diwethaf o ganlyniad i'r camgymeriadau a wnaed mewn perthynas â'r arian loteri hwn a roddwyd yn gynnar.
2. Ni ddilynodd Cyngor Celfyddydau Cymru arferion gorau drwy asesu'r ceisiadau'n drylwyr a monitro'r prosiect drwy'r cyfnod datblygu ac ar ôl iddo agor. Ni wnaeth yn siwr bod y prosiect yn seiliedig ar achos busnes cadarn, realistig a chall, ond derbyniodd yn hytrach ffigurau'n seiliedig ar ymchwil yr ymgwymerwyd ag ef ryw dair blynedd yn ôl cyn cyflwyno'r cais cyntaf am arian loteri. Nid aeth Cyngor y Celfyddydau ati i herio dibynadwyedd y ffigurau o ran nifer amcangyfrifedig yr ymwelwyr, nac i ystyried hyfywedd ariannol y prosiect pe na bai'n cyrraedd y targedau hyn. Yn ogystal, roedd y cynlluniau a'r amcangyfrifon o ran adeiladu yn annigonol, cymaint felly fel bod cynnydd o £1.8 miliwn yng nghost yr adeilad.
3. Rydym yn cytuno ag Archwilydd Cyffredinol Cymru, sef bod elfen o risg ym mhob prosiect. Nid dweud yr ydym y dylai Cyngor Celfyddydau Cymru ac eraill sy'n dosbarthu arian loteri osgoi cefnogi prosiectau sydd â risg ynghlwm wrthynt. Fodd bynnag, nid oedd Cyngor y Celfyddydau yn effro i'r risgiau i hyfywedd ariannol prosiect Canolfan y Celfyddydau Gweledol, ac roedd ei ddull o fonitro'r

prosiect, drwy'r cyfnod datblygu ac ar ôl iddo agor, yn wan am nad oedd wedi'i gynllunio i fynd i'r afael â'r risgiau hyn. Tynnwyd sylw Cyngor y Celfyddydau at bryderon a oedd yn effeithio ar hyfywedd ariannol y prosiect, ond methodd â sicrhau bod yr ymgeisydd yn cymryd camau cyflym ac effeithiol i ddelio â'r pryderon hyn. Pan gaeodd Canolfan y Celfyddydau Gweledol, ar ôl dim ond pedwar mis ar ddeg, dim ond £100,000 o asedau'r Ganolfan a oedd wedi'u hadennill er mwyn eu rhoi i sefydliadau celf eraill yng Nghymru.

4. Dywedodd llawer o'r tystion fod gweithdrefnau Cyngor Celfyddydau Cymru bellach wedi cael eu cryfhau er mwyn osgoi problemau o'r fath yn y dyfodol. Rydym yn falch o glywed bod gwersi wedi'u dysgu ond bydd angen inni fod yn fodlon bod y gweithdrefnau hyn yn cael eu harfer bob amser ac yn y ffordd fwyaf effeithiol. Byddwn yn disgwyl i Archwilydd Cyffredinol Cymru brofi pa mor ddigonol yw'r gweithdrefnau diwygiedig y mae Cyngor Celfyddydau Cymru yn awr wedi'u cyflwyno.



Cynulliad Cenedlaethol Cymru

Pwyllgor Archwilio

The National Assembly for Wales

Audit Committee

Canolfan y Celfyddydau Gweledol

The Centre for Visual Arts

Cwestiynau (1-183)

Questions (1-183)

Dydd Iau 22 Tachwedd 2001

Thursday 22 November 2001

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Eleanor Burnham, Alun Cairns, Jocelyn Davies, Alison Halford, David Lloyd, Val Lloyd, Lynne Neagle.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Gillian Body, Swyddfa Archwilio Genedlaethol Cymru; David Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru.

Tystion: Peter Tyndall, Prif Weithredwr a Swyddog Cyfrifo, Cyngor Celfyddydau Cymru; Frances Medley, Dirprwy Brif Weithredwr, Cyngor Celfyddydau Cymru; Rhys Parry, Cyfarwyddwr Cyllid ac Adnoddau, Cyngor Celfyddydau Cymru.

Assembly Members present: Janet Davies (Chair), Eleanor Burnham, Alun Cairns, Jocelyn Davies, Alison Halford, David Lloyd, Val Lloyd, Lynne Neagle.

Officials present: Sir John Bourn, Auditor General for Wales; Gillian Body, National Audit Office Wales; David Powell, Compliance Officer, National Assembly for Wales.

Witnesses: Peter Tyndall, Chief Executive and Accounting Officer, Arts Council of Wales; Frances Medley, Deputy Chief Executive, Arts Council of Wales; Rhys Parry, Director of Finance and Resources, Arts Council of Wales.

Dechreuodd y sesiwn cymryd tystiolaeth am 2.08 p.m.

The evidence-taking session began at 2.08 p.m.

[1] **Janet Davies:** Good afternoon. I welcome the witnesses to this evidence session on the Centre for Visual Arts. Evidence can be taken in Welsh or English. Translation is available through the headphones. I apologise that my voice is in the process of giving up this afternoon. I hope that I manage to keep going. I would like to get into the evidence-taking session straight away, because we are always fairly short of time on these things.

[1] **Janet Davies:** Prynhawn da. Croesawaf y tystion i'r sesiwn tystiolaeth hwn ynghylch Canolfan y Celfyddydau Gweledol. Gellir cymryd tystiolaeth yn Gymraeg neu Saesneg. Mae cyfieithiad ar gael drwy'r clustffonau. Ymddiheuraf fy mod yn colli fy llais y prynhawn yma. Gobeithiaf y llwyddaf i ddal ati. Hoffwn ddechrau'r sesiwn cymryd tystiolaeth yn ddiymdroi, oherwydd yr ydym bob amser yn eithaf prin o amser yn y pethau hyn.

0 I will ask the first question. I shall ask all these questions to you, Mr Tyndall. If you need advice from your

Gofynnaf fi'r cwestiwn cyntaf. Gofynnaf y cwestiynau hyn i gyd i chi, Mr Tyndall. Os bydd arnoch angen cyngor gan eich

colleagues, you are welcome to take it. Before considering the detailed aspects of this lottery award, I would like to ask you this: having recently taken up your post as accounting officer, why do you think the council came to contribute £3.2 million to a project that was closed after only 14 months?

Mr Tyndall: Thank you, Chair. Clearly, I have had an opportunity to scrutinise the records in some detail since taking up the post. I am conscious of the great public interest in the Centre for Visual Arts. There are elements upon which I can comment on the basis of the facts, others upon which I would be speculating, so I will confine myself in answering your question to what I can relate to facts.

It seems to me that, at the time that the project was first considered by the Arts Council of Wales, the report that it received was positive. The project went to the council highly recommended. That was on the basis of an independent assessor's report. Looking at the process that was used to produce that report, it is my judgment that that process does not comply with what we would regard as satisfactory scrutiny under the current arrangements. In essence, the council, following an assessor's report, a project officer's report based on that, and the scrutiny of the application by the capital committee, that is, on the basis of the evidence before it, made a decision to proceed with funding this scheme. It did that for a variety of reasons, which are well laid out in the reports that it received. The view was taken that Wales was deficient in gallery space on a large scale for the display of contemporary art and that the centre would contribute to the development of the city of Cardiff and the opportunities available there for cultural issues. There was even at that stage a reference to Culture Capital of Europe status.

cydweithwyr, mae croeso ichi ei gymryd. Cyn ystyried manylion y dyfarniad loteri hwn, hoffwn ofyn hyn ichi: a chithau wedi dod i'ch swydd yn ddiweddar fel swyddog cyfrifo, pam yn eich tyb chi y bu i'r cyngor gyfrannu £3.2 miliwn at brosiect a gaewyd wedi dim ond 14 mis?

Mr Tyndall: Diolch, Gadeirydd. Yn amlwg, yr wyf wedi cael cyfle i archwilio'r cofnodion mewn cryn fanylder ers ymgymryd â'r swydd. Yr wyf yn ymwybodol o'r diddordeb cyhoeddus mawr yng Nghanolfan y Celfyddydau Gweledol. Y mae elfennau y gallaf roi sylwadau arnynt ar sail y ffeithiau, ac eraill lle byddwn yn damcaniaethu, felly cyfyngaf fy hun wrth ateb eich cwestiwn i'r hyn y gallaf ei gysylltu â ffeithiau.

Mae'n ymddangos imi, ar yr adeg yr ystyriwyd y prosiect gyntaf gan Gyngor Celfyddydau Cymru, y cafodd adroddiad cadarnhaol. Aeth y prosiect at y cyngor wedi'i argymhell yn gryf, a hynny ar sail adroddiad asesydd annibynnol. O edrych ar y broses a ddefnyddiwyd i lunio'r adroddiad hwnnw, fy marn i yw nad yw'r broses honno'n cydymffurfio â'r hyn a ystyriem yn archwiliad boddhaol dan y trefniadau cyfredol. Yn y bôn, gwnaeth y cyngor, yn dilyn adroddiad asesydd, adroddiad swyddog prosiect yn seiliedig ar hwnnw, ac archwiliad o'r cais gan y pwyllgor cyfalaf, hynny yw, ar sail y dystiolaeth ger ei fron, benderfyniad i fwrw ymlaen i ariannu'r cynllun hwn. Gwnaeth hynny am amryfal resymau, a amlinellir yn glir yn yr adroddiadau a dderbyniodd. Cymerwyd y farn fod Cymru'n ddiffygiol o ran lle mewn orielau ar raddfa fawr i arddangos celf gyfoes ac y byddai'r ganolfan yn cyfrannu at ddatblygiad dinas Caerdydd a'r cyfleon a fyddai ar gael yno ar gyfer materion diwylliannol. Yr oedd hyd yn oed bryd hynny gyfeiriad at statws Prifddinas Diwylliant Ewrop.

So there was clearly enormous enthusiasm for the project, but the degree of scrutiny that was applied was not sufficient to ensure that the project, once delivered, could be sustainable and, ultimately, it proved not to be so. I think that, when we get to detailed questions, Chair, it will be evident that scrutiny was deficient in two principal elements. The first relates to the degree of detail and the degree of scrutiny of the capital elements of the scheme, where the application was funded on the basis of figures that would not be acceptable under current arrangements, because insufficient detail was attached to them. Insufficient work had been done in preparing them and, ultimately, the design of the scheme proved to be so deficient that the trust running it changed consultants, which led to an additional cost.

The second element that proved to be deficient was the business plan analysis of visitor figures, which, clearly, in the event, turned out to be optimistic, although, in making the decision at the time, the council had advice that suggested that the business plan figures for attendance might be pessimistic. In the context of the advice available to it, it seems to me that it took the decision on the basis of the advice it received, which was deficient.

[2] **Janet Davies:** There is a certain amount of suggestion that perhaps there had not been anything like this previously, on which to base a forecast. I want to raise a point—you may not be able to answer this, Mr Tyndall; and if you cannot, that is fine—about a previous project of which I am aware, namely the Rhondda Heritage Park. In the early 1980s it forecast 400,000 visitors, but in its first year it only managed to attract 38,000, which later rose to 60,000. So there was a lack of adequate forecasting there. In reading this report, I wondered why did the arts council not take a look at that project and a situation where lack of detail and care with the forecasting also proved to be a major problem.

Felly yn amlwg yr oedd brwdfrydedd enfawr tuag at y prosiect, ond nid oedd y radd o archwilio a wnaed yn ddigonol i sicrhau y gallai'r prosiect, unwaith y byddai wedi'i sefydlu, fod yn gynaliadwy, ac, ar ddiwedd y dydd, profodd nad ydoedd. Credaf, pan gyrhaeddwn y cwestiynau manwl, Gadeirydd, y bydd yn amlwg fod yr archwiliad yn ddiffygiol o ran dwy brif elfen. Mae a wnelo'r gyntaf â'r radd o fanylder a'r radd o archwilio ar elfennau cyfalaf y cynllun, lle'r oedd y cais wedi'i ariannu ar sail ffigurau na fyddai'n dderbyniol dan drefniadau cyfredol, oherwydd nad oedd digon o fanylder ynghlwm wrthynt. Nid oedd digon o waith wedi'i wneud wrth eu paratoi ac, yn y pen draw, profodd dyluniad y cynllun mor ddiffygiol nes i'r ymddiriedolaeth a'i rhedai newid ymgynghorwyr, a arweiniodd at gost ychwanegol.

Yr ail elfen a brofodd yn ddiffygiol oedd dadansoddiad y cynllun busnes o niferoedd ymwelwyr, a oedd yn amlwg, fel y digwyddodd pethau, yn optimistaidd, er, wrth wneud y penderfyniad ar y pryd, fe gynghorwyd y cyngor y gallai ffigurau'r cynllun busnes ar gyfer niferoedd ymwelwyr fod yn besimistaidd. Yng nghyd-destun y cyngor a oedd ar gael iddo, mae'n ymddangos i mi iddo wneud y penderfyniad ar sail y cyngor a gafodd, a oedd yn ddiffygiol.

[2] **Janet Davies:** Y mae rhywfaint o awgrym efallai nad oedd dim byd fel hyn wedi bod o'r blaen, er mwyn seilio rhagolwg arno. Hoffwn godi pwynt—efallai na fyddwch yn gallu ateb hyn, Mr Tyndall; ac os na allwch, popeth yn iawn—ynghylch prosiect blaenorol y gwn i amdano, sef Parc Treftadaeth y Rhondda. Yn yr 1980au cynnar rhagwelwyd 400,000 o ymwelwyr, ond yn ei flwyddyn gyntaf dim ond 38,000 y llwyddodd i'w denu, a gododd yn ddiweddarach i 60,000. Felly yr oedd diffyg rhagolygon cywir yn y fan honno. Wrth ddarllen yr adroddiad hwn, meddyliais tybed pam nad edrychodd cyngor y celfyddydau ar y prosiect hwnnw a sefyllfa lle'r oedd diffyg manylder a gofal gyda'r rhagolwg wedi profi'n broblem fawr hefyd.

Mr Tyndall: I would have some difficulty speculating as to why some projects were taken into account and not others. I think that the Auditor General's report sets out the comparators which were used. I think that the comparators were broadly intended to be within the cultural field, although one of the findings that the Auditor General has made is that, in fact, some were museums and not galleries, which probably made them unreliable comparators. However, I suppose that it may have been that the comparators that it chose to use were the ones that most resembled the activity that it was intending to support.

[3] **Janet Davies:** At the end of this session, I will return to the question of what lessons the arts council has learned from this project and what changes have been made to its procedures. However, if there was one overriding lesson to come out of the project, what do you think it is?

Mr Tyndall: If there is one overriding lesson, it is that you must undertake the assessment to a sufficient standard in order to advise the council in the first instance in a way that enables it to make properly robust and sustainable decisions.

[4] **Lynne Neagle:** My questions relate to the forecast visitor numbers. Paragraphs 2.6 to 2.9 of the report deal with forecast visitor numbers. Leaving aside, for the moment, questions about the nature of the attraction and the charging policy, why were the forecasts for visitor numbers so inaccurate?

Mr Tyndall: I think that the Auditor General has set out some fairly accurate reasons for that. There are a number of reasons that need to be taken into account. There was a degree of optimism as to the likely attractiveness of the scheme that was not borne out in

Mr Tyndall: Byddai braidd yn anodd i mi ddamcaniaethu ynghylch pam y cymerwyd rhai prosiectau i ystyriaeth ac nid eraill. Credaf fod adroddiad yr Archwilydd Cyffredinol yn amlinellu'r cymaryddion a ddefnyddiwyd. Yr wyf yn meddwl fod bwriad cyffredinol i'r cymaryddion fod o fewn y maes diwylliannol, er mai un o ganfyddiadau'r Archwilydd Cyffredinol yw mai amgueddfeydd, ac nid orielau, oedd rhai mewn gwirionedd, a olygai mae'n debyg na ellid dibynnu arnynt fel cymaryddion. Fodd bynnag, efallai iddo ddewis cymharu â gweithgareddau a oedd yn fwyaf tebyg i'r gweithgaredd y bwriadai ei gefnogi.

[3] **Janet Davies:** Ar ddiwedd y sesiwn hwn, dychwelaf at gwestiwn pa wersi y mae cyngor y celfyddydau wedi'u dysgu oddi wrth y prosiect hwn a pha newidiadau a wnaethpwyd i'w weithdrefnau. Fodd bynnag, os oedd un brif wers a ddaeth allan o'r prosiect, beth oedd hi yn eich barn chi?

Mr Tyndall: Os oes un brif wers, y wers yw fod rhaid ichi wneud yr asesiad i safon ddigonol er mwyn cynghori'r cyngor yn y lle cyntaf mewn ffordd fydd yn ei alluogi i wneud penderfyniadau priodol gadarn a chynaliadwy.

[4] **Lynne Neagle:** Mae a wnelo fy nghwestiynau i â'r rhagolygon niferoedd ymwelwyr. Mae paragraffau 2.6 i 2.9 yn yr adroddiad yn ymdrin â rhagolygon niferoedd ymwelwyr. A gadael o'r neilltu, am y tro, gwestiynau am natur yr atyniad a'r polisi codi tâl, pam yr oedd y rhagolygon ar gyfer niferoedd ymwelwyr mor bell ohoni?

Mr Tyndall: Yr wyf yn meddwl fod yr Archwilydd Cyffredinol wedi amlinellu rhai rhesymau eithaf cywir am hynny. Mae nifer o resymau y mae angen eu hystyried. Yr oedd gradd o optimistaeth ynghylch atyniad tebygol y cynllun nad oedd wedi'i gyfiawnhau yn

practice. There was a change of horses in midstream, if you like, in the sense that the original proposals suggested that there would be touring art shows from artists who had large—if you will excuse the phrase—box office appeal. The likes of Picasso and Matisse were mentioned. Clearly, in the event, the exhibitions that were displayed did not have that kind of attractiveness to a general audience. There are some very detailed reasons why the assumptions were inaccurate, to do with the demography of the catchment area. I think that assumptions were made regarding the likelihood of individuals attending which did not take account of the particular area that was within easy travelling distance of Cardiff and did not take account of deprivation and so on. They were generalised assumptions. So I think that there are a variety of reasons and I tend to agree with the conclusions of the Auditor General in the report, but the reasons I have outlined are probably among the more prominent.

[5] **Lynne Neagle:** Why was so much reliance placed on a feasibility report undertaken in 1992—some three years before the first lottery application and seven years before the centre opened—particularly as there were some fundamental changes to the concept of the project subsequent to this study, which inevitably impacted on visitor numbers?

Mr Tyndall: If I may, in answering the question, talk a little bit about how such a project would be assessed today, I think it would be instructive. First, there would have to have been a separate business case produced. That business case would have been assessed by someone who specialised in the assessment of that business case. In addition, any changes, once grant had been given, would be covered by a legal agreement between the council and the recipient of the grant, which would oblige them to inform the council of any material changes and which would enable the council to withhold grant if changes had been made. None of that framework was in place at that time. I think,

ymarferol. Newidiwyd ceffylau ar hanner ffordd, os mynnwch, yn yr ystyr bod y cynigion gwreiddiol yn awgrymu y ceid sioeau celf teithiol gan arlunwyr a fyddai—os esgusodwch yr ymadrodd—ag apêl eang. Soniwyd am enwau fel Picasso a Matisse. Yn amlwg, fel y digwyddodd pethau, nid oedd gan yr arddangosfeydd a ddangoswyd y math hwnnw o atyniad i gynulleidfa gyffredinol. Mae rhai rhesymau manwl iawn pam y bu'r rhagdybiaethau'n anghywir, y mae a wnelont â demograffeg y dalgylch. Yr wyf yn meddwl y gwnaethpwyd rhagdybiaethau ynghylch y tebygolrwydd y byddai unigolion yn ymweld, heb gymryd i ystyriaeth yr ardal arbennig a oedd o fewn pellter teithio rhwydd i Gaerdydd a heb ystyried amddifadedd ac ati. Rhagdybiaethau wedi'u cyffredinoli oeddent. Felly credaf fod amrywiaeth o resymau a thueddaf i gytuno â chasgliadau'r Archwilydd Cyffredinol yn yr adroddiad, ond mae'r rhesymau a amlinellais ymhlith y rhai mwyaf amlwg, mae'n debyg.

[5] **Lynne Neagle:** Pam y dibynnwyd cymaint ar adroddiad ymarferoldeb a wnaethpwyd yn 1992—rhyw dair blynedd cyn y cais loteri cyntaf a saith mlynedd cyn agor y ganolfan—yn enwedig gan fod rhai newidiadau sylfaenol i gysyniad y prosiect yn dilyn yr astudiaeth hon, a gafodd effaith anochel ar niferoedd ymwelwyr?

Mr Tyndall: Os caf, wrth ateb y cwestiwn, sôn ychydig am y modd yr asesid prosiect o'r fath heddiw, yr wyf yn meddwl y byddai hynny'n ddadlennol. Yn gyntaf, buasai'n rhaid bod wedi cynhyrchu achos busnes ar wahân. Buasai'r achos busnes hwnnw wedi'i asesu gan rywun a arbenigai mewn asesu'r achos busnes hwnnw. At hynny, byddai unrhyw newidiadau, unwaith y byddai grant wedi'i roi, yn destun cytundeb cyfreithiol rhwng y cyngor a derbynwyr y grant, lle byddai'n rhaid iddynt hysbysu'r cyngor am unrhyw newidiadau materol, ac y gallai'r cyngor ddal grant yn ôl pe bai newidiadau wedi'u gwneud. Nid oedd dim o'r fframwaith hwnnw yn ei le ar y pryd. Credaf, i ateb y cwestiwn, mai hwn

to answer the question, this was probably the first lottery grant made in Wales; certainly the first large lottery grant made in Wales. I think that that comes out in the Auditor General's report. If you were to ask why the systems were so deficient, then I think that, in general, it was principally because of two things. One was inexperience—that the arts council had not previously been connected with the awards of grants of this kind. Thus it made mistakes that, in retrospect, it should not have made, but, in the event, there would not have been the experience there to enable it to understand the potential significance of some of what was being done. The second point I want to make is that the council, in dealing with the application at the time, was under a considerable degree of time pressure. It is very clear from the written material that, particularly given the potential loss of the grant from the then Cardiff City Council—ultimately Cardiff City and County Council—of £3 million and the possible loss of the building and elements of doubt about other parts of the funding, people felt that there was an urgency attached to processing the application, which may have led them to be less thorough. That is the best interpretation, supported by the facts from the Auditor General's report.

[6] **Lynne Neagle:** On the issue of comparator museums and galleries, the forecast of 250,000 visitors in year 1 was higher than all but one of the comparators in Wales and above the average for the whole of the UK. Do you think that this was a sensible assumption in view of the fact that the actual number of visitors in the first year was just 47,000?

Mr Tyndall: Clearly, with the benefit of hindsight it is easy to see that it was not a sensible assumption. More usefully, I have to say that, were those figures put forward today, they would not survive the analysis of the business case. In a sense, it is difficult to see that there were robust systems in place at the time to actually permit an analysis.

yn ôl pob tebyg oedd y grant loteri cyntaf yng Nghymru; yn sicr y grant loteri mawr cyntaf i'w roi yng Nghymru. Yr wyf yn meddwl fod adroddiad yr Archwilydd Cyffredinol yn nodi hynny. Pe baech yn gofyn pam y bu'r systemau mor ddiffygiol, yna yr wyf o'r farn, yn gyffredinol, fod dau brif reswm. Un oedd diffyg profiad—nad oedd cyngor y celfyddydau wedi ymwneud â dyfarniadau grant o'r math hwn o'r blaen. Felly gwnaeth gamgymeriadau na ddylasai fod wedi'u gwneud, o edrych yn ôl, ond ar y pryd ni fuasai'r profiad ar gael yno i'w alluogi i ddeall arwyddocâd potensial yr hyn oedd yn digwydd. Yr ail bwynt yr hoffwn ei wneud yw bod y cyngor, wrth ddelio â'r cais ar y pryd, dan gryn dipyn o bwysau amser. Mae'n glir iawn o'r deunydd ysgrifenedig, yn enwedig yn wyneb y posibilrwydd o golli'r grant gan Gyngor Dinas Caerdydd fel yr oedd ar y pryd—Cyngor Sir a Dinas Caerdydd bellach—o £3 miliwn a'r posibilrwydd o golli'r adeilad, ac elfennau o amheuaeth ynghylch rhannau eraill o'r cyllid, fod pobl yn teimlo fod prosesu'r cais yn fater o frys, a allai fod wedi'u harwain i fod yn llai trwyadl. Dyna'r dehongliad gorau, ar sail y ffeithiau o adroddiad yr Archwilydd Cyffredinol.

[6] **Lynne Neagle:** Ar fater cymharu ag amgueddfeydd ac orielau eraill, yr oedd y rhagolwg o 250,000 o ymwelwyr ym mlwyddyn 1 yn uwch na phob un ond un o'r cymaryddion yng Nghymru ac yn uwch na'r cyfartaledd i'r DU gyfan. A ydych yn meddwl fod hynny'n ragdybiaeth gall yn wyneb y ffaith mai dim ond 47,000 oedd nifer gwirioneddol yr ymwelwyr yn y flwyddyn gyntaf?

Mr Tyndall: Wrth reswm, gyda'r fantais o edrych yn ôl mae'n hawdd gweld nad oedd yn rhagdybiaeth gall. Yn fwy defnyddiol, mae'n rhaid imi ddweud, pe cyflwynid y ffigurau hynny heddiw, na fyddent yn pasio dadansoddiad yr achos busnes. Mewn un ystyr, mae'n anodd gweld fod systemau cadarn yn eu lle ar y pryd i ganiatáu

However, no, they were not reasonable figures.

dadansoddiad. Fodd bynnag, na, nid oeddent yn ffigurau rhesymol.

[7] **Lynne Neagle:** I note that the visitor numbers for comparator museums and galleries in the UK—figure 7 on page 9 of the Auditor General’s report—vary significantly from nearly 600,000 to just 40,000. Did this not alert the arts council to the real risk that the Centre for Visual Arts might attract lower numbers, towards the lower end of the scale?

[7] **Lynne Neagle:** Sylwaf fod y niferoedd ymwelwyr i’r amgueddfeydd ac orielau y cymharwyd â hwy yn y DU—ffigur 7 ar dudalen 9 yn adroddiad yr Archwilydd Cyffredinol—yn amrywio’n sylweddol o bron 600,000 i gwta 40,000. Oni wnaeth hyn rybuddio cyngor y celfyddydau o’r perygl gwirioneddol y gallai Canolfan y Celfyddydau Gweledol ddenu niferoedd is, tua phen isaf y raddfa?

Mr Tyndall: The evidence suggests that the arts council, when it first considered this application for funding, was advised by its assessor that these numbers were, if anything, pessimistic. When the council itself considered the application, it was advised that the numbers were realistic. In fact, what was concluded was that, in some ways, the extent of that assessment had been prudent, if not actually pessimistic. So the council was advised at the time that more people would attend than were in the estimates.

Mr Tyndall: Awgryma’r dystiolaeth fod cyngor y celfyddydau, pan ystyriodd y cais hwn am gyllid gyntaf, wedi cael cyngor gan ei asesydd fod y niferoedd hyn, os rhywbeth, yn besimistaidd. Pan ystyriodd y cyngor ei hun y cais, cynghorwyd ef fod y niferoedd yn realistig. Mewn gwirionedd, y casgliad y daethpwyd iddo oedd fod yr asesiad hwnnw, mewn rhai ffyrdd, wedi bod yn ddoeth, os nad yn besimistaidd, o ran ei gyrrhaeddiad. Felly cynghorwyd y cyngor ar y pryd y byddai mwy o bobl yn ymweld na’r hyn a nodwyd yn yr amcangyfrifon.

[8] **Lynne Neagle:** This is my last question. Why did you not ensure that a sensitivity analysis had been undertaken to assess the risk of the centre attracting fewer visitors than forecast and to assess the impact of this on the financial viability of the project?

[8] **Lynne Neagle:** Dyma fy nghwestiwn olaf. Pam na wnaethoch chi sicrhau fod dadansoddiad sensitifrwydd wedi’i wneud i asesu’r perygl bod y ganolfan yn denu llai o ymwelwyr na’r rhagolwg ac i asesu effaith hyn ar hyfywdra ariannol y prosiect?

Mr Tyndall: Looking at the papers, ultimately, a sensitivity analysis was undertaken, but it was confined to a 10 per cent variation. Consequently, that does not really allow for the extent of the variation on the figures. Again, I would say that the sensitivity analysis that was undertaken in the context of this project was very crude, was not proportionate to risk, and would not meet the requirements that we would currently have for a project of this scale.

Mr Tyndall: O edrych ar y papurau, yn y bôn, fe wnaethpwyd dadansoddiad sensitifrwydd, ond yr oedd yn gyfyngedig i amrywiad o 10 y cant. O ganlyniad, nid yw hynny mewn gwirionedd yn caniatáu ar gyfer maint yr amrywiad yn y ffigurau. Eto, fe ddywedwn fod y dadansoddiad sensitifrwydd a wnaethpwyd yng nghyd-destun y prosiect hwn yn un amrwd iawn, nad oedd yn gymesur â’r risg, ac na fyddai’n ateb y gofynion a fyddai gennym erbyn hyn ar gyfer prosiect o’r

maint hwn.

[9] **Alison Halford:** Mr Tyndall, I have enormous sympathy for you. You have not got an easy row to hoe in any shape or form, have you? Perhaps Mr Parry could help you out sometimes. How long have you been with the arts council, Mr Parry?

[9] **Alison Halford:** Mr Tyndall, mae gennyf gydymdeimlad mawr â chi. Nid oes gennych gwys hawdd i'w thorri ar unrhyw olwg na ffurf, nac oes? Efallai y gallai Mr Parry eich cynorthwyo weithiau. Ers faint o amser yr ydych gyda chynghor y celfyddydau, Mr Parry?

Mr Parry: Two and a half years.

Mr Parry: Dwy flynedd a hanner.

[10] **Alison Halford:** Soon after this?

[10] **Alison Halford:** Yn fuan ar ôl hyn?

Mr Parry: When the building was nearing its completion.

Mr Parry: Pan oedd yr adeilad bron wedi'i gwblhau.

[11] **Alison Halford:** Right. We must congratulate you on the fact that you have been promoted, but the press release did not indicate that you had been working in the arts council before that.

[11] **Alison Halford:** Iawn. Rhaid inni'ch llongyfarch chi ar y ffaith ichi ennill dyrchafiad, ond ni soniodd y datganiad i'r wasg eich bod wedi bod yn gweithio yng nghynghor y celfyddydau cyn hynny.

Mr Parry: I was not.

Mr Parry: Nid oeddwn i ddim.

[12] **Alison Halford:** You was not—oh dear, my grammar—you were not. I will start again and put some more teeth in, they might speak a little better in the grammatical sense. So, when did you become a member of the arts council organisation?

[12] **Alison Halford:** *You was not*—o diar, fy ngramadeg—*you were not*. Dechreuaf eto a rhoi mwy o ddannedd i mewn, efallai y siaradant fymryn yn well o ran gramadeg. Felly, pa bryd y daethoch yn aelod o sefydliad cynghor y celfyddydau?

Mr Parry: Two and a half years ago, in May 1999.

Mr Parry: Ddwy flynedd a hanner yn ôl, ym mis Mai 1999.

[13] **Alison Halford:** Thank you. Going back to Mr Tyndall, you felt that, because this was the first big lottery fund project that occurred in Wales—and this is certainly what the Auditor General's report tells us—that

[13] **Alison Halford:** Diolch. A throi'n ôl at Mr Tyndall, yr oeddech yn teimlo, am mai hwn oedd prosiect mawr cyntaf cronfa'r loteri i ddigwydd yng Nghymru—ac yn sicr dyma a ddywed adroddiad yr Archwilydd

perhaps you had not, or I should say your predecessors had not, quite grasped the learning curve. I would like to draw your attention to page 20 in the Auditor General's report, which seems to give a fairly clear indication of what the National Lottery Act 1993 required. Would that not have helped the learning curve, in the eyes of your predecessors?

Mr Tyndall: The requirements of the Act are clear, as you say. It is a question as to how they were interpreted and how rigorously they were applied. It is easier for me to comment that the systems were not sufficiently rigorous. I do not doubt that the council—

[14] **Alison Halford:** It was the systems and not the information available that was possibly the problem?

Mr Tyndall: The systems for assessing the information were not sufficiently rigorous.

[15] **Alison Halford:** One more thing before the Chair takes over again. You said, I believe, that you felt, from the work that you have had to do, that the figures were realistic, notwithstanding the fact that the Auditor General does not seem to be saying that in his report.

Mr Tyndall: Sorry, I did not intend to convey that, and certainly the figures were not realistic, but the council received advice at the time from its independent assessor which said that the figures were realistic. Clearly, in answer to the earlier question, even without the benefit of hindsight, it would be difficult to sustain the figures, as the Auditor General reports.

Cyffredinol wrthym—nad oeddech chi efallai, neu dylwn ddweud nad oedd eich rhagflaenwyr, wedi cael llawer o brofiad i ddysgu oddi wrtho. Hoffwn dynnu'ch sylw at dudalen 20 yn adroddiad yr Archwilydd Cyffredinol, sydd i'w weld yn rhoi amcan gweddol glir o'r hyn oedd yn ofynnol dan Ddeddf Loteri Genedlaethol 1993. Oni fuasai hynny wedi helpu'r broses ddysgu, yn llygaid eich rhagflaenwyr?

Mr Tyndall: Mae gofynion y Ddeddf yn glir, fel y dywedwch. Cwestiwn ydyw o sut y'u dehonglwyd a pha mor drwyadl y'u dilynwyd. Mae'n haws i mi ddweud nad oedd y systemau'n ddigon trwyadl. Nid wyf yn amau nad oedd y cyngor—

[14] **Alison Halford:** Y systemau ac nid y wybodaeth oedd ar gael oedd y broblem, efallai?

Mr Tyndall: Nid oedd y systemau ar gyfer asesu'r wybodaeth yn ddigon trwyadl.

[15] **Alison Halford:** Un peth arall cyn i'r Cadeirydd gymryd yr awenau eto. Dywedasoch, mi gredaf, eich bod yn teimlo, yn ôl y gwaith y bu raid ichi ei wneud, fod y ffigurau'n realistig, er gwaethaf y ffaith nad yw'n ymddangos bod yr Archwilydd Cyffredinol yn dweud hynny yn ei adroddiad.

Mr Tyndall: Mae'n ddrwg gennyf, nid oeddwn yn bwriadu cyfleu hynny, ac yn sicr nid oedd y ffigurau'n realistig, ond cafodd y cyngor gyngor ar y pryd gan ei asesydd annibynnol a ddywedodd fod y ffigurau'n realistig. Yn amlwg, i ateb y cwestiwn cynharach, hyd yn oed heb y fantais o allu edrych yn ôl, byddai'n anodd cynnal y ffigurau, fel y dywed yr Archwilydd Cyffredinol.

[16] **Janet Davies:** Alun Cairns would like to ask some questions on this part of the report and on the next part—the research of the local market.

[16] **Janet Davies:** Hoffai Alun Cairns ofyn ychydig o gwestiynau ar y rhan hon o'r adroddiad ac ar y rhan nesaf—yr ymchwil i'r farchnad leol.

[17] **Alun Cairns:** Mr Tyndall, I also sympathise with you, as I am sure does every other member of the Committee, in terms of the position that you find yourself in, but clearly we need to ask questions about the evidence that you may have come across since you have found yourself in post. I hope you will try to reflect on that when answering the questions. Do you think that it was sensible to include as comparators, when assessing likely visitor numbers, those attractions that had free admission?

[17] **Alun Cairns:** Mr Tyndall, yr wyf innau'n cydymdeimlo â chi, fel y mae pob aelod arall o'r Pwyllgor, yr wyf yn siwr, o ran y sefyllfa y cewch eich hun ynnddi, ond yn amlwg mae angen inni ofyn cwestiynau am y dystiolaeth yr ydych efallai wedi dod ar ei thraws ers ichi'ch cael eich hun yn y swydd. Gobeithiaf y ceisiwch fyfyrion ar hynny wrth ateb y cwestiynau. A ydych yn meddwl ei bod yn synhwyrol cynnwys at ddibenion cymharu, wrth asesu niferoedd ymwelwyr tebygol, yr atyniadau hynny a oedd yn cynnig mynediad am ddim?

Mr Tyndall: There is some very very reliable evidence regarding the impact of charging on admission to museums and galleries, and this Committee and the Assembly will be well aware of the impact of removing the admission charges on visitor numbers at the National Museums and Galleries of Wales. So the answer to that has to be that you simply cannot make a direct comparison between a gallery or a museum that charges and one that does not. There is a known impact on the figures. I do not know whether that information was as well known at the time because much of the information has become known as a consequence of the proposals to introduce and then remove charges. So I could not say if it was as well known at the time.

Mr Tyndall: Mae tystiolaeth ddibynadwy iawn iawn ar gael ynghylch effaith codi tâl am fynediad i amgueddfeydd ac orielau, a bydd y Pwyllgor hwn a'r Cynulliad yn ymwybodol iawn o effaith dileu tâl mynediad ar niferoedd ymwelwyr yn Amgueddfeydd ac Oriolau Cenedlaethol Cymru. Felly yr ateb i hynny o reidrwydd yw na ellir gwneud cymhariaeth uniongyrchol rhwng oriel neu amgueddfa lle codir tâl ac un lle na chodir tâl. Y mae effaith wybyddus ar y ffigurau. Ni wn a oedd y wybodaeth honno mor hysbys ar y pryd oherwydd daeth llawer o'r wybodaeth yn hysbys o ganlyniad i'r cynigion i gyflwyno ac wedyn i ddileu taliadau. Felly ni allwn ddweud a oedd mor wybyddus ar y pryd.

[18] **Alun Cairns:** Do you think that the chairman, the chief executive and the board were aware that the number of visitors at the National Museums and Galleries of Wales had dropped by 65 per cent as a result of the charging introduced in 1988?

[18] **Alun Cairns:** A ydych yn meddwl fod y cadeirydd, y prif weithredwr a'r bwrdd yn ymwybodol fod nifer yr ymwelwyr ag Amgueddfeydd ac Oriolau Cenedlaethol Cymru wedi cwmpo 65 y cant yn sgîl cyflwyno taliadau yn 1988?

Mr Tyndall: I really do not know.

Mr Tyndall: Wn i ddim yn wir.

[19] **Alun Cairns:** Do you think that they should have been aware of it? You said that perhaps this information came to light after the difficulties that the centre had. If you were the chief executive or chairman of a board that was spending more than £3 million in total, do you think that it would be sensible to be aware of such factors at that time?

[19] **Alun Cairns:** A ydych yn meddwl y dylasant fod yn ymwybodol ohono? Dywedasoich fod y wybodaeth hon efallai wedi dod i'r amlwg ar ôl yr anawsterau a gafodd y ganolfan. Pe baech chi'n brif weithredwr neu'n gadeirydd bwrdd a oedd yn gwario mwy na £3 miliwn i gyd, a ydych yn meddwl y byddai'n ddoeth bod yn ymwybodol o'r ffactorau hyn ar y pryd?

Mr Tyndall: You asked me to be mindful of the evidence that is available to me. There is no reference whatsoever to the impact of the introduction of charging at the National Museums and Galleries of Wales in any of the information that I have had sight of.

Mr Tyndall: Gofynasoich imi ystyried y dystiolaeth sydd ar gael imi. Nid oes unrhyw gyfeiriad o gwbl at effaith cyflwyno taliadau yn Amgueddfeydd ac Oriolau Cenedlaethol Cymru yn unrhyw wybodaeth a welais i.

[20] **Jocelyn Davies:** Do you need to be an expert to work out that if people can see something for free, more people would go to see it?

[20] **Jocelyn Davies:** A oes angen ichi fod yn arbenigwr i ddeall os caiff pobl weld rhywbeth am ddim, y byddai mwy o bobl yn mynd i'w weld?

Mr Tyndall : Probably not.

Mr Tyndall: Nagoes, mae'n debyg.

[21] **Alun Cairns:** Do you also think it was sensible to include as comparators those attractions that were an integral part of much larger tourist attractions? The Auditor General for Wales's report highlights that the Tate Gallery—I apologise, my mobile phone has just rang—in Liverpool, for example, is part of a much larger tourist attraction network. Do you think that it was sensible to make comparisons with those attractions in estimating visitor numbers?

[21] **Alun Cairns:** A ydych yn meddwl hefyd ei bod yn synhwyrol cynnwys ymhlith yr atyniadau cymharol rai a oedd yn rhan annatod o atyniadau ymwelwyr llawer mwy? Mae adroddiad Archwilydd Cyffredinol Cymru'n tynnu sylw at y ffaith fod Oriol y Tate—mae'n ddrwg gennyf, mae fy ffôn symudol newydd ganu—yn Lerpwl, er enghraifft, yn rhan o rwydwaith atyniad twristaidd llawer mwy. A ydych yn meddwl ei bod yn synhwyrol gwneud cymariaethau â'r atyniadau hynny wrth amcangyfrif niferoedd ymwelwyr?

Mr Tyndall: Again, it is difficult to find exact comparators for any individual gallery or new attraction. What I would say is that, where factors like that are being used, it would

Mr Tyndall: Eto, mae'n anodd canfod cymaryddion union ar gyfer unrhyw oriel unigol neu atyniad newydd. Yr hyn yr hoffwn ei ddweud yw, lle y defnyddir ffactorau fel y

probably be best to consider whether some element of discounting needed to be built in. You might want to use equivalent schemes, but you might want to take account of the fact that they were a different kind of attraction, for example, or did not charge, or were located elsewhere, in making your comparisons.

rheini, y byddai'n well, mae'n debyg, ystyried a oes angen cynnwys rhyw elfen o ddisgownt. Gallech ddymuno defnyddio cynlluniau cyfwerth, ond gallech fod eisiau ystyried y ffaith eu bod yn fath gwahanol o atyniad, er enghraifft, neu nad oeddent yn codi tâl, neu eu bod mewn lleoliad arall, wrth wneud eich cymariaethau.

[22] **Alun Cairns:** Even in looking at comparators in Wales, the Royal Welch Fusiliers Regimental Museum at Caernarfon castle, for example, is it fair to assume that the castle itself was attracting visitors to the area who then may well go on to visit the museum as well?

[22] **Alun Cairns:** Hyd yn oed wrth edrych ar y cymaryddion yng Nghymru, Amgueddfa Gatrodol Ffiwsilwyr Brenhinol Cymru yng Nghaernarfon, er enghraifft, a ydyw'n deg tybio fod y castell ei hun yn denu ymwelwyr i'r ardal a allai'n wir fynd ymlaen i ymweld â'r amgueddfa hefyd?

Mr Tyndall: The Auditor General for Wales has drawn that conclusion and I would not demur.

Mr Tyndall: Daeth Archwilydd Cyffredinol Cymru i'r casgliad hwnnw ac ni fyddwn yn anghytuno.

[23] **Alun Cairns:** Is it fair to say that it was not sensible to make comparisons with other larger attractions that were part of a network of visitor attractions?

[23] **Alun Cairns:** A ydyw'n deg dweud nad oedd yn synhwyrol gwneud cymariaethau gydag atyniadau eraill mwy a oedd yn rhan o rwydwaith o atyniadau i ymwelwyr?

Mr Tyndall: As I say, in making any comparisons, I think that it would be sensible to take account of factors that might influence the validity of the comparison.

Mr Tyndall: Fel y dywedais, wrth wneud unrhyw gymariaethau, yr wyf yn meddwl y byddai'n synhwyrol ystyried ffactorau a allai ddylanwadu ar ddilysrwydd y gymhariaeth.

[24] **Alun Cairns:** What about museums and galleries? Do you think that they operate in the same market, as it were?

[24] **Alun Cairns:** Beth am amgueddfeydd ac orielau? A ydych o'r farn eu bod yn gweithredu yn yr un farchnad, fel petai?

Mr Tyndall: They certainly share elements of the same market, but there would be elements which differ.

Mr Tyndall: Maent yn sicr yn rhannu elfennau o'r un farchnad, ond fe fyddai elfennau sydd yn wahanol.

[25] **Alun Cairns:** What about the Museum of Welsh Life at St Fagans? Is it fair to compare that with the Centre for Visual

[25] **Alun Cairns:** Beth am yr Amgueddfa Werin yn Sain Ffagan? A ydyw'n deg cymharu honno â Chanolfan y Celfyddydau

Arts?

Gweledol?

Mr Tyndall: Again, the Auditor General for Wales concludes that that is an all-day family attraction and is likely to have a different potential audience to a gallery.

Mr Tyndall: Eto, daeth Archwilydd Cyffredinol Cymru i'r casgliad fod hwnnw'n atyniad i'r teulu am y dydd a'i bod yn debygol o fod â darpar gynulleidfa wahanol i oriel.

[26] **Alun Cairns:** I appreciate, Mr Tyndall, that this is obviously very difficult, but I am trying to get into the minds of the people who were responsible at the time by considering their thought processes. You are in the difficult position of seeking to answer on their behalf. However, if you were in that position, on the verge of spending over £3 million, would you have thought it sensible to compare the Museum for Welsh Life at St Fagans with the Centre for Visual Arts?

[26] **Alun Cairns:** Sylweddolaf, Mr Tyndall, fod hyn yn amlwg yn anodd iawn, ond yr wyf yn ceisio treiddio i feddyliau'r bobl a oedd yn gyfrifol ar y pryd drwy ystyried eu prosesau meddwl. Yr ydych chi yn y sefyllfa anodd o geisio ateb ar eu rhan. Fodd bynnag, pe baech chi yn y sefyllfa honno, ar fin gwario dros £3 miliwn, a fuasech wedi meddwl ei bod yn synhwyrol cymharu Amgueddfa Werin Sain Ffagan â Chanolfan y Celfyddydau Gweledol?

Mr Tyndall: Were we considering the scheme today, the scrutiny that was applied to those figures would have been such as to produce a different conclusion.

Mr Tyndall: Pe baem ni'n ystyried y cynllun heddiw, byddai'r archwiliad a wneid ar y ffigurau hynny wedi arwain at gasgliad gwahanol.

[27] **Alun Cairns:** Do you say that in light of the evidence that has been provided, or would it be sensible for anyone in a senior position such as yours to think of that anyway?

[27] **Alun Cairns:** A ydych yn dweud hynny yng ngolau'r dystiolaeth a gyflwynwyd, ynteu a fyddai'n synhwyrol i unrhyw un mewn uchel swydd fel eich un chi feddwl am hynny beth bynnag?

Mr Tyndall: I would expect, were it me, to think of it anyway, but then I have the benefit of this report.

Mr Tyndall: Byddwn i'n disgwyl, pe bawn i yn y sefyllfa honno, y byddwn yn meddwl am hynny beth bynnag, ond wedyn mae gennyf fi'r fantais o fod wedi gweld yr adroddiad hwn.

[28] **Alun Cairns:** Thank you. You mentioned in your response to Lynne Neagle a little earlier that there was an independent assessment on the Centre for Visual Arts by McCann Matthews Millman, a firm of business and management consultants. I refer to paragraph 2.4. What did its assessment say? I assume that you have had the

[28] **Alun Cairns:** Diolch. Fe soniasoch yn eich ymateb i Lynne Neagle ychydig yn gynharach y gwnaethpwyd asesiad annibynnol ar Ganolfan y Celfyddydau Gweledol gan McCann Matthews Millman, cwmni o ymgynghorwyr busnes a rheoli. Cyfeiriai at baragraff 2.4. Beth ddywedodd ei asesiad? Yr wyf yn cymryd eich bod wedi

opportunity to scrutinise that.

cael cyfle i archwilio hwnnw.

Mr Tyndall: Yes. I will refer to it, if I may. I will take the assessor's summary report and run through the headings that the assessor considered in reaching a conclusion. These are a standard set of headings which assessors at that time were required to use. The ratings run from one, very low, to five, which represents very high. Four is fairly high, and three is average.

Mr Tyndall: Do. Mi gyfeiriaf ato, os caf. Cymeraf grynodedb adroddiad yr asesydd a rhedeg drwy'r penawdau a ystyriodd yr asesydd wrth ddod i gasgliad. Set safonol o benawdau yw'r rhain yr oedd yn ofynnol i aseswyr bryd hynny eu defnyddio. Mae'r sgoriau'n rhedeg o un, isel iawn, i bump, sy'n cynrychioli uchel iawn. Mae pedwar yn weddol uchel, a thri yn ganolig.

On the issue of the benefit to the people and communities of Wales across regional, cultural and economic sectors, it was rated 'very high'. On access for disabled people, it was rated 'fairly high'. On quality and design, it was rated 'fairly high'. On whether a reasonable percentage of the proposal's costs would come from another source, it was rated 'very high'. On financial viability, it was rated 'fairly high'. On effective marketing and education outreach plans, it was rated 'very high'. On the viability of the management structure to produce the project successfully, it was rated 'very high'. Overall, it was rated as 'fairly high'. That translated into a project officer's report, which rated it as 'very high'.

Ar gwestiwn y budd i bobl a chymunedau Cymru ar draws sectorau rhanbarthol, diwylliannol ac economaidd, fe'i sgoriwyd yn 'uchel iawn'. Ar fynediad i bobl anabl, sgoriodd yn 'weddol uchel'. Ar ansawdd a dyluniad, sgoriodd yn 'weddol uchel'. Ar pa un ai y byddai canran resymol o gostau'r cynnig yn dod o ffynhonnell arall, sgoriodd yn 'uchel iawn'. Ar hyfywdra ariannol, sgoriodd yn 'weddol uchel'. Ar gynlluniau addysg allanol a marchnata effeithiol, sgoriodd yn 'uchel iawn'. Ar hyfywdra'r strwythur rheoli i gynhyrchu'r prosiect yn llwyddiannus, sgoriodd yn 'uchel iawn'. Yn gyffredinol, sgoriodd yn 'weddol uchel'. Troswyd hynny'n adroddiad swyddog prosiect, a'i sgoriodd yn 'uchel iawn'.

[29] **Alun Cairns:** Thank you very much. Does that report say how much the scrutiny by these independent auditors cost?

[29] **Alun Cairns:** Diolch yn fawr. A ddywed yr adroddiad beth oedd cost yr archwiliad gan yr archwilwyr annibynnol hyn?

Mr Tyndall: No.

Mr Tyndall: Na.

[30] **Alun Cairns:** So we do not know how much it cost?

[30] **Alun Cairns:** Felly ni wyddom faint a gostiodd?

Mr Tyndall: No, I have not got that information to hand, but I can provide it in writing.

Mr Tyndall: Na, nid yw'r wybodaeth honno gennyf wrth law, ond gallaf ei darparu ar bapur.

[31] **Janet Davies:** That would be very helpful.

[31] **Janet Davies:** Byddai hynny'n gymorth mawr.

[32] **Alun Cairns:** I am intrigued by the responses that it gave. Effective management and the financial viability were 'fairly high'. Does the document highlight on what basis the firm came to that conclusion?

[32] **Alun Cairns:** Yr wyf yn rhyfeddu at yr ymatebion a roddodd. Yr oedd rheolaeth effeithiol a'r hyfywdra ariannol yn 'weddol uchel'. A ydyw'r ddogfen yn amlygu ar ba sail y daeth y cwmni i'r casgliad hwnnw?

Mr Tyndall: If I may, I will choose a couple of extracts again, which may be helpful, particularly on the business plan. I will return momentarily to the issue of sensitivity analysis of the business plan and go on from there.

Mr Tyndall: Os caf, dewisaf un neu ddau o ddyfyniadau eto, a all fod o gymorth, yn enwedig ar y cynllun busnes. Dychwelaf am ennyd at fater dadansoddiad sensitifrwydd y cynllun busnes a mynd ymlaen o'r fan honno.

'The financial projections had been subjected to a sensitivity analysis of 10 per cent, and expects to be able to reduce expenditure, should this be required in the event of income streams falling. While remaining aware of the need to sustain a quality product, overall sensitivity has been a major issue for the applicant.'

'Bu'r rhagamcanion ariannol yn destun dadansoddiad sensitifrwydd o 10 y cant, a disgwylir gallu lleihau gwariant, pe bai angen hyn pe byddai ffrydiau incwm yn gostwng. Tra'n dal i fod yn ymwybodol o'r angen i gynnal cynnyrch o ansawdd, bu sensitifrwydd cyffredinol yn bwnc pwysig i'r ymgeisydd.'

It goes on to say that

Eir ymlaen i ddweud

'the business plan, as presented, is as robust as it is possible to be for a new and non-tried project. While careful monitoring will be a prerequisite, the plans demonstrate a good level of financial viability being possible.'

'mae'r cynllun busnes, fel y'i cyflwynwyd, mor gadarn ag y mae'n bosibl bod ar gyfer prosiect newydd sydd heb ei brofi. Tra bydd yn rhaid wrth fonitro gofalus, dengys y cynlluniau fod lefel dda o hyfywdra cyllidol yn bosibl.'

[33] **Alun Cairns:** How was the firm selected to conduct this assessment? Are you aware of the process?

[33] **Alun Cairns:** Sut y dewiswyd y cwmni i wneud yr asesiad hwn? A ydych chi'n ymwybodol o'r broses?

Mr Tyndall: I am. If you will bear with me again, I wish to refer to some papers. In 1995, the Arts Council of Wales publicised the need to create a pool of external assessors to evaluate applications for capital lottery

Mr Tyndall: Ydwyf. Os maddeuwch imi eto, hoffwn gyfeirio at rai papurau. Yn 1995, rhoddodd Cyngor Celfyddydau Cymru gyhoeddusrwydd i'r angen i greu cronfa o aseswyr allanol i werthuso ceisiadau am gyllid

funding. A public meeting was held, which was attended by over 100 individuals drawn from a wide range of professions, including architects, quantity surveyors, marketing and business consultants, disability advisers and so on. Attendees were then invited to submit CVs, which were evaluated by the lottery division director. I cannot tell from the files what the specific method of evaluation was, but it appears likely that they were judged within the context of relevant experience in their particular field. The assessor who undertook this work was selected on that basis.

loteri cyfalaf. Cynhaliwyd cyfarfod cyhoeddus, a fynychwyd gan dros 100 o unigolion wedi'u tynnu o amrediad eang o broffesiynau, yn cynnwys penseiri, maintfesurwyr, ymgynghorwyr marchnata a busnes, cynghorwyr anabledd ac ati. Wedyn gwahoddwyd y rhai a oedd yn bresennol i gyflwyno eu CV, a gafodd eu gwerthuso gan gyfarwyddwr adran y loteri. Ni allaf ddweud o edrych ar y ffeiliau pa ddull penodol o werthuso a ddefnyddiwyd, ond mae'n ymddangos yn debygol iddynt gael eu barnu o fewn cyd-destun profiad perthnasol yn eu maes arbennig. Dewiswyd yr asesydd a wnaeth y gwaith hwn ar y sail honno.

[34] **Alun Cairns:** Would you say that the taxpayer received value for money from this assessment?

[34] **Alun Cairns:** A fyddech yn dweud fod y trethdalwr wedi cael gwerth am arian o'r asesiad hwn?

Mr Tyndall: I find it difficult to speculate as to that. Clearly, in retrospect, some of the assumptions in the assessment did not prove to be robust.

Mr Tyndall: Yr wyf yn ei chael yn anodd damcaniaethu ynghylch hynny. Yn amlwg, o edrych yn ôl, profwyd nad oedd rhai o'r rhagdybiaethau yn yr asesiad yn gadarn.

[35] **Alun Cairns:** Do you think that the taxpayer or the National Assembly, or even the arts council, would have recourse to make a claim against the advice that the assessor had given?

[35] **Alun Cairns:** A ydych yn meddwl y byddai gan y trethdalwr neu'r Cynulliad Cenedlaethol, neu hyd yn oed gyngor y celfyddydau, le i wneud hawliad yn erbyn y cyngor a roddodd yr asesydd?

Mr Tyndall: That would rather depend on the nature of the contract with the assessor.

Mr Tyndall: Byddai hynny'n dibynnu braidd ar natur y contract gyda'r asesydd.

[36] **Alun Cairns:** Have you analysed that?

[36] **Alun Cairns:** A ydych wedi dadansoddi hynny?

Mr Tyndall: In so far as I can determine, there is not scope for such a claim.

Mr Tyndall: Cyn belled ag y gallaf fi ddirnad, nid oes lle i hawliad o'r fath.

[37] **Alun Cairns:** Perhaps now is not the time, Chair, but I suggest that we might want to consider how the contracts are developed.

[37] **Alun Cairns:** Efallai nad dyma'r amser, Gadeirydd, ond awgrymaf efallai yr hoffem ystyried sut y datblygwyd y contractau. Gallai

That could be a lesson for the future.

hynny fod yn wers i'r dyfodol.

[38] **Janet Davies:** Yes, I think that that might very well be a good idea. We will look at the best way of doing that.

[38] **Janet Davies:** Ie, yr wyf yn meddwl y gallai hynny yn wir fod yn syniad da. Fe edrychwn ar y ffordd orau i wneud hynny.

[39] **Alun Cairns:** I will conclude asking my questions on this section of the report. I have two questions to follow. Is it fair to say that the whole project was viewed through rose-coloured spectacles and that there was an ideological agenda to get the project off the ground at all costs, or no matter what the cost?

[39] **Alun Cairns:** Gorffennaf ofyn fy nghwestiynau ar yr adran hon o'r adroddiad. Mae gennyf ddau gwestiwn i ddilyn. A ydyw'n deg dweud yr edrychwyd ar yr holl brosiect drwy wydrau rhosliw, a bod agenda ideolegol yn bodoli i gychwyn y prosiect ar unrhyw gost, neu gostied a gostio?

Mr Tyndall: What is very evident is that there was considerable commitment to the project as one of quality, offering something that was not then available in Wales. As to the interpretation of that as proceeding at all costs, it seems to me that steps were taken to gain advice and that that advice was taken into account, but, in retrospect, the advice did not prove to be robust in the context of the eventual outcomes. So I am not sure that I could sustain that particular view, but it would, in any event, be speculation.

Mr Tyndall: Yr hyn sydd yn amlwg iawn yw bod cryn ymrwymiad i'r prosiect fel un o safon, yn cynnig rhywbeth nad oedd ar gael bryd hynny yng Nghymru. O ran dehongli hynny fel mynd rhagddi costied a gostio, mae'n ymddangos i mi y cymerwyd camau i gael cyngor ac y cymerwyd y cyngor hwnnw i ystyriaeth, ond, wrth edrych yn ôl, ni phrofodd y cyngor yn gadarn yng nghydestun y canlyniadau ar ddiwedd y dydd. Felly nid wyf yn siwr y gallwn i gynnal y farn honno, ond byddai, beth bynnag, yn fater o ddamcaniaeth.

[40] **Alun Cairns:** Paragraph 2.4 highlights the criteria against which the assessment was made. Would you suggest to the Assembly that those criteria should be reviewed in light of the experience at the Centre for Visual Arts?

[40] **Alun Cairns:** Mae paragraff 2.4 yn tanlinellu'r meini prawf a ddefnyddiwyd wrth wneud yr asesiad. A fydddech yn awgrymu wrth y Cynulliad y dylid adolygu'r meini prawf hynny yng ngoleuni'r profiad yng Nghanolfan y Celfyddydau Gweledol?

Mr Tyndall: The criteria have changed very substantially since then. It may be helpful for me at this point to refer to—sorry, I apologise, I misinterpreted your question. The difficulty was not with the assessment criteria within the lottery Act, but with the rigour in which they were applied in the sense of the rigour of the systems that were used to establish whether those criteria were complied with.

Mr Tyndall: Mae'r meini prawf wedi newid yn sylweddol iawn ers hynny. Efallai y bydd o gymorth yn y fan hon os cyfeiriai at—mae'n ddrwg gennyf, yr wyf yn ymddiheuro, camddehonglais eich cwestiwn. Nid gyda'r meini prawf asesu o fewn Deddf y loteri yr oedd yr anhawster, ond gyda pha mor drwyadl y'u defnyddiwyd, hynny yw trylwyredd y systemau a ddefnyddiwyd i

sefydlu a oeddid yn cydymffurfio â'r meini prawf hynny.

[41] **Alun Cairns:** In your position now, would you find it useful were there further guidance on how the criteria should be assessed and followed?

[41] **Alun Cairns:** Yn eich sefyllfa chi yn awr, a fydddech yn ei chael yn ddefnyddiol pe bai mwy o arweiniad ar sut y dylid asesu a dilyn y meini prawf?

Mr Tyndall: There has been considerable guidance since then, not least from the National Audit Office in 1999 as a consequence of a review of large-scale lottery funded projects in England. More recently, I am aware that similar conclusions were drawn in respect of the Millennium Dome. So, there has been considerable guidance since, with which we now comply.

Mr Tyndall: Cafwyd cryn arweiniad ers hynny, nid yn lleiaf gan y Swyddfa Archwilio Genedlaethol yn 1999 yn sgîl adolygiad o brosiectau mawr a ariennir gan y loteri yn Lloegr. Yn fwy diweddar, yr wyf yn ymwybodol y daethpwyd i gasgliadau tebyg yng nghyswllt Cromen y Mileniwm. Felly, cafwyd cryn arweiniad ers hynny, a byddwn yn cydymffurfio ag ef.

[42] **Alun Cairns:** In your position now, if you were looking forward to another significant project on this scale, would you accept that that guidance supports you or would you require further guidance or more detailed guidance or changes to that guidance?

[42] **Alun Cairns:** Yn eich sefyllfa chi yn awr, pe baech yn edrych ymlaen at brosiect sylweddol arall ar y raddfa hon, a fydddech yn derbyn fod yr arweiniad hwnnw'n eich cynnal ynteu a fyddai arnoch eisiau arweiniad pellach neu arweiniad mwy manwl neu newidiadau i'r arweiniad hwnnw?

Mr Tyndall: The judgment is that the lessons of earlier lottery projects have been taken into account in producing the current guidance and that it is far more robust than what was available at that time, in the very early days.

Mr Tyndall: Y farn yw fod gwersi prosiectau loteri cynharach wedi'u cymryd i ystyriaeth wrth lunio'r arweiniad cyfredol a'i fod yn llawer cadarnach na'r hyn oedd ar gael bryd hynny, yn y dyddiau cynnar iawn.

[43] **Alun Cairns:** Thank you. Paragraph 2.16 on page 11 of the Auditor General's report lists a number of assumptions on which the potential visitor market was based. What was the basis of these assumptions, and how sure was the council that they were sound?

[43] **Alun Cairns:** Diolch. Mae paragraff 2.16 ar dudalen 11 yn adroddiad yr Archwiliwr Cyffredinol yn rhestru nifer o ragdybiaethau y seiliwyd y ddarpar farchnad ymwelwyr arnynt. Beth oedd sail y rhagdybiaethau hyn, a pha mor sicr oedd y cyngor eu bod yn gadarn?

0 **Mr Tyndall:** The assumptions were based on market research, using some of the well known processes available

0 **Mr Tyndall:** Yr oedd y rhagdybiaethau wedi'u seilio ar ymchwil i'r farchnad, gan ddefnyddio

to the assessor for determining what the likely visitor numbers were. The council, it seems to me, would have asked, and did ask, the assessor to verify whether they were sound or not and, at the time, the judgment was that they were.

rhai o'r prosesau adnabyddus oedd ar gael i'r asesydd ar gyfer penderfynu beth fyddai'r niferoedd ymwelwyr tebygol. Mae'n ymddangos i mi y buasai'r cyngor wedi gofyn, ac yn wir fe ofynasant, i'r asesydd gadarnhau a oeddent yn gadarn ai peidio, ac, ar y pryd, y farn oedd eu bod.

1

1 [44] **Alun Cairns:** In September 1996, the trust commissioned an attitude survey in support of the third lottery application, but this did not include any areas outside Cardiff County Council, thus ignoring the population of the surrounding area. It also did not address the question of whether people were prepared to pay. Do you consider that these were fundamental weaknesses in that survey?

2 [44] **Alun Cairns:** Ym mis Medi 1996, comisiynodd yr ymddiriedolaeth arolwg barn i gefnogi'r trydydd cais loteri, ond nid oedd hyn yn cynnwys unrhyw ardaloedd y tu allan i Gyngor Sir Caerdydd, gan anwybyddu felly boblogaeth yr ardal o gwmpas y ddinas. Ni cheisiwyd ateb ychwaith i'r cwestiwn a fyddai pobl yn barod i dalu. A ydych yn ystyried fod y rhain yn wendidau sylfaenol yn yr arolwg?

3

2 **Mr Tyndall:** In retrospect, it is difficult to consider otherwise.

4 **Mr Tyndall:** Wrth edrych yn ôl, mae'n anodd dod i gasgliad arall.

5

3 [45] **Alison Halford:** In reply to one of Alun's questions—and I assure you that we are pussy-cats compared with the House of Commons select committees—you talked about the pool of assessors and how the arts council went on to select the firm that it used. You mentioned the role of the lottery division director—that is, presumably, Jo Weston. Are you capable of enlarging upon what her role was in relation to the pool of people and how the arts council was trying to find the best people to give independent advice?

6 [45] **Alison Halford:** Wrth ateb un o gwestiynau Alun—ac fe'ch sicrhaf chi ein bod ni'n glên iawn o gymharu â phwyllgorau dethol Ty'r Cyffredin—soniasoch am y gronfa aseswyr a'r modd yr aeth cyngor y celfyddydau ati i ddewis y cwmni a ddefnyddiodd. Cyfeiriasoch at rôl cyfarwyddwr adran y loteri—sef, mae'n debyg, Jo Weston. A allwch chi ddweud mwy am beth oedd ei rôl hi mewn perthynas â'r gronfa o bobl a sut yr oedd cyngor y celfyddydau'n ceisio cael y bobl orau i roi cyngor annibynnol?

7

4 **Mr Tyndall:** The process that I

8 **Mr Tyndall:** Y broses a ddisgrifiais,

described, where there was a public meeting and then a subsequent process of assessment, is all that I have been able to deduce from the files available to me. More detail than that does not appear to be held.

lle cafwyd cyfarfod cyhoeddus ac wedyn broses o asesu, yw'r cwbl yr wyf wedi llwyddo i'w ganfod o'r ffeiliau sydd ar gael imi. Nid yw'n ymddangos y cedwir mwy o fanylion na hynny.

9

5 [46] **Alison Halford:** But you did mention the lottery division director in your evidence. Can you explain why you mentioned that individual? Did she take a particular role in assessing the pool of assessors or whatever?

[46] **Alison Halford:** Ond fe wnaethoch chi grybwyll cyfarwyddwr adran y loteri yn eich tystiolaeth. A allwch egluro pam ichi grybwyll yr unigolyn hwnnw? A gymerodd hi rôl arbennig wrth asesu'r gronfa aseswyr neu beth bynnag?

0

6 **Mr Tyndall:** She did make the selection.

1 **Mr Tyndall:** Hi wnaeth y dewis.

2

7 [47] **Alison Halford:** She made the selection—

3 [47] **Alison Halford:** Hi wnaeth ddewis—

8

4

9 **Mr Tyndall:** I believe.

5 **Mr Tyndall:** Mi gredaf.

6

10 [48] **Alison Halford:** —of the firm that should be used?

7 [48] **Alison Halford:** —y cwmni y dylid ei ddefnyddio?

8

11 **Mr Tyndall:** Of the firm that should be used, but also of who should be on the panel.

9 **Mr Tyndall:** Y cwmni y dylid ei ddefnyddio, ond hefyd pwy ddylai fod ar y panel.

10

12 [49] **Alison Halford:** Right. Did she do that on her own?

11 [49] **Alison Halford:** Iawn. A wnaeth hi hynny ar ei phen ei hun?

12

13 **Mr Tyndall:** I really do not know. I am sorry, I have looked at what evidence is available on this on the files, but that is the extent—

13 **Mr Tyndall:** Ni wn i ddim wir. Mae'n ddrwg gennyf, yr wyf wedi edrych ar y dystiolaeth sydd ar gael ar hyn ar y ffeiliau, ond dyna'r

graddau—

14

14 [50] **Alison Halford:** We accept that it is entirely impossible for you to know everything. This is not an exercise to embarrass or trap you, so please accept that.

16

15 **Mr Tyndall:** The reply was not frank enough. I understood that. I did not wish to speculate beyond the facts available to me.

18

16 [51] **Alison Halford:** Do you consider that any of your colleagues might be able to answer my question?

20

17 **Mr Tyndall:** I think that neither Frances or Rhys were with the council at the time that—

22

18 [52] **Alison Halford:** They have a little more relevant experience than you, Mr Tyndall, with the greatest respect.

24

19 **Mr Tyndall:** Slightly more, I think.

26

20 [53] **Alison Halford:** Considerably more—six weeks is your record, with the greatest respect again.

28

21 **Mr Tyndall:** I think that none of the

15 [50] **Alison Halford:** Derbyniwn ei bod yn gwbl amhosibl i chi wybod popeth. Nid ymarferiad i'ch baglu na'ch dal chi yw hyn, felly derbyniwch hynny, os gwelwch yn dda.

17 **Mr Tyndall:** Nid oedd yr ateb yn ddigon agored. Deallais hynny. Nid oeddwn yn dymuno damcaniaethu y tu hwnt i'r ffeithiau a oedd ar gael imi.

19 [51] **Alison Halford:** A ydych yn tybio y gallai unrhyw un o'ch cydweithwyr ateb fy nghwestiwn efallai?

21 **Mr Tyndall:** Credaf nad oedd Frances na Rhys gyda'r cyngor ar y pryd y—

23 [52] **Alison Halford:** Mae ganddynt dipyn mwy o brofiad perthnasol na chi, Mr Tyndall, gyda phob parch.

25 **Mr Tyndall:** Ychydig yn fwy, dybiwn i.

27 [53] **Alison Halford:** Cryn dipyn yn fwy—chwe wythnos yw'ch record chi, gyda phob parch eto.

29 **Mr Tyndall:** Yr wyf yn meddwl nad

senior managers who were involved in those early decisions, and none of the council members, are currently with the council.

oes yr un o'r uwch reolwyr a fu'n ymwneud â'r penderfyniadau cynnar hynny, nac yr un o aelodau'r cyngor, gyda'r cyngor ar hyn o bryd.

30

22 [54] **Alison Halford:** The only point that I was trying to make—and, again, if it is an unfair one, I accept that—was that, obviously, I would presume that the director of lottery funding played a significant part in the decision-making process, and that accounts for a large sum of the money that went missing. Therefore, it is of interest to me how much independent power the director of the lottery division had in selecting independent firms, which, notwithstanding, led to a vast loss of lottery money. Was she working on her own, in a vacuum, or did she have the support of the chair of the arts council, the finance director of the arts council, and all the other people who were responsible for the arts council at the time?

31 [54] **Alison Halford:** Yr unig bwynt yr oeddwn yn ceisio'i wneud—ac, eto, os ydyw'n un annheg, derbynïaf hynny—oedd y tybiwn i, wrth reswm, y byddai cyfarwyddwr cyllid y loteri wedi chwarae rhan arwyddocaol yn y broses o wneud penderfyniadau, a bod hynny i gyfrif am swm fawr o'r arian a aeth ar goll. Felly, mae o ddiddordeb i mi faint o rym annibynnol a oedd gan gyfarwyddwr adran y loteri wrth ddewis cwmnïau annibynnol, a arweiniodd, serch hynny, at golled enfawr o arian loteri. A oedd hi'n gweithio ar ei phen ei hun, mewn faciwm, ynteu a oedd ganddi gefnogaeth cadeirydd cyngor y celfyddydau, cyfarwyddwr cyllid cyngor y celfyddydau, a'r holl bobl eraill a oedd yn gyfrifol am gyngor y celfyddydau ar y pryd?

32

23 **Mr Tyndall:** I cannot give you an answer.

33 **Mr Tyndall:** Ni allaf roi ateb ichi.

34

24 [55] **Alison Halford:** Okay, fine. Thank you.

35 [55] **Alison Halford:** O'r gorau, iawn. Diolch.

36

25 [56] **David Lloyd:** At key stages in the project, the projected number of visitor numbers was reduced from 282,000 to 182,000 progressively. Why was there not a corresponding reduction in forecast admission income and why did you not raise this with the trust?

37 [56] **David Lloyd:** Ar gyfnodau allweddol yn y prosiect, gostyngwyd y rhagolwg niferoedd ymwelwyr o 282,000 i 182,000 yn raddol. Pam na chafwyd gostyngiad cyfatebol yn y rhagolwg incwm tâl mynediad a pham na chodwyd hyn gyda'r ymddiriedolaeth?

26

27 **Mr Tyndall:** The principal reason why there was not a reduction in forecast admission income was to do with increases in the charges; thus a smaller number of people would generate the same amount of income because they would pay more. It clearly begs the following question: in which case, would that not have further depressed visitor numbers? I cannot find evidence that that question was put and answered in a detailed fashion. So the question was asked and answered but, clearly, there were other implications to the answer.

28

29 [57] **Janet Davies:** Thank you. Val?

30 [58] **Val Lloyd:** Shall I ask my set questions now?

31 [59] **Janet Davies:** Yes, although you can ask any question you wish to ask, Val. You do not have to stick to anything.

32 [60] **Val Lloyd:** Thank you very much. That is very kind of you, Chair.

33 Mr Tyndall, my initial questions relate to paragraphs 2.20 and 2.21. I am sure that in the art world, as in all other spheres, the price charged for something directly affects how much people will consume or take up. So the change in the pricing structure

38

Mr Tyndall: Y prif reswm pam na fu gostyngiad yn y rhagolwg incwm tâl mynediad oedd cynnydd yn y taliadau; felly byddai nifer lai o bobl yn cynhyrchu'r un faint o incwm am y byddent yn talu mwy. Mae'n amlwg yn codi'r cwestiwn canlynol: os felly, oni fyddai hynny wedi gostwng niferoedd ymwelwyr ymhellach? Ni allaf ddod o hyd i dystiolaeth y gofynnwyd y cwestiwn hwnnw na'i ateb yn fanwl. Felly cafodd y cwestiwn ei ofyn a'i ateb ond, yn amlwg, yr oedd goblygiadau eraill i'r ateb.

0 [57] **Janet Davies:** Diolch. Val?

1

2 [58] **Val Lloyd:** A ddylwn i ofyn fy nghwestiynau gosod yn awr?

3

4 [59] **Janet Davies:** Dylech, er y cewch ofyn unrhyw gwestiwn y dymunwch ei ofyn, Val. Nid oes raid ichi lynu at ddim.

5

6 [60] **Val Lloyd:** Diolch yn fawr. Mae hynny'n garedig iawn ar eich rhan, Gadeirydd.

7

8 Mr Tyndall, mae a wnelo fy nghwestiynau cyntaf â pharagraffau 2.20 a 2.21. Yr wyf yn siwr fod y pris a godir am rywbeth yn y byd celf, fel ym mhob byd arall, yn effeithio'n uniongyrchol ar faint o bobl fydd yn dewis ei brynu neu ei ddefnyddio.

42

- between the 1992 feasibility study and the 1995 lottery application must have radically altered the demand; it went up considerably. However, I see no evidence of an assessment of the impact on projected visitor numbers. Was such an assessment undertaken?
- 9
- 34 **Mr Tyndall:** I am not aware of such an assessment. 10 **Mr Tyndall:** Nid wyf yn ymwybodol o asesiad o'r fath.
- 11
- 35 [61] **Val Lloyd:** Thank you. I am aware that there was a projected 11 per cent decrease in numbers, but I am trying to find out how that 11 per cent was arrived at and why was it 11 and not 30 or 5 per cent. That was where my question was leading. Was there an assessment? 12 [61] **Val Lloyd:** Diolch. Yr wyf yn ymwybodol y rhagamcanwyd gostyngiad o 11 y cant yn y niferoedd, ond yr wyf yn ceisio darganfod sut y daethpwyd at yr 11 y cant hwnnw a pham mai 11 ydoedd ac nid 30 neu 5 y cant. Dyna lle'r oedd fy nghwestiwn yn arwain. A wnaethpwyd asesiad?
- 13
- 36 **Mr Tyndall:** No, I am sorry, the answer remains that there is no information available on the file to support that change. 14 **Mr Tyndall:** Na, mae'n ddrwg gennyf, yr ateb o hyd yw nad oes dim gwybodaeth ar gael ar y ffeil i gefnogi'r newid hwnnw.
- 15
- 37 [62] **Val Lloyd:** So the assumption I must take from that is that there was no assessment. The 11 per cent was plucked from the air. 16 [62] **Val Lloyd:** Felly yr hyn y mae'n rhaid imi ei dybio ar sail hynny yw na wnaethpwyd unrhyw asesiad. Tynnwyd yr 11 y cant o'r awyr.
- 17
- 38 I will move on to paragraphs 2.22 to 2.24. Again, I think it is a fairly basic fact that the quality of what is on offer is a key determinant of what people will consume or take up. The type of programme detailed in the lottery submission was significantly different 18 Symudaf ymlaen at baragraffau 2.22 i 2.24. Eto, yr wyf yn meddwl ei bod yn ffaith eithaf sylfaenol fod ansawdd yr hyn a gynigir yn ffactor allweddol o ran penderfynu beth y bydd pobl yn barod i'w brynu neu ei ddefnyddio. Yr oedd y math o raglen a ddisgrifiwyd

to that in the feasibility study. I note that the Arts Council for Wales was alerted to the fact that changes in the programme, as well as the non-inclusion of the tourist information service, were likely to have an adverse effect on visitor numbers and, therefore, revenue. Why did the Arts Council for Wales not follow up those concerns with the trust?

yn y cais loteri yn wahanol iawn i'r hyn a gaed yn yr astudiaeth ymarferoldeb. Nodaf y rhybuddiwyd Cyngor Celfyddydau Cymru am y ffaith y byddai newidiadau yn y rhaglen, ynghyd â hepgor y gwasanaeth gwybodaeth i ymwelwyr, yn debygol o gael effaith andwyol ar niferoedd ymwelwyr ac, felly, ar refeniw. Pam nad aeth Cyngor y Celfyddydau at yr ymddiriedolaeth gyda'r pryderon hyn?

19

39 **Mr Tyndall:** There are difficulties in the audit trail in establishing what information went to whom and when. It is clear that there was concern, particularly that the changes to the nature of the material being exhibited would impact on the likely visitor numbers. At this point, it is difficult to see how that information was utilised in terms of influencing any subsequent decisions. It is very clear that, from the point at which the centre opened, there were active discussions about the visitor numbers not being up to projections and what steps might be taken in order to deal with that. Nevertheless, in the intervening period no substantial changes were made to the project which would have addressed those concerns.

20 **Mr Tyndall:** Wrth geisio dilyn trywydd yr archwiliad mae'n anodd sefydlu pa wybodaeth aeth at bwy a pha bryd. Mae'n glir bod pryder, yn enwedig y byddai'r newidiadau i natur y deunydd a arddangosid yn effeithio ar y nifer debygol o ymwelwyr. O'r fan yma, mae'n anodd gweld sut y defnyddiwyd y wybodaeth honno o ran dylanwadu ar unrhyw benderfyniadau wedi hynny. Mae'n glir iawn fod trafodaethau bywiog o'r adeg pan agorwyd y ganolfan ynghylch bod nifer yr ymwelwyr yn is na'r hyn a ragamcanwyd a pha gamau y gellid eu cymryd i ddelio â hynny. Serch hynny, yn y cyfamser ni wnaethpwyd unrhyw newidiadau o sylwedd i'r prosiect a fyddai wedi gwneud rhywbeth am y pryderon hynny.

21

40 [63] **Val Lloyd:** Thank you very much. I have no further questions.

22 [63] **Val Lloyd:** Diolch yn fawr. Nid oes gennyf ragor o gwestiynau.

23

41 [64] **Janet Davies:** On that issue, Mr Tyndall, one of the things that struck me when I read the report was that, although there were comments about the possible impact of visitor numbers

24 [64] **Janet Davies:** Ar y mater hwnnw, Mr Tyndall, un o'r pethau a'm trawodd i pan ddarllenais yr adroddiad oedd, er bod sylwadau ynghylch effaith bosibl niferoedd

on the viability of the centre, there did not seem to be anything about what steps might have been taken to increase them. You have just commented on that; could you expand on it? For example, were coach operators contacted to arrange tours there, or were there any other particular steps that could have been taken?

ymwelwyr ar allu'r ganolfan i ddal ei thir, nid oedd dim i'w weld ynghylch pa gamau y gallesid eu cymryd i gynyddu'r niferoedd. Yr ydych newydd wneud sylw ar hynny; a allech chi ymhelaethu arno? Er enghraifft, a gysylltwyd â chwmnïau bysiau i drefnu teithiau yno, neu a oedd unrhyw gamau penodol eraill y gallesid eu cymryd?

25

Mr Tyndall: It seems to me that, from the evidence available to the council at the time, probably one of the most significant items relating to this was the letter from Hugh Hudson Davies, which is referred to in the Auditor General's report and which first raises the particular issue about the changes in the nature of what was being exhibited. Unfortunately, the conclusion to that letter, which does raise the issue, is particularly concerned with the issue of there not being clashes between the programming at the National Museum and Gallery at Cathays Park and at the Old Library. The consequence of that was that action was taken on that letter and—[*Coughing.*]

Mr Tyndall: Mae'n ymddangos i mi, o'r dystiolaeth oedd ar gael i'r cyngor ar y pryd, mai un o'r eitemau mwyaf arwyddocaol ynglyn â hyn, mae'n debyg, oedd y llythyr oddi wrth Hugh Hudson Davies, y cyfeirir ato yn adroddiad yr Archwilydd Cyffredinol ac sydd yn codi gyntaf y mater penodol ynghylch y newidiadau yn natur yr hyn a arddangosid. Yn anffodus, mae diweddsglo'r llythyr hwnnw, sydd yn codi'r mater, yn ymwneud yn benodol â'r angen i osgoi gwrthdaro rhwng rhaglen yr Amgueddfa ac Oriel Genedlaethol ym Mharc Cathays ac un yr Hen Lyfrgell. Canlyniad hynny oedd y gweithredwyd ar y llythyr hwnnw ac—[*Pesychu.*]

Mr Tyndall: Sorry, Chair, we have all got your cold at this end of the table. If I am struggling a little it is because my ear, rather than my throat, has been affected.

Mr Tyndall: Mae'n ddrwg gennyf, Gadeirydd, mae eich annwyd chi arnom i gyd wrth ben yma'r bwrdd. Os ydwyf yn cael anhawster, mae hynny oherwydd mai fy nghlust, yn hytrach na fy llwnc, sydd yn dioddef.

What was indicated as being an absolute prerequisite was that there should be a memorandum of understanding between the museum and the Centre for Visual Arts in order to avoid clashes in programming that would impact on visitor numbers. As far as can be seen, once that memorandum was put in place, that appears to have been the action that was taken arising from the letter. Consequently, you can see that there was an issue raised, not by the assessor, but in the letter from Hugh Hudson Davies. The issue was raised and the arts council responded.

Yr hyn a nodwyd fel gofyniad hanfodol oedd y dylai fod memorandwm dealltwriaeth rhwng yr amgueddfa a Chanolfan y Celfyddydau Gweledol er mwyn osgoi gwrthdaro rhwng rhaglenni a fyddai'n effeithio ar niferoedd ymwelwyr. Hyd y gellir gweld, ar ôl i'r memorandwm hwnnw gael ei roi ar waith, mae'n ymddangos mai dyna'r hyn a wnaethpwyd yn sgîl y llythyr. Felly, fe welwch y codwyd cwestiwn, nid gan yr asesydd, ond yn y llythyr gan Hugh Hudson Davies. Codwyd y cwestiwn ac ymatebodd cyngor y celfyddydau. Yr oedd yr ymateb yn

The response was in line with the letter, but it was not a wholly adequate response. There were other elements that might have been picked up from the letter.

unol â'r llythyr, ond nid oedd yn ymateb cwbl ddigonol. Yr oedd elfennau eraill y gallesid eu codi o'r llythyr.

[65] **Janet Davies:** I find it quite odd that it was necessary to establish a memorandum of understanding. Clearly, there were two museums or galleries that must have been cutting across each other to some extent if there had to be a memorandum of understanding. I would have thought that someone would have considered whether the Centre for Visual Arts would have any viability if it was going to clash with the national museum at Cathays Park. Is there any information on that at all?

[65] **Janet Davies:** Yr wyf yn ei gweld braidd yn hynod bod angen sefydlu memorandwm dealltwriaeth. Yn amlwg, yr oedd dwy amgueddfa neu oriel a oedd yn torri ar draws ei gilydd i ryw raddau, mae'n rhaid, os bu'n rhaid cael memorandwm dealltwriaeth. Buaswn wedi tybio y byddai rhywun wedi ystyried a fyddai modd i Ganolfan y Celfyddydau Gweledol fod yn hyfyw o gwbl os oedd yn mynd i wrthdaro â'r amgueddfa genedlaethol ym Mharc Cathays. A oes gwybodaeth ar hynny o gwbl?

Mr Tyndall: Yes. In essence, it is the letter from Hugh Hudson Davies and the subsequent memorandum of understanding and the minutes of the council which reflect that. However, as far as you can read, the issue was taken as being dealt with by the completion of the memorandum of understanding. That is, in essence, by agreeing not to programme in a competitive way and to be complementary, so that if there were to be a blockbuster exhibition at the museum at Cathays Park it would not clash with the opening of, for instance, a similar exhibition at the CVA.

Mr Tyndall: Oes. Yn eu hanfod, y llythyr oddi wrth Hugh Hudson Davies a'r memorandwm dealltwriaeth a chofnodion y cyngor wedi hynny sydd yn adlewyrchu hynny. Fodd bynnag, hyd y gellir darllen, cymerwyd bod y mater wedi'i setlo wrth gwblhau'r memorandwm dealltwriaeth; hynny yw, yn y bôn, drwy gytuno i beidio â rhaglennu mewn ffordd gystadleuol ac i fod yn gyflenwol, felly os byddai arddangosfa fawreddog yn agor yn yr amgueddfa ym Mharc Cathays, na fyddai'n gwrthdaro ag agoriad, er enghraifft, arddangosfa debyg yng Nghanolfan y Celfyddydau Gweledol.

[66] **Janet Davies:** I can understand that that particular issue would be quite sensible. You are not, therefore, suggesting that the Centre for Visual Arts was not going to be viable unless the museum at Cathays Park could possibly transfer some of its visitors to it, if I can put it that way?

[66] **Janet Davies:** Gallaf ddeall y byddai'r mater arbennig hwnnw'n eithaf doeth. Nid ydych, felly, yn awgrymu nad oedd Canolfan y Celfyddydau Gweledol yn mynd i allu dal ei thir oni allai'r amgueddfa ym Mharc Cathays o bosibl drosglwyddo rhai o'i hymwelwyr iddi, os caf ei roi fel hynny?

Mr Tyndall: No. I do not think that that was the issue that was raised. I think that the critical thing to me is that it seems that the clash with the National Museum and Gallery was probably the lesser of the two points raised by Hugh Hudson Davies, but it was the

Mr Tyndall: Na. Nid wyf yn meddwl mai dyna'r mater a godwyd. Yr wyf yn meddwl mai'r peth allweddol i mi yw ei bod yn ymddangos, mae'n debyg, mai'r gwrthdrawiad â'r Amgueddfa ac Oriol Genedlaethol oedd y lleiaf o'r ddau bwynt a

one that was addressed.

godwyd gan Hugh Hudson Davies, ond mai hwnnw oedd yr un a gafodd sylw.

[67] **Janet Davies:** Thank you.

[67] **Janet Davies:** Diolch.

[68] **David Lloyd:** I turn to the concerns raised by the external assessor. The external assessor raised concerns with you about the level of expertise within the centre, the undervaluing of marketing and public relations, the absence of a marketing plan and so on. Why did the council not act on these warnings?

[68] **David Lloyd:** Trof at y pryderon a fynegwyd gan yr asesydd allanol. Mynegodd yr asesydd allanol bryderon i chi ynghylch lefel arbenigedd yn y ganolfan, y diffyg pwyslais ar farchnata a chysylltiadau cyhoeddus, absenoldeb cynllun marchnata ac ati. Pam na weithredodd y cyngor ar y rhybuddion hyn?

Mr Tyndall: Clearly, the Centre for Visual Arts did have a requirement to generate large amounts of sponsorship income. That was raised by the assessor but, if there was an intervention, it did not prove effective. I think that that is all I can say.

Mr Tyndall: Yn amlwg, yr oedd gofyniad i Ganolfan y Celfyddydau Gweledol gynhyrchu symiau mawr o incwm nawdd. Codwyd hynny gan yr asesydd ond, os bu ymyriad, ni fu'n effeithiol. Yr wyf yn meddwl mai dyna'r cwbl y gallaf ei ddweud.

[69] **David Lloyd:** Following on from that, there were similar warnings about that lack of private sector sponsorship and revenue support. Why, again, did the council fail to react to these warnings and to ask the centre to address the problem?

[69] **David Lloyd:** Yn sgîl hynny, cafwyd rhybuddion tebyg am y diffyg nawdd gan y sector preifat a'r diffyg cymorth refeniw. Pam, eto, y methodd y cyngor ag adweithio i'r rhybuddion hyn a methu â gofyn i'r ganolfan roi sylw i'r broblem?

Mr Tyndall: I think that the council began to react at the point at which the centre opened and the problems became apparent. Such action as may have taken place before then did not prove effective—if, indeed, it took place.

Mr Tyndall: Yr wyf yn meddwl y dechreuodd y cyngor ymateb ar yr adeg yr agorodd y ganolfan ac y daeth y problemau i'r amlwg. Yr oedd unrhyw weithredu a ddigwyddodd cyn hynny wedi profi'n aneffeithiol—os, yn wir, y digwyddodd.

[70] **Janet Davies:** Okay. We now turn to the poor quality of the initial building estimates. Numerous changes had to be made to the building plans between 1995 and 1997. Table 10 on page 14 shows the changes. Those changes increased the cost by £1.8 million. On what basis was the first estimate considered to be reliable and on what grounds did the council feel justified in providing

[70] **Janet Davies:** Iawn. Trown yn awr at ansawdd gwael yr amcanbrisiau adeiladu cychwynnol. Bu'n rhaid gwneud nifer o newidiadau i'r cynlluniau adeiladu rhwng 1995 a 1997. Mae tabl 10 ar dudalen 14 yn dangos y newidiadau. Ychwanegodd y newidiadau hynny £1.8 miliwn at y gost. Ar ba sail yr ystyriwyd bod yr amcanbris cyntaf yn ddibynadwy ac ar ba seiliau y teimlai'r cyngor

additional lottery grant to cover most of the increase?

Mr Tyndall: Again, I need to preface these remarks with comments on how applications are judged at the moment compared to how this one was judged and how applications were judged at the time. The principal difference between the first application and the second stage was that there had been a change of consultants at that point: a new team of consultants had been taken on. Having taken them on, they undertook the detailed survey work of the building, which is a grade II* listed building—clearly, a building that would require considerable work in order to be suited for its new purpose.

Were this proposal to be scrutinised today, there would be a three-stage scrutiny process. The application would not have been considered for grant funding until it had reached Royal Institute of British Architects stage D. In theory, that first application was at stage C. The subsequent consultants judged it to be at stage A or B. In other words, it was at the design and development stage and not at a point at which reliable estimates had been prepared. Consequently, today, that application would not have been considered. It simply could not be considered because those figures would not be expected to be robust. Until you actually begin your survey work and until you have a detailed design and detailed cost assessment, it is impossible to produce reliable estimates. So it is no surprise to me that there is such a huge variation because the first set of figures are not suitable for assessment as an application for lottery funding for a project costing in excess of £100,000.

[71] **Janet Davies:** It still seems surprising that the arts council did not realise that the original building estimates were so unreliable. I know that the situation has changed now, but was no independent assurance sought from an external assessor?

fod cyfiawnhad dros ddarparu grant loteri ychwanegol i dalu'r rhan fwyaf o'r cynnydd?

Mr Tyndall: Eto, mae angen imi ragflaenu'r sylwadau hyn gyda sylwadau ar y modd y bernir ceisiadau ar hyn o bryd o gymharu â'r modd y barnwyd hwn a'r modd y bernid ceisiadau ar y pryd. Y prif wahaniaeth rhwng y cais cyntaf a'r ail gam oedd y bu newid ymgynghorwyr ar y pwynt hwnnw: cyflogwyd tîm newydd o ymgynghorwyr. Wedi rhoi'r gwaith iddynt, gwnaethant arolwg manwl o'r adeilad, sydd yn adeilad cofrestredig gradd II*—yn amlwg, yn adeilad y byddai angen gwaith sylweddol arno i'w addasu ar gyfer ei bwrpas newydd.

Pe archwilid y cynnig hwn heddiw, ceid proses archwilio tri cham. Ni fuasid wedi ystyried rhoi grant i'r cais heb iddo gyrraedd cam D Sefydliad Brenhinol Penseiri Prydain. Mewn egwyddor, yr oedd y cais cyntaf hwnnw wedi cyrraedd cam C. Barnodd yr ymgynghorwyr dilynol ei fod wedi cyrraedd cam A neu B. Mewn geiriau eraill, yr oedd ar y cam dylunio a datblygu ac nid ar bwynt lle'r oedd amcanbrisiau dibynadwy wedi'u paratoi. O ganlyniad, heddiw, ni fuasid wedi ystyried y cais hwnnw. Ni ellid ei ystyried oherwydd ni fyddai disgwyl i'r ffigurau hynny fod yn gadarn. Hyd nes ichi ddechrau mewn gwirionedd ar eich gwaith maintfesur a hyd nes bod gennych ddyluniad manwl ac asesiad costau manwl, mae'n amhosibl llunio amcanbrisiau dibynadwy. Felly, nid wyf yn synnu at amrywiaeth mor enfawr, oherwydd nid yw'r set gyntaf o ffigurau'n addas i'w hasesu fel cais am arian loteri ar gyfer prosiect yn costio dros £100,000.

[71] **Janet Davies:** Mae'n dal i ymddangos yn rhyfedd bod cyngor y celfyddydau heb sylweddoli bod yr amcanbrisiau adeiladu gwreiddiol mor annibynadwy. Gwn fod y sefyllfa wedi newid bellach, ond oni cheisiwyd sicrwydd annibynnol gan asesydd allanol?

Mr Tyndall: Again, the current assessment process involves not a single assessor, but would involve an architect, a quantity surveyor, a building assessor, a disability assessor and additional specialist assessors as required. So there would be people specialising in each element of the project, assessing that element of it. In the case of this particular project there was a single assessment. We would not now expect an individual assessor to cover the breadth of issues that need to be assessed to achieve reliable conclusions about the likely accuracy of costings and the likely sustainability of the proposals.

[72] **Janet Davies:** I realise that, in its short life, there were not any of what have been described as blockbuster exhibitions. However, were the adaptations done in such a way that such exhibitions could have been held there, in a physical and practical sense?

Mr Tyndall: There are two answers to that question, in a sense. Throughout the life of the project design and development, the intention was that the security levels within the gallery would be developed to be capable of holding such exhibitions. One of the requirements for holding such exhibitions is secure storage. In the event, that secure storage was not provided in the final design. Again, I would like to refer to current procedures and procedures at the time. Now, an award of lottery grant would be accompanied by a legal agreement which obliges the recipient to inform the council of any material changes to the design. At that time, such an obligation did not exist, and it is clear from the evidence that changes were made of which the council was unaware.

[73] **Janet Davies:** Thank you.

Mr Tyndall: Eto, nid yw'r broses asesu gyfredol yn cynnwys un asesydd unigol, ond byddai'n cynnwys pensaer, maintfesurwr, asesydd adeiladau, asesydd anabledd ac aseswyr arbenigol ychwanegol yn ôl y gofyn. Felly byddai pobl yn arbenigo ym mhob elfen o'r prosiect, yn asesu'r elfen honno. Yn achos y prosiect penodol hwn un asesiad a wnaethpwyd. Ni fyddem bellach yn disgwyl i asesydd unigol ymdrin â'r ystod eang o faterion y mae angen eu hasesu i gael casgliadau dibynadwy ynghylch cywirdeb tebygol costiaidau a'r tebygolrwydd bod y cynigion yn gynaliadwy.

[72] **Janet Davies:** Sylweddolaf na chafwyd, yn ystod ei hoes fer, unrhyw arddangosfa y gellid ei disgrifio fel un anferth, ysgubol. Fodd bynnag, a wnaethpwyd yr addasiadau yn y fath fodd fel y gallesid cynnal arddangosfeydd anferth o'r fath yno, o safbwynt corfforol ac ymarferol?

Mr Tyndall: Mae dau ateb i'r cwestiwn hwnnw, mewn ffordd. Trwy gydol oes dylunio a datblygu'r prosiect, y bwriad oedd datblygu lefelau diogelwch o fewn yr oriel i allu cynnal arddangosfeydd o'r fath. Un o ofynion cynnal arddangosfeydd o'r fath yw storfa ddiogel. Fel y digwyddodd pethau, ni ddarparwyd y storfa honno yn y dyluniad terfynol. Eto, hoffwn gyfeirio at weithdrefnau cyfredol a gweithdrefnau'r adeg honno. Heddiw, wrth ddyfarnu grant loteri byddid yn cynnwys cytundeb cyfreithiol a fyddai'n mynnu bod y derbyniwr yn hysbysu'r cyngor am unrhyw newidiadau materol i'r dyluniad. Bryd hynny, nid oedd gofyniad o'r fath yn bodoli, ac mae'n glir oddi wrth y dystiolaeth y gwnaethpwyd newidiadau heb yn wybod i'r cyngor.

[73] **Janet Davies:** Diolch.

Mr Tyndall: Coming back to your earlier question, should you require it, I am capable of providing detailed figures as to the variation between those two columns in figure 10, if members would find that helpful. I can address them now, and provide them separately in writing.

[74] **Janet Davies:** That would be very helpful, yes. Thank you.

[75] **Eleanor Burnham:** I have some further questions about the building costs. Three points come to mind from reading the auditor's report. First, the fact that the Cardiff Old Library Trust made a number of amendments and changes. I also note that the design team changed. The third point that comes to mind is that the council was mindful of the April 1996 date, otherwise it would not have been possible to transfer the building and related funding from the then Cardiff City Council. I presume that those were some of the major considerations that perhaps hindered what might be a much easier scenario these days.

Mr Tyndall: Yes. I have obviously had occasion to consider the time pressure and how it was dealt with because, clearly, the capacity to proceed with the project, at least on the surface, depended on decisions being made within a particular timescale because of the constraints of local government reorganisation and the need to transfer the building and secure the grant funding from the authority and so on. That meant that the time available for scrutiny was perhaps less than might have been the case otherwise. You cannot but speculate that it may have been a contributory factor. Clearly, also, there were difficulties in the relationship between the trust and the design team, which led to the design team being changed.

0 However, I think that they are not the

Mr Tyndall: A dychwelyd at eich cwestiwn blaenorol, pe dymunech, gallwn ddarparu ffigurau manwl parthed yr amrywiad rhwng y ddwy golofn hynny yn ffigur 10, pe bai hynny yn ddefnyddiol i'r aelodau. Gallaf siarad amdanynt yn awr, a'u darparu ar wahân mewn ysgrifen.

[74] **Janet Davies:** Byddai hynny'n ddefnyddiol iawn, byddai. Diolch.

[75] **Eleanor Burnham:** Mae gennyf ragor o gwestiynau am y costau adeiladu. Daw tri phwynt i'r meddwl o ddarllen adroddiad yr archwilydd. Yn gyntaf, y ffaith i Ymddiriedolaeth Hen Lyfrgell Caerdydd wneud nifer o addasiadau a newidiadau. Nodaf hefyd y newidiwyd y tîm dylunio. Y trydydd pwynt a ddaw i'm meddwl yw bod y cyngor yn ymwybodol o'r dyddiad Ebrill 1996, neu fel arall ni fuasai'n bosibl trosglwyddo'r adeilad a'r cyllid cysylltiedig oddi wrth Gyngor Dinas Caerdydd fel yr oedd. Tybiaf fod y rhain yn rhai o'r ystyriaethau mawr a fu'n faen tramgwydd efallai i sefyllfa a fyddai o bosibl yn llawer haws y dyddiau hyn.

Mr Tyndall: Ie. Yn amlwg cefais achos i ystyried y pwysau amser a sut y deliwyd â hynny oherwydd bod y gallu i fynd ymlaen â'r prosiect, o leiaf ar yr wyneb, yn dibynnu, wrth reswm, ar wneud penderfyniadau o fewn amser penodol oherwydd cyfyngiadau addrefnu llywodraeth leol a'r angen i drosglwyddo'r adeilad a sicrhau'r cyllid grant oddi wrth yr awdurdod ac ati. Golygodd hynny fod llai o amser ar gael ar gyfer archwilio efallai nag a fuasai fel arall. Ni ellir ond damcaniaethu y gallai hynny fod wedi bod yn ffactor cyfrannol. Yn amlwg, hefyd, yr oedd anawsterau yn y berthynas rhwng yr ymddiriedolaeth a'r tîm dylunio, a arweiniodd at newid y tîm dylunio.

Fodd bynnag, nid dyna'r unig ffactorau yn fy marn i. Mae ffactorau eraill hefyd. Heb

only factors. There are other factors as well. Without doing a survey on a building of that kind, it is very very difficult to know what you will find when you start to dig. I think that members are probably well aware that there were difficulties with the sub-structure, but also that the original building had been built on part of the churchyard of St John's church, and—

wneud arolwg o adeilad o'r math hwnnw, mae'n anodd iawn iawn gwybod beth ddaw i'r golwg pan ddechreuwch gloddio. Mae'n debyg gennyf fi fod yr aelodau'n ymwybodol iawn y cafwyd anawsterau gyda'r isadeiledd, ond hefyd fod yr adeilad gwreiddiol wedi'i godi ar ran o fynwent eglwys Sant Ioan, a—

1

2 [76] **Eleanor Burnham:** Not quite as easy as if you were starting from scratch.

0 [76] **Eleanor Burnham:** Heb fod lawn mor hawdd â phe baech yn dechrau o'r dechrau.

1

3 **Mr Tyndall:** No, absolutely not. It was a very very difficult project. It was a listed building, very prominent, with a lot of particular difficulties associated with it. Taking all of those factors into account, it meant that a decision was taken early on that, in fact, it was inevitable that the costs would differ in the event. What it might be worth saying—and I think it probably is—is that once the second stage tender had been produced using a procedure very much closer to the one that we would now use in order to produce figures for assessment, ultimately the project was then delivered on budget. So I think that it is important to say that that is largely the basis on which figures would be prepared for consideration were they prepared today.

2 **Mr Tyndall:** Na, yn hollol. Yr oedd yn brosiect anodd iawn iawn. Yr oedd yn adeilad cofrestredig, yn amlwg iawn, gyda llawer o anawsterau arbennig cysylltiedig ag ef. Ac ystyried y ffactorau hynny i gyd, golygai y gwnaethpwyd penderfyniad yn gynnar a'i bod, mewn gwirionedd, yn anochel y byddai'r costau'n wahanol ar ddiwedd y dydd. Efallai y byddai'n werth dweud—a chredaf ei bod hi—fod y prosiect yn cael ei gyflawni o fewn y gyllideb yn y diwedd, ar ôl i dendr yr ail gam gael ei lunio gan ddefnyddio trefn lawer iawn agosach at yr un a ddefnyddiem ni yn awr i gynhyrchu ffigurau ar gyfer asesiad. Felly yr wyf yn meddwl ei bod yn bwysig dweud mai ar y sail honno yn gyffredinol y câi ffigurau eu paratoi i'w hystyried pe baent yn cael eu paratoi heddiw.

3

4 [77] **Eleanor Burnham:** Further to that and, obviously, as the other Members have said, it is not a

4 [77] **Eleanor Burnham:** Yn codi o hynny, ac, wrth reswm, fel y dywedodd yr aelodau eraill, nid

personal vendetta against you, we are just looking at the enormous changes and I was wondering if some of them were fully justified and essential—for instance, the upgrading of fixtures and fittings, internal doors, the glass lobby—or were they part and parcel of what you just described as a very difficult building? For instance, I notice that the information technology had been completely omitted from the budget.

ymgyrch bersonol yn eich erbyn chi yw hon, dim ond edrych yr ydym ar y newidiadau enfawr, ac yr oeddwn yn meddwl tybed a oedd cyfiawnhad llawn dros rai ohonynt ac a oeddent yn hanfodol—er enghraifft, uwchraddio gosodion a ffitiadau, drysau mewnol, y cyntedd gwydr—ynteu a oeddent yn rhan annatod o'r hyn yr ydych newydd ei ddisgrifio fel adeilad anodd iawn? Er enghraifft, sylwaf fod technoleg gwybodaeth wedi'i hepgor yn llwyr o'r gyllideb.

5

5 **Mr Tyndall:** To look at some of the issues around fixtures and fittings, I will give a particular example because I think that it is quite indicative. If you look at internal doors, the original allowance was for paint quality doors and painted softwood frames with medium quality ironmongery. Subsequently, there were veneered timber doors with all good hardware ironmongery. I know that that is a very particular example, but I can choose individual ones like that. The conclusion, by and large, was that the original specifications were not commensurate with the intended use of the building. Consequently, the trust's view, which was supported by the arts council's decision to fund the changes, was that the building was originally underspecified and that contributed to the additional costs as well.

6 **Mr Tyndall:** Ac edrych ar rai o'r cwestiynau ynghylch gosodion a ffitiadau, rhoddaf un enghraifft benodol gan fy mod yn meddwl ei bod yn eithaf dadlennol. Os edrychwch ar ddrysau mewnol, yr oedd y swm cyntaf ar gyfer drysau o ansawdd paent a fframiau pren meddal wedi'u paentio gyda gwaith haearn o ansawdd canolig. Wedi hynny, cafwyd drysau pren wedi'i argaenu gyda gwaith haearn da i gyd. Gwn mai enghraifft benodol iawn yw hon, ond gallaf ddewis esiamplau unigol fel honno. Y casgliad, ar y cyfan, oedd nad oedd y fanyleb wreiddiol yn gymesur â'r defnydd a fwriedid i'r adeilad. Felly, barn yr ymddiriedolaeth, a gefnogwyd gan benderfyniad cyngor y celfyddydau i ariannu'r newidiadau, oedd bod manyleb wreiddiol yr adeilad yn annigonol, a chyfrannodd hynny at y costau ychwanegol hefyd.

7

6 [78] **Eleanor Burnham:** That answers my next question really, about the substructure costs rising from £14,000 to £199,000 and the cost of the internal doors from

8 [78] **Eleanor Burnham:** Mae hynny'n ateb fy nghwestiwn nesaf, a dweud y gwir, ynghylch costau'r isadeiledd yn codi o £14,000 i £199,000 a chost y drysau mewnol o

£97,000 to £522,000. I think that you have answered that question. I think the last—

£97,000 i £522,000. Yr wyf yn meddwl eich bod wedi ateb y cwestiwn hwnnw. Yr wyf yn meddwl mai'r un olaf—

9

7 **Mr Tyndall:** On the issue of the substructure, in fact, when the survey was undertaken, the foundations were found to be inadequate and piling had to be provided. Consequently, that added substantially to the cost.

Mr Tyndall: Ar fater yr isadeiledd, mewn gwirionedd, pan wnaethpwyd yr arolwg, canfuwyd bod y sylfeini'n annigonol a bu'n rhaid darparu pileri. O ganlyniad, ychwanegodd hynny at y gost yn sylweddol.

0

8

9 [79] **Eleanor Burnham:** My last question, which I do not even understand in reading it, is about an item relating to design interface costs and main contractor discount. Can you explain that please, because table 10 shows that it was included in the estimate at the lottery application stage but gave rise to a cost of £198,000 at the tender stage? I do not even understand. Perhaps you could help me.

1 [79] **Eleanor Burnham:** Mae fy nghwestiwn olaf, nad ydwyf i hyd yn oed yn ei ddeall wrth ei ddarllen, yn ymwneud ag eitem ynghylch costau rhyngwyneb dylunio a disgownt prif gontractwr. A allwch egluro hynny os gwelwch yn dda, oherwydd bod tabl 10 yn dangos ei fod wedi'i gynnwys yn yr amcanbris pan wnaethpwyd y cais loteri ond ei fod wedi peri cost o £198,000 yn y cam tendro? Nid wyf i hyd yn oed yn deall. Efallai y gallech fy helpu.

2

10 **Mr Tyndall:** I think that I will have to volunteer, with the Chair's agreement, to provide the answer to that question in writing subsequently.

3 **Mr Tyndall:** Yr wyf yn meddwl y bydd yn rhaid imi wirfoddoli, gyda chytundeb y Cadeirydd, i ddarparu'r ateb i'r cwestiwn hwnnw mewn ysgrifen yn ddiweddarach.

4

11 [80] **Eleanor Burnham:** I will be fascinated. Thank you.

[80] **Eleanor Burnham:** Byddaf wedi fy nghyfareddu. Diolch.

0

12 [81] **Janet Davies:** I would like to pursue the issue of the—sorry Eleanor, have you finished?

1 [81] **Janet Davies:** Hoffwn ddilyn mater y—mae'n ddrwg gennyf, Eleanor, ydych chi wedi gorffen?

2

- 13 [82] **Eleanor Burnham:** Yes, thank you very much indeed. I cannot wait now; I will not be able to sleep tonight for wanting to know what that means.
- 3 [82] **Eleanor Burnham:** Ydwyf, diolch yn fawr iawn. Yr wyf ar bigau'r drain yn awr; byddaf yn methu â chysgu heno gan fy mod eisiau gwybod beth yw ystyr hyn.
- 4
- 14 **Mr Tyndall:** I will get it to you by e-mail straight away.
- 5 **Mr Tyndall:** Fe e-bostiaf yr ateb atoch yn syth bin.
- 6
- 15 [83] **Janet Davies:** I would like to pursue the issue of the need to transfer by 1996. From a different point of view, I was very involved with local government reorganisation, so I understand the problems that were arising at that time. However, if it was a viable project and it was going to be a good thing for Cardiff, I cannot see why there had to be that concern that reorganisation could have stopped it happening.
- 7 [83] **Janet Davies:** Hoffwn i fynd ar ôl yr angen i drosglwyddo erbyn 1996. O safbwynt gwahanol, yr oeddwn innau'n gyfrannog yn ad-drefnu llywodraeth leol, felly deallaf y problemau a godai bryd hynny. Fodd bynnag, os oedd yn brosiect ymarferol ac os oedd am fod yn beth da i Gaerdydd, ni allaf weld pam yr oedd angen y pryder hwnnw y gallai'r ad-drefnu fod wedi'i atal rhag digwydd.
- 8
- 16 **Mr Tyndall:** I can give a partial answer and perhaps a suggestion as to what the remainder may be. It seems to me that the issue of grant funding—the £3.1 million provided by Cardiff—is that that was a Cardiff City Council commitment. My understanding of the position is that it could not commit its successor body to such a sum. However, I could be wrong about that. Certainly, the files indicate that that was the concern at the time, that, whereas Cardiff City Council had been involved in the project for several years since its inception, the new authority might take a different view as to its priorities. Therefore, there was an urgency for the grant to be dealt with. I think that that is a reasonable
- 9 **Mr Tyndall:** Gallaf roi ateb rhannol ac efallai awgrym ynghylch beth allai'r gweddill fod. Mae'n ymddangos i mi, ynglyn â'r grant—y £3.1 miliwn a ddarparwyd gan Gaerdydd—mai ymrwymiad Cyngor Dinas Caerdydd ydoedd. Fy nealltwriaeth i o'r sefyllfa yw na allai rwympo ei olynnydd i swm o'r fath. Fodd bynnag, gallwn fod yn anghywir ynghylch hynny. Yn sicr, dengys y ffeiliau mai dyna oedd y pryder ar y pryd, sef, tra bod Cyngor Dinas Caerdydd wedi bod yn ymwneud â'r prosiect am rai blynyddoedd ers ei gychwyn, y gallai'r awdurdod newydd fod â barn wahanol am ei flaenoriaethau. Felly, yr oedd delio â'r grant yn fater brys. Credaf fod hynny'n ddamcaniaeth resymol ar sail y dystiolaeth sydd ar

construction on the basis of what evidence is available.

gael.

10

17 As to the building—again, you may wish to take advice on this—if it was not required by the successor authority, then my recollection of the arrangements at local government reorganisation was that it would have transferred to the residuary body, which would have been obliged to dispose of it. Certainly, that appears to have been the thinking that lay behind the urgency attached to the funding.

11 O ran yr adeilad—eto, efallai yr hoffech geisio cyngor ar hyn—pe na fyddai ei eisiau ar yr awdurdod olynol, yna fy nghof i o'r trefniadau adeg ad-drefnu llywodraeth leol yw y byddid wedi'i drosglwyddo i'r corff gweddilliol, a fuasai wedi gorfod ei werthu. Yn sicr, dyna, fe ymddengys, oedd y meddylfryd y tu ôl i'r brys o ran ariannu.

12

18

19 [84] **Janet Davies:** Does that not suggest that perhaps there was some concern about the viability? Cardiff City Council became Cardiff City and County Council, obviously with greatly increased functions, as it was taking over the county functions, but, nevertheless, it was a council that was based on the same area.

[84] **Janet Davies:** Onid yw hynny'n awgrymu efallai fod rhywfaint o bryder ynghylch yr hyfywdra? Trodd Cyngor Dinas Caerdydd yn Gyngor Sir a Dinas Caerdydd, yn amlwg gyda chynnydd mawr mewn swyddogaethau, gan ei fod yn ymgymryd â swyddogaethau'r sir, ond, serch hynny, cyngor yn seiliedig ar yr un ardal ydoedd.

0

Mr Tyndall: I do not think that is necessarily so, Chair. This is an issue about capital funding and the building. At no stage had the council made a commitment to revenue funding, so the council's ongoing commitment was not a requirement of the original revenue proposals. However, that capital input and the input of the building were obviously crucial to the project.

Mr Tyndall: Nid wyf yn meddwl bod hynny'n wir o reidrwydd, Gadeirydd. Mater ynghylch cyllid cyfalaf a'r adeilad yw hwn. Nid oedd y cyngor ar unrhyw bryd wedi ymrwymo i ddarparu cyllid refeniw, felly nid oedd ymrwymiad parhaus y cyngor yn ofynnol dan y cynigion refeniw gwreiddiol. Fodd bynnag, yr oedd y cyfraniad cyfalaf hwnnw a mewnbwn yr adeilad yn amlwg yn allweddol i'r prosiect.

[85] **Alison Halford:** It seems to my inexperienced ear that, although Cardiff City Council was not really changing, there was some fairly indecent haste to set the centre up because something might happen that was not going to happen.

[85] **Alison Halford:** Mae'n ymddangos i'm clust ddibrofiad i, er nad oedd Cyngor Dinas Caerdydd yn newid mewn gwirionedd, fod rhywfaint o frys anwedus braidd i sefydlu'r ganolfan oherwydd y gallai rhywbeth ddigwydd nad oedd yn mynd i ddigwydd.

Mr Tyndall: You may well want to take

Mr Tyndall: Efallai'n wir y bydd arnoch

further advice on the issue of whether the building would have transferred to the residuary body, in which case, the scheme, effectively, could not have gone ahead. That does not really relate to the intentions of the authority necessarily, it just simply relates to the mechanisms that were associated with local government reorganisation. Although the successor authority covered, as you say, broadly the same landmass as its predecessor, there was no guarantee that the new authority, once elected, would be bound by the priorities of its predecessor. In fact, inevitably, it must be bound by its own priorities, being newly elected. So I suppose that, from that point of view, there was no guarantee that, although a grant was available from Cardiff City Council, the same grant could have been made available by the Cardiff City and County Council, as it was subsequently.

eisiau cael cyngor pellach ar y cwestiwn a fuasid wedi trosglwyddo'r adeilad i'r corff gweddilliol, a fyddai wedi golygu, i bob pwrpas, na allai'r cynllun fod wedi mynd rhagddo. Nid yw hynny yn wir yn berthnasol i fwriadau'r awdurdod o reidrwydd, ond dim ond yn berthnasol i'r peirianweithiau a oedd yn gysylltiedig ag ad-drefnu llywodraeth leol. Er bod yr awdurdod olynol, fel y dywedasoeh, yn awdurdod dros yr un arwynebedd tir yn fras â'i ragflaenydd, nid oedd dim gwarant y byddai'r awdurdod newydd, unwaith y byddai wedi'i ethol, wedi'i glymu gan flaenoriaethau ei ragflaenydd. Yn wir, yn anochel, byddai'n rhaid iddo gael ei glymu gan ei flaenoriaethau ei hun, ac yntau newydd ei ethol. Felly mae'n debyg, o'r safbwynt hwnnw, nid oedd dim gwarant, er y byddai grant ar gael gan Gyngor Dinas Caerdydd, y gallai'r un grant gael ei gynnig gan Gyngor Sir a Dinas Caerdydd, fel yr oedd wedyn.

[86] **Alison Halford:** So had you been responsible at the time, what advice would you have given yourself over whether it moved into the residual body or not?

[86] **Alison Halford:** Felly pe buasech chi'n gyfrifol ar y pryd, pa gyngor fydddech chi wedi'i roi ichi'ch hun ynghylch a fyddai'n symud i'r corff gweddilliol ai pedidio?

Mr Tyndall: Were there to be similar time pressure on an application today, in the sense that if certain key decisions were not taken quickly the project would fail, and the implication of that was that scrutiny could not be properly undertaken, then we would have to not go ahead with the project, because it is evident that, in order to satisfy ourselves as a lottery distributor, and to satisfy the taxpayer that money is being properly spent, we need properly robust scrutiny measures. If the time taken to do that means that some projects cannot go ahead, then so be it.

Mr Tyndall: Pe bai pwysau amser tebyg ar gais heddiw, yn yr ystyr pe na wneid rhai penderfyniadau allweddol ar fyrder y byddai'r prosiect yn cwmpo, a phetai goblygiadau hynny'n golygu na ellid cyflawni'r archwiliad priodol, yna byddai'n rhaid inni beidio â mynd ymlaen â'r prosiect, oherwydd ei bod yn amlwg, er mwyn bodloni'n hunain fel dosbarthydd loteri, ac er mwyn bodloni'r trethdalwr bod arian yn cael ei wario'n briodol, fod angen mesurau archwilio cadarn a phriodol. Os yw'r amser a gymer i wneud hynny'n golygu na all rhai prosiectau fynd yn eu blaenau, yna bydded felly.

[87] **Janet Davies:** Before we go on to the issue of the construction and the operation of the project, we will have a coffee break.

[87] **Janet Davies:** Cyn inni fynd ymlaen at fater adeiladu a gweithredu'r prosiect, cymerwn egwyl goffi.

[Cynhaliwyd egwyl goffi rhwng 3.15 p.m. a 3.25 p.m.]

[A coffee break was held between 3.15 p.m. and 3.25 p.m.]

[88] **Janet Davies:** We will now turn to part 3 of the report, on the council's monitoring arrangements in relation to the project and to the closure of the centre. Paragraph 3.2 sets out your—well, not yours; the then arts councils'—responsibilities under directions issued by the Secretary of State for Wales in this regard. My first question must be, in view of those responsibilities, why was a full risk assessment not undertaken on the project and why were contingency plans not put into place in case those risks materialised?

Mr Tyndall: Clearly, Chair, it is a requirement now, for any project of this scale, that a full-scale risk assessment process be put in place for the building project and a sensitivity analysis, as we discussed earlier, for the business plan. At the time, that did not form part of the procedures of the arts council.

[89] **Janet Davies:** Do you think that losses could have been prevented if there had been adequate contingency planning?

Mr Tyndall: We will come later, Chair, to the issue of whether it was possible to reduce the running costs of the centre in order to produce viability in the context of the income, which was lower than originally projected. Some of the decisions that were taken were taken by the trust, rather than by the arts council. I think that it is important to remember that the project was run by an independent trust and, therefore, some of the decisions it took will have impacted upon that. In terms of the losses—. This is a complex question to answer. I will just raise a couple of points. In the first instance, obviously, if the visitor projections had been subject to more rigorous assessment, then it is likely that the

[88] **Janet Davies:** Trown yn awr at ran 3 yr adroddiad, ar drefniadau'r cyngor i fonitro'r prosiect a chau'r ganolfan. Mae paragraff 3.2 yn amlinellu'ch cyfrifoldebau—wel, nid eich rhai chi; rhai cyngor y celfyddydau ar y pryd—dan gyfarwyddiadau a gyhoeddwyd gan Ysgrifennydd Gwladol Cymru parthed hyn. Rhaid i'm cwestiwn cyntaf fod, yn wyneb y cyfrifoldebau hynny, pam nad ymgwymerwyd ag asesiad risg llawn ar y prosiect a pham na sefydlwyd cynlluniau wrth-gefn rhag ofn i'r risgiau hynny ddod yn wir?

Mr Tyndall: Yn amlwg, Gadeirydd, mae'n ofynnol bellach, gydag unrhyw brosiect o'r maintioli hwn, sefydlu proses asesu risg ar raddfa lawn ar gyfer y prosiect adeiladu a dadansoddiad sensitifrwydd, fel y trafodasom yn gynharach, ar gyfer y cynllun busnes. Ar y pryd, nid oedd hynny'n rhan o weithdrefnau cyngor y celfyddydau.

[89] **Janet Davies:** A ydych yn meddwl y galleid atal colledion pe ceid cynlluniau wrth-gefn digonol?

Mr Tyndall: Deuwn yn ddiweddarach, Gadeirydd, at y cwestiwn a oedd yn bosibl lleihau costau rhedeg y ganolfan er mwyn sicrhau hyfywdra yng nghyd-destun yr incwm, a oedd yn is nag a ragamcanwyd yn wreiddiol. Yr ymddiriedolaeth, yn hytrach na chyngor y celfyddydau, a wnaeth rai o'r penderfyniadau a wnaethpwyd. Yr wyf yn meddwl ei bod yn bwysig cofio bod y prosiect yn cael ei redeg gan ymddiriedolaeth annibynnol ac, felly, bydd rhai o'r penderfyniadau a wnaeth wedi effeithio ar hynny. Yn nhermau'r colledion—. Dyma gwestiwn cymhleth i'w ateb. Codaf gwpl o bwyntiau yn unig. Yn y lle cyntaf, yn amlwg, pe bai'r rhagamcanion ymwelwyr wedi'u

conclusion would have been that those levels of income were unlikely and then, in assessing the business plan, it would have been necessary to produce a revised budget that either showed income from an alternative source or, alternatively, showed expenditure at a lower level in order to achieve viability. As I say, were the project to be scrutinised today, that degree of scrutiny would be applied and different conclusions would have been reached.

hasesu'n fwy trwyadl, yna mae'n debygol y buasid wedi dod i'r casgliad bod y lefelau incwm hynny'n annhebygol ac yna, wrth asesu'r cynllun busnes, buasai angen llunio cyllideb ddiwygiedig a fyddai naill ai'n dangos incwm o ffynhonnell arall neu, fel arall, yn dangos gwariant ar lefel is er mwyn sicrhau hyfywdra. Fel y dywedais, pe archwiled y prosiect heddiw, byddid yn mynd ati gyda'r radd honno o drylwyredd a buasid wedi dod i gasgliadau gwahanol.

[90] **Alison Halford:** May I come in on this, Chair?

[90] **Alison Halford:** A gaf fi ddod i mewn ar hyn, Gadeirydd?

[91] **Janet Davies:** Yes.

[91] **Janet Davies:** Cewch.

[92] **Alison Halford:** Mr Tyndall, you say that risk assessment was not part of the requirement at the time, but it is now. What changed that?

[92] **Alison Halford:** Mr Tyndall, dywedwch nad oedd asesu risg yn rhan o'r gofynion ar y pryd, ond ei fod bellach. Beth a achosodd y newid hwnnw?

Mr Tyndall: The principal changes brought in by the arts council came about as a consequence of two things. First of all, the council clearly learned from projects, particularly this one, as it reviewed and revised its procedures over time. Also, I think that one of the most significant changes was the 1999 report from the National Audit Office, which clearly set out some of the lessons learned from the large English projects and set out a more stringent basis for scrutiny of projects. The new procedure was introduced later in that same year by the arts council.

Mr Tyndall: Yr oedd y prif newidiadau a gyflwynwyd gan gyngor y celfyddydau yn ganlyniad dau beth. Yn gyntaf oll, yn amlwg fe ddysgodd y cyngor oddi wrth brosiectau, yn enwedig hwn, wrth iddo adolygu a diwygio'i weithdrefnau dros amser. Hefyd, yr wyf yn meddwl mai un o'r newidiadau mwyaf arwyddocaol oedd adroddiad y Swyddfa Archwilio Genedlaethol yn 1999, a amlinellodd yn glir rai o'r gwersi a ddysgwyd oddi wrth y prosiectau mawr yn Lloegr ac a amlinellodd sail fwy cadarn i archwilio prosiectau. Cyflwynwyd y weithdrefn newydd yn ddiweddarach yn yr un flwyddyn gan gyngor y celfyddydau.

[93] **Alison Halford:** Okay. Would you not have thought that a body of the calibre of the arts council should have determined that a risk assessment was required, and have not had to learn by all these mistakes? We were paying pretty senior managers, in pretty high places previously. A fairly basic thing,

[93] **Alison Halford:** Iawn. Oni fuasech wedi meddwl y dylasai corff o safon cyngor y celfyddydau fod wedi penderfynu bod angen asesiad risg, a heb fod wedi gorfod dysgu oddi wrth yr holl gamgymeriadau hyn? Yr oeddem yn talu i reolwyr tra uchel, a fu mewn swyddi tra uchel gynt. Peth eithaf sylfaenol, efallai?

perhaps?

Mr Tyndall: Clearly, today, that would be an easy conclusion to reach.

Mr Tyndall: Yn amlwg, heddiw, byddai hynny'n gasgliad hawdd i ddod iddo.

[94] **Alison Halford:** It is not so long ago, Mr Tyndall.

[94] **Alison Halford:** Nid yw mor bell yn ôl, Mr Tyndall.

Mr Tyndall: I think that the one factor that I would take into account is that this was an organisation that was not originally set up for the purpose of assessing large lottery capital grants of this kind, and that it took it on in the course of its activities.

Mr Tyndall: Yr wyf yn meddwl mai'r un ffactor y byddwn i'n ei ystyried yw mai corff oedd hwn na sefydlwyd yn wreiddiol i ddiben asesu grantiau cyfalaf loteri mawr o'r math yma, a'i fod wedi ymgymryd â'r gwaith yng nghwrs ei weithgareddau.

[95] **Alison Halford:** So you are saying that it was not sufficiently competent, and yet it squandered £3.2 million of lottery money not knowing exactly what it was doing?

[95] **Alison Halford:** Felly yr ydych yn dweud nad oedd yn ddigon abl, ac eto iddo wastraffu £3.2 miliwn o arian loteri heb wybod yn union beth yr oedd yn ei wneud?

Mr Tyndall: I think that I was saying that it was inexperienced.

Mr Tyndall: Yr wyf yn meddwl mai dweud ei fod yn ddibrofiad yr oeddwn i.

[96] **Alison Halford:** So I repeat the question: a board took responsibility for a huge amount of lottery money without the competence to do so?

[96] **Alison Halford:** Felly ailadroddaf y cwestiwn: cymerodd y bwrdd gyfrifoldeb dros swm enfawr o arian loteri heb fod ganddo'r cymhwysedd i wneud hynny?

Mr Tyndall: Certainly, in retrospect, that might be a conclusion that you would reach.

Mr Tyndall: Yn sicr, o edrych yn ôl, dyna gasgliad y gallech ddod iddo.

[97] **Jocelyn Davies:** I should say that I was a member of the Post-16 Education and Training Committee, which heard from the Centre for Visual Arts that its financial position was buoyant about two weeks before it closed. The Committee, of course, believed the centre, but then we were inexperienced at the time, so I hope that you will forgive me for that. We have heard that, at the time, the arts council was acting in good faith in relying on the independent assessment by McCann Matthews Millman that this would probably

[97] **Jocelyn Davies:** Dylwn ddweud imi fod yn aelod o'r Pwyllgor Addysg a Hyfforddiant Ôl-16, a glywodd gan Ganolfan y Celfyddydau Gweledol fod ei sefyllfa ariannol yn dda ryw bythefnos cyn iddi gau. Wrth gwrs, credodd y Pwyllgor y ganolfan, ond wedyn yr oeddem ninnau'n ddibrofiad ar y pryd, felly gobeithio y gwnewch faddau imi am hynny. Yr ydym wedi clywed bod cyngor y celfyddydau, ar y pryd, yn gweithredu'n ddiffuant wrth ddibynnu ar asesiad annibynnol McCann Matthews Millman y byddai hyn yn

be a viable project. I accept that. However, why did the arts council fail to act on concerns that were expressed later? This follows on from the questions which Dai Lloyd asked earlier, when you indicated that the intervention, if it existed at all, was ineffective. Paragraph 3.9 of the report states that the council's monitoring of this project consisted of informal discussions with the project monitor. Over a period of nearly six years between the first lottery application and the opening of the centre, only five written reports were provided by the project monitor. With hindsight, was that an adequate level of monitoring, given that £3.2 million of lottery money was at stake?

Mr Tyndall: With hindsight, the monitoring arrangements then in place by the arts council were insufficiently robust.

[98] **Jocelyn Davies:** It seems that the success of the project rested on several layers of expertise and it seems that a number of individuals and consultants were just ignored. Have you any evidence that any intervention took place?

Mr Tyndall: If I were to characterise the series of events around the revenue funding and the income which, I think, in the income estimates were being below what they should have been, it seems to me that the initial report and the initial assessment gave the arts council a degree of reassurance. Subsequently came the letter from Hugh Hudson Davies, which raised some doubts. However, they were addressed by putting in place the memorandum of understanding, which, as I said earlier, was an insufficient response to those other issues. However, that appears to have been the response to that. Subsequently, as far as I can determine from the evidence now available, the next step was the suggestion that the visitor numbers would be lower than were originally anticipated but that the impact of that on the bottom line

ôl pob tebyg yn brosiect hyfyw. Derbyniaf hynny. Fodd bynnag, pam y methodd cyngor y celfyddydau â gweithredu ar bryderon a fynegwyd yn ddiweddarach? Mae hyn yn dilyn oddi ar y cwestiynau a ofynnodd Dai Lloyd yn gynharach, pan ddywedasoed fod yr ymyriad, os digwyddodd o gwbl, yn aneffeithiol. Noda paragraff 3.9 yr adroddiad bod gwaith monitro'r cyngor ar y prosiect hwn ar ffurf trafodaethau anffurfiol gyda monitor y prosiect. Dros gyfnod o bron chwe blynedd rhwng y cais loteri cyntaf ac agor y ganolfan, dim ond pum adroddiad ysgrifenedig a ddarparwyd gan fonitro y prosiect. O edrych yn ôl, a oedd hynny'n lefel ddigonol o fonitro, a chofio bod £3.2 miliwn o arian loteri yn y fantol?

Mr Tyndall: O edrych yn ôl, nid oedd y trefniadau monitro a sefydlwyd ar y pryd gan gyngor y celfyddydau yn ddigon cadarn.

[98] **Jocelyn Davies:** Mae'n ymddangos bod llwyddiant y prosiect yn gorffwys ar sawl lefel o arbenigedd ac mae'n ymddangos yr anwybyddwyd nifer o unigolion ac ymgynghorwyr. A oes gennych unrhyw dystiolaeth y bu unrhyw ymyriad o gwbl?

Mr Tyndall: Pe bawn i'n disgrifio'r gyfres o ddigwyddiadau o gwmpas y cyllid refeniw a'r incwm, a oedd, mi gredaf, yn yr amcangyfrifon incwm yn is na'r hyn y dylasent fod, mae'n ymddangos i mi bod yr adroddiad cychwynnol a'r asesiad cychwynnol wedi rhoi rhyw radd o sicrwydd i gyngor y celfyddydau. Wedyn daeth y llythyr oddi wrth Hugh Hudson Davies, a gododd rai amheuan. Fodd bynnag, deliwyd â'r rhain drwy sefydlu'r memorandwm dealltwriaeth, a oedd, fel y dywedais yn gynharach, yn ymateb annigonol i'r materion eraill hynny. Fodd bynnag, dyna, mae'n debyg, oedd yr ymateb i hynny. Wedi hynny, cyn belled ag y gallaf ganfod oddi wrth y dystiolaeth sydd yn awr ar gael, y cam nesaf oedd yr awgrym y byddai'r niferoedd ymwelwyr yn is nag a ragwelwyd yn wreiddiol ond y gellid datrys

would be resolved by increasing the charging. So you still have a situation where, theoretically at least, there is a level of income which would sustain the business plan. There was always a presumption of losses in the early years; the centre was never expected to break even until year 3. So there was always some presumption of losses but, ultimately, there was a presumption that those losses would be turned around as the centre built up attendance and so on. The issue then arises of at what point is there an assessment that visitor numbers are going to be significantly lower and that changing the charging will not, in itself, meet the requirement to produce a balanced revenue account. I can find no evidence of what action was taken when that information became available. Once the centre opened then, almost immediately, it was evident that the visitor numbers were below the projection; there were difficulties with the finances and there were a series of interventions. However, there appears to me to be, potentially, a point before the construction was completed and the building opened when effective intervention seems to have commenced.

[99] **Jocelyn Davies:** I see. So when you said that the intervention, if it existed at all, was ineffective, you cannot find any evidence that it existed at all?

Mr Tyndall: No.

[100] **Jocelyn Davies:** Okay, thank you. The Auditor General's report records that you had difficulty obtaining financial information from the trust during the construction phase and also when the centre was opened to the public. Consequently, you were unsighted when the centre was experiencing financial difficulties. Why was this, and what should you have done to get more information? How was the trust allowed to get away with denying you that information?

effaith hynny ar y llinell waelod drwy gynyddu'r taliadau a godid. Felly yr ydych yn dal i fod mewn sefyllfa lle, yn ddamcaniaethol o leiaf, mae lefel o incwm a fyddai'n cynnal y cynllun busnes. Yr oedd bob amser ragdybiaeth o golledion yn y blynyddoedd cynnar; ni ddisgwyliwyd erioed i'r ganolfan dalu'i ffordd tan flwyddyn 3. Felly yr oedd rhyw ragdybiaeth o golledion erioed, ond, yn y pen draw, yr oedd rhagdybiaeth y câi'r colledion hynny eu troi o gwmpas wrth i'r ganolfan ddenu ymwelwyr ac ati. Cyfyd y cwestiwn wedyn ar ba bwynt y ceir asesiad y bydd niferoedd ymwelwyr yn sylweddol is ac na fydd newid y taliadau, ynddo'i hun, yn ateb y gofyn i gynhyrchu cyfrif refeniw cytbwys. Ni allaf ganfod unrhyw dystiolaeth o beth a wnaethpwyd pan ddaeth y wybodaeth honno i law. Unwaith yr agorodd y ganolfan yna, bron yn syth, yr oedd yn amlwg fod y niferoedd ymwelwyr yn is na'r rhagamcan; yr oedd trafferthion gyda'r cyllid a chafwyd cyfres o ymyriadau. Fodd bynnag, mae'n ymddangos i mi fod yna, o ran potensial, bwynt cyn cwblhau'r gwaith adeiladu ac agor yr adeilad pryd y mae'n debyg y dechreuwyd ymyrryd yn effeithiol.

[99] **Jocelyn Davies:** Yr wyf yn gweld. Felly pan ddywedasoch fod yr ymyriad, os digwyddodd o gwbl, yn aneffeithiol, ni allwch ganfod unrhyw dystiolaeth iddo fodoli o gwbl?

Mr Tyndall: Na.

[100] **Jocelyn Davies:** Iawn, diolch. Cofnoda adroddiad yr Archwilydd Cyffredinol ichi gael trafferth cael gwybodaeth ariannol oddi wrth yr ymddiriedolaeth yn ystod y cam adeiladu a hefyd pan agorwyd y ganolfan i'r cyhoedd. O ganlyniad, nid oeddech yn gallu gweld pan oedd y ganolfan mewn trafferthion ariannol. Pam yr oedd hyn, a beth ddylech chi fod wedi'i wneud i gael mwy o wybodaeth? Sut y caniatwyd i'r ymddiriedolaeth gadw'r wybodaeth honno rhagoch chi?

Mr Tyndall: Again, if I can refer to the current arrangements, the current arrangements put in place a legal agreement with the offer of grant, and that agreement obliges the recipient of the grant to provide information to the arts council. Such a legal agreement, with that obligation, and in that way, was not in place at that time with the trust. So the arts council was obliged to rely on the trust providing the information, because it did not have arrangements in place to compel it to provide the information.

Mr Tyndall: Eto, os caf gyfeirio at y trefniadau cyfredol, mae'r trefniadau cyfredol yn cynnwys cytundeb cyfreithiol gyda'r cynnig grant, ac mae'r cytundeb hwnnw'n mynnu bod y sawl sy'n derbyn y grant yn darparu gwybodaeth i gyngor y celfyddydau. Nid oedd cytundeb cyfreithiol o'r fath, gyda'r amod hwnnw, ac yn y ffordd honno, yn bodoli ar yr adeg honno gyda'r ymddiriedolaeth. Felly bu'n rhaid i gyngor y celfyddydau ddibynnu ar yr ymddiriedolaeth i ddarparu'r wybodaeth, oherwydd nid oedd ganddo drefniadau yn eu lle i'w gorfodi i ddarparu'r wybodaeth.

[101] **Jocelyn Davies:** It could not compel or legally demand it, but surely, as the trust was relying considerably on the arts council for funding, you had a deterrent or something that you could use so that you could get information from it? It did not have all the cards, did it? You had some of them.

[101] **Jocelyn Davies:** Ni allai orfodi na'i hawlio'n gyfreithiol, ond siawns, gan fod yr ymddiriedolaeth yn dibynnu'n helaeth ar gyngor y celfyddydau am arian, nad oedd gennych chi fesur atal neu rywbeth y gallech ei ddefnyddio er mwyn cael gwybodaeth oddi wrthi? Nid hi oedd yn dal y cardiau i gyd, nage? Yr oedd gennych chi rai.

Mr Parry: One of the few measures that we used, certainly in the last stages of when the centre was open, was to withhold money. We were giving it an annual revenue grant by that time, which was paid in stages and, towards the point in time close to the closure of the centre, the centre wanted the next instalment, but we withheld it. In figure 6 you will see that we did not pay the total revenue aid for 2000-01. If you like, by that time, the centre had got into difficulties where we could not agree on the final solution.

Mr Parry: Un o'r ychydig fesurau a ddefnyddiasom, yn sicr yn y cyfnod olaf yr oedd y ganolfan yn agored, oedd cadw arian yn ôl. Erbyn hynny yr oeddem yn rhoi grant refeniw blynyddol iddi, a delid fesul tipyn, a thua'r amser yn agos at y pryd y caewyd y ganolfan, yr oedd ar y ganolfan eisiau'r rhandaliad nesaf, ond bu inni ei gadw'n ôl. Yn ffigur 6 fe welwch na wnaethom dalu cyfanswm y cymorth refeniw am 2000-01. Os mynnwch, erbyn hynny, yr oedd y ganolfan wedi mynd i drafferthion lle na allem gytuno ar yr ateb terfynol.

[102] **Jocelyn Davies:** But up until that point, the arts council continued to give funding, even though it was being denied financial information?

[102] **Jocelyn Davies:** Ond hyd at y pwynt hwnnw, parhaodd cyngor y celfyddydau i roi arian, er bod y ganolfan yn gwrthod rhoi gwybodaeth ariannol iddo?

Mr Tyndall: Some of the information that has been referred to were changes to the design of the building, which had cost

Mr Tyndall: Rhan o'r wybodaeth y cyfeiriwyd ati oedd newidiadau i ddyluniad yr adeilad, yr oedd canlyniadau cost iddynt. Yr

consequences. The difficulty there was that changes were being made without recourse to the council, so the council was not aware that information was being withheld until it became aware of the changes. Once it was aware of the changes, it could demand the information. As part of the process of monitoring the build contract, changes were made to the way in which information had to be provided by the trust, which prevented that from recurring. Those changes were subsequently consolidated into the ones I described, which are now based upon legal agreement and forbid those kind of changes unless the information is provided. However, the two issues are separate. On the revenue side, grant was withheld because it was known that information was required that had not been provided on the capital side. The difficulty was that the changes were made without the arts council's knowledge, and therefore, we were not aware that information was not being provided until subsequent to the changes coming to light.

anhawster yn y fan honno oedd bod newidiadau'n cael eu gwneud heb gyfeirio at y cyngor, felly nid oedd y cyngor yn ymwybodol bod gwybodaeth yn cael ei gadw'n ôl hyd nes y daeth i wybod am y newidiadau. Unwaith yr oedd yn ymwybodol o'r newidiadau, gallai hawlio'r wybodaeth. Fel rhan o broses monitro'r contract adeiladu, gwnaethpwyd newidiadau i'r modd yr oedd yn rhaid i wybodaeth gael ei darparu gan yr ymddiriedolaeth, er mwyn sicrhau na ddigwyddai hynny eto. Cafodd y newidiadau hynny eu cydgyfnerthu yn ddiweddarach i roi'r amodau a ddisgrifiais, sydd bellach yn seiliedig ar gytundeb cyfreithiol ac sydd yn gwahardd y math hwnnw o newidiadau oni ddarperir y wybodaeth. Fodd bynnag, dau fater gwahanol yw'r rhain. Ar yr ochr refeniw, cadwyd grant yn ôl oherwydd y gwyddid fod gwybodaeth yn eisiau a heb ei darparu ar yr ochr gyfalaf. Yr anhawster oedd fod y newidiadau wedi'u gwneud heb yn wybod i gyngor y celfyddydau, ac felly, nad oeddem yn ymwybodol fod gwybodaeth heb ei darparu hyd nes yr oedd y newidiadau wedi dod yn hysbys.

[103] **Jocelyn Davies:** Well, obviously, you could not ask about something that you did not know existed. However, how do you deal with independent assessors' concerns now? Do the independent assessors that you use now attend decision meetings?

[103] **Jocelyn Davies:** Wel, yn amlwg, ni allech holi am rywbeth nad oeddech yn gwybod am ei fodolaeth. Fodd bynnag, sut fyddwch chi'n delio â phryderon aseswyr annibynnol erbyn hyn? A fydd yr aseswyr annibynnol a ddefnyddiwch erbyn hyn yn mynychu cyfarfodydd lle gwneir penderfyniadau?

Mr Tyndall: No. There is a formal process. It involves the independent assessor's report being provided to the capital committee and being taken into account by the project officer. It may be helpful, and perhaps the Committee would like me to provide copies of this, but just to illustrate the scale of the difference I will show you two flowcharts. (1) You will not be able to see the detail, but it gives the scale. One shows the assessment procedure undertaken at the time and the other shows the current assessment procedure. At this point, this box shows the independent assessments which are taken at

Mr Tyndall: Na. Mae yna broses ffurfiol. Dan honno darperir adroddiad yr asesydd annibynnol i'r pwyllgor cyfalaf ac fe'i hystyrir gan y swyddog prosiect. Efallai y bydd o gymorth, ac efallai yr hoffai'r Pwyllgor imi ddarparu copïau o hyn, ond er mwyn darlunio maint y gwahaniaeth fe ddangosaf ddau siart llif ichi. (1) Ni fyddwch yn gallu gweld y manylion, ond mae'n rhoi'r raddfa. Mae un yn dangos y drefn asesu a ddilynwyd ar y pryd ac mae'r llall yn dangos y drefn asesu gyfredol. Yn y pwynt hwn, mae'r blwch hwn yn dangos yr asesiadau annibynnol a wneir yng nghyfnod datblygu'r cais, felly mae mwy

the development stage of the application, so there is more detail available and the assessment is likely to be more robust in any event. That is fed into the full application submission and assessment. Then, again, the external assessors are involved in a second phase of consideration. So, in that instance, you have one external assessor involved once. At the subsequent stage you have the project going through, with the external assessors involved as the project develops, so that they are in a position to pick up those changes and to comment on them. Their comments are then available to the capital committee in making its recommendation.

0 It may interest you to know that, at the capital committee meeting tomorrow, one of the projects going before it is recommended to be deferred because the assessment of the business plan suggests that there are over-ambitious projections with regard to income. So constantly since, there are examples of the new process operating and detecting the kind of shortcomings found here and acting upon them. There are far more checks and balances and controls within the system. It has probably led to suggestions that it has become more difficult and more bureaucratic, but I think that you will understand that that is a necessary part of it. When you look at the flowcharts, there simply is no real comparison between what was in place originally and what is in place now.

[104] **Jocelyn Davies:** In early 1998, the monitor, who was appointed by the arts council, alerted you to problems and recommended that the council require the applicant to undertake a sensitivity analysis in relation to income streams and to consider the worst case scenario. Why did you not do that? Why pay for advice and then ignore it?

o fanylion ar gael ac mae'r asesiad yn debygol o fod yn gadarnach beth bynnag. Bwydir hynny i mewn i gyflwyniad ac asesiad y cais llawn. Yna, eto, mae'r aseswyr allanol yn cymryd rhan mewn ail gam ystyried. Felly, yn yr enghraifft honno, mae un asesydd allanol yn cyfrannu un waith. Yn y cam canlynol mae'r prosiect yn mynd drwodd, gyda chyfranogiad yr aseswyr allanol wrth i'r prosiect ddatblygu, felly maent mewn safle i nodi'r newidiadau hynny a rhoi sylwadau arnynt. Wedyn bydd eu sylwadau ar gael i'r pwyllgor cyfalaf wrth iddo wneud ei argymhelliad.

Efallai y bydd o ddiddordeb ichi wybod fod argymhelliad i ohirio un o'r prosiectau sydd yn mynd ger bron y pwyllgor cyfalaf yfory oherwydd fod yr asesiad o'r cynllun busnes yn awgrymu fod rhagamcanion gor-uchelgeisiol o ran incwm. Felly yn gyson ers hynny, ceir enghreifftiau o'r broses newydd ar waith ac yn canfod y math o ddiffygion a ganfuwyd yma ac yn gweithredu arnynt. Mae llawer mwy o fesurau pwyso-a-mesur a rheoli o fewn y system. Mae'n debyg fod hyn wedi arwain at awgrymiadau ei bod wedi mynd yn anoddach ac yn fwy biwrocraataidd, ond yr wyf yn meddwl y deallwch fod hynny'n rhan angenrheidiol ohoni. Pan edrychwch ar y siartiau llif, does dim gwir gymhariaeth yn y bôn rhwng yr hyn oedd yn digwydd yn wreiddiol a'r hyn sydd yn digwydd yn awr.

[104] **Jocelyn Davies:** Yn gynnar yn 1998, tynnodd y monitor, a benodwyd gan gyngor y celfyddydau, eich sylw at broblemau, ac argymhellodd y dylai'r cyngor fynnu bod yr ymgeisydd yn ymgymryd â dadansoddiad sensitifrwydd mewn perthynas â ffrydiau incwm ac ystyried y sefyllfa waethaf a allai ddigwydd. Pam na wnaethoch chi hynny? Pam talu am gyngor ac wedyn ei

anwybyddu?

[105] **Alison Halford:** It was not him, Jocelyn.

[105] **Alison Halford:** Nid ef oedd wrthi, Jocelyn.

[106] **Jocelyn Davies:** No. When I say 'you', I do not mean you personally.

[106] **Jocelyn Davies:** Nage. Pan ddywedaf 'chi', nid chi yn bersonol sydd gennyf dan sylw.

Mr Tyndall: No. It is a reasonable question. I have examined the files in detail on this point and I find exactly what you describe. I read to you from the original assessment report the list of checkpoints going on a scale from one to five. On the viability box in a subsequent file, rather than being marked one to five, it was marked n/a—not applicable—and reference was made to a separate assessment. So I have sought to find details of that separate assessment, which is precisely what you are referring to, and I have not been able to do so.

Mr Tyndall: Na. Mae'n gwestiwn rhesymol. Yr wyf wedi archwilio'r ffeiliau'n fanwl ar y pwynt hwn ac yn canfod yn union yr hyn a ddisgrifiwch. Darllenaf ichi o'r adroddiad asesu gwreiddiol y rhestr o bwyntiau gwirio yn mynd ar raddfa o un i bump. Ar y blwch i farcio hyfywdra y cynllun mewn ffeil ddiweddarach, yn hytrach na chael marc un i bump, fe'i marciwyd n/a—*not applicable*—a chyfeiriwyd at asesiad ar wahân. Felly yr wyf wedi ceisio dod o hyd i fanylion yr asesiad arall hwnnw, sef yr union beth yr ydych yn cyfeirio ato, ac nid wyf wedi llwyddo i wneud hynny.

[107] **Jocelyn Davies:** So who would have decided not to act on those recommendations?

[107] **Jocelyn Davies:** Felly pwy fyddai wedi penderfynu peidio â gweithredu ar yr argymhellion hynny?

Mr Tyndall: Well, I do not know that anyone decided not to act on the recommendations. I have no evidence at all as to what happened as a consequence.

Mr Tyndall: Wel, ni wn fod neb wedi penderfynu peidio â gweithredu ar yr argymhellion. Nid oes gennyf dystiolaeth o gwbl ynghylch beth a ddigwyddodd o ganlyniad.

[108] **Jocelyn Davies:** So were council members aware of those recommendations?

[108] **Jocelyn Davies:** Felly a oedd aelodau'r cyngor yn ymwybodol o'r argymhellion hynny?

Mr Tyndall: That report would have been known to the council, yes. It was attached to the minutes of the capital committee.

Mr Tyndall: Byddai'r adroddiad hwnnw'n hysbys i'r cyngor, byddai. Yr oedd ynghlwm wrth gofnodion y pwyllgor cyfalaf.

[109] **Jocelyn Davies:** We must acknowledge that, despite the fact that a report existed which suggested that further analysis should take place, the council went on to provide a third lottery grant of £555,000 in May of that year. Am I correct in saying that? That the council went on to give more money even though the monitor, who had been commissioned by the council, had suggested that you should do this thing which did not happen?

Mr Tyndall: That appears to be the case, yes.

[110] **Jocelyn Davies:** So was there something else going on that we have not heard about yet? Was there intense lobbying by this applicant of the council members?

Mr Tyndall: Here is a situation where there is a report that says a separate report on the key issue, the visitor numbers and the sensitivity and so on, is being commissioned. However, there is no evidence at all that enables me to determine what happened. To say that there was intense lobbying and so on—I cannot tell you whether a report was commissioned. There was no evidence that it was, but I cannot tell you that it was not because I have no firm evidence that it was not. There certainly is not one available to me.

[111] **Jocelyn Davies:** Were any other applications managed in this same way? Do you know?

Mr Tyndall: Not that I am aware of.

[112] **Jocelyn Davies:** Does the arts council

[109] **Jocelyn Davies:** Rhaid inni gydnabod, er gwaethaf y ffaith bod adroddiad yn bodoli a awgrymai y dylid gwneud dadansoddiad pellach, yr aeth y cyngor ati i ddarparu trydydd grant loteri o £555,000 ym mis Mai y flwyddyn honno. A ydwyf yn gywir i ddweud hynny? Fod y cyngor wedi mynd ati i roi mwy o arian er bod y monitor, a gomisiynwyd gan y cyngor, wedi awgrymu y dylech wneud y peth hwn na ddigwyddodd?

Mr Tyndall: Mae'n ymddangos mai dyna fel y bu, ie.

[110] **Jocelyn Davies:** Felly a oedd rhywbeth arall yn mynd ymlaen nad ydym ni wedi clywed amdano eto? A fu lobiö dwys gan yr ymgeisydd hwn gydag aelodau'r cyngor?

Mr Tyndall: Dyma sefyllfa lle mae adroddiad sydd yn dweud fod adroddiad arall ar y mater allweddol, sef niferoedd ymwelwyr a sensitifrwydd ac ati, yn cael ei gomisiynu. Fodd bynnag, nid oes dim tystiolaeth o gwbl sydd yn fy ngalluogi i benderfynu beth a ddigwyddodd. O ran dweud y bu lobiö dwys ac ati—ni allaf ddweud wrthy ch a gomisiynwyd adroddiad. Nid oedd tystiolaeth i hynny ddigwydd, ond ni allaf ddweud wrthy ch na ddigwyddodd oherwydd nid oes gennyf unrhyw dystiolaeth bendant na ddigwyddodd. Yn sicr, nid oes adroddiad ar gael i mi.

[111] **Jocelyn Davies:** A ddeliwyd ag unrhyw geisiadau eraill yn yr un modd? A wyddoch chi?

Mr Tyndall: Ddim hyd y gwn i.

[112] **Jocelyn Davies:** A oes gan gyngor y

have a lottery division?

celfyddydau adran loteri?

Mr Tyndall: It does at the moment.

Mr Tyndall: Oes, ar y funud.

[113] **Jocelyn Davies:** Did it then?

[113] **Jocelyn Davies:** A oedd ganddo bryd hynny?

Mr Tyndall: Yes.

Mr Tyndall: Oedd.

[114] **Jocelyn Davies:** Do you think that the staff from the lottery division would be able to answer any of these questions?

[114] **Jocelyn Davies:** A ydych yn meddwl y byddai'r staff o adran y loteri yn gallu ateb unrhyw rai o'r cwestiynau hyn?

Mr Tyndall: None of the senior staff who were then in the lottery division remain in the employ of the council.

Mr Tyndall: Nid oes neb o'r staff uwch a oedd yn adran y loteri bryd hynny yn dal i fod yn gyflogedig gan y cyngor.

[115] **Janet Davies:** I have had several requests for extra questions and I will call Members in turn. Eleanor?

[115] **Janet Davies:** Yr wyf wedi cael sawl cais am gwestiynau ychwanegol ac fe alwaf ar Aelodau yn eu tro. Eleanor?

[116] **Eleanor Burnham:** I feel very sorry that you have to answer these almost impossible questions. It seems to be a complete catalogue of disasters, a bit like the Dome, I suppose. It is incredible to think that there were so many senior people involved—and I am grateful to Alison Halford for giving us this written chronology of key office holders. They are obviously all senior civil servants who have come to be chair and chief executives and I would just like to put on record that I think it is rather sad. You would imagine that these people, in their previous and present posts, have a great deal to answer for.

[116] **Eleanor Burnham:** Mae'n flin iawn gennyf eich bod yn gorfod ateb y cwestiynau hyn, sydd bron yn amhosibl i'w hateb. Mae'n ymddangos yn gatalog llawn o drychinebau, ychydig fel y Dôm, am wn i. Mae'n anhygoel meddwl fod a wnelo cymaint o bobl uchel â'r peth—ac yr wyf yn ddiolchgar i Alison Halford am roi'r rhestr ysgrifenedig hon o ddeiliaid swyddi allweddol inni. Maent yn amlwg i gyd yn uwch weision sifil sydd bellach yn gadeiryddion ac yn brif weithredwyr a hoffwn gofnodi fy mod i'n meddwl ei fod braidd yn drist. Fe feddylicch fod gan y bobl hyn, yn eu swyddi blaenorol a phresennol, lawer iawn i ateb drosto.

[117] **Alison Halford:** Another point of clarification please, Mr Tyndall. You said, I think—I might have got it wrong—that although there was a lottery director, she

[117] **Alison Halford:** Pwynt arall o eglurhad, os gwelwch yn dda, Mr Tyndall. Dywedasoich, yr wyf yn meddwl—efallai fy mod wedi camgymryd—fod yna

became the chief executive. Is that right?

gyfarwyddwr loteri, ond ei bod wedi'i phenodi'n brif weithredwr. A yw hynny'n gywir?

Mr Tyndall: Yes.

Mr Tyndall: Ydyw.

[118] **Alison Halford:** But did I understand you correctly when you said that she would not be able to answer the kind of questions that my colleague, Jocelyn Davies, was putting to you, or have I misunderstood?

[118] **Alison Halford:** Ond a ddeallais chi'n iawn pan ddywedasoch na fyddai hi'n gallu ateb y math o gwestiynau yr oedd fy nghyd-Aelod, Jocelyn Davies, yn eu gofyn i chi, ynteu a wyf fi wedi camddeall?

Mr Tyndall: I understood the question to be whether there were current post holders within the lottery division of the arts council who could answer those questions.

Mr Tyndall: Y cwestiwn fel y deallais i oedd a oedd deiliaid swyddi cyfredol o fewn adran loteri cyngor y celfyddydau a allai ateb y cwestiynau hynny.

[119] **Alison Halford:** But you would have assumed—

[119] **Alison Halford:** Ond byddech wedi cymryd—

Mr Tyndall: My answer was that none of the senior staff who were then within the lottery division remain within the employ of the arts council. I am not sure whether I misconstrued the question.

Mr Tyndall: Fy ateb i oedd nad oedd neb o'r staff uwch a oedd yn adran y loteri bryd hynny yn dal i fod yng nghyflogaeth cyngor y celfyddydau. Nid wyf yn siwr a wneuthum i gamddehongli'r cwestiwn.

[120] **Alison Halford:** I misunderstood. However, having looked at the files very carefully, would you feel that those who were in place at the time would be able to better answer Jocelyn Davies's questions?

[120] **Alison Halford:** Fi wnaeth gamddeall. Fodd bynnag, wedi edrych ar y ffeiliau'n ofalus iawn, a deimlech chi y byddai'r rheini a oedd yn gweithio yno ar y pryd yn gallu ateb cwestiynau Jocelyn Davies yn well?

Mr Tyndall: It is difficult for me to answer that.

Mr Tyndall: Mae'n anodd i mi ateb hynny.

[121] **Alison Halford:** Who would be able to answer that question, I wonder?

[121] **Alison Halford:** Pwy fyddai'n gallu ateb y cwestiwn hwnnw, tybed?

Mr Tyndall: Clearly, the question is, does the lack of documentary evidence indicate a lack

Mr Tyndall: Yn amlwg, y cwestiwn yw, a yw'r diffyg tystiolaeth ddogfennol yn arwydd

of activity or does it indicate—

o ddiffyg gweithredu ynteu a yw'n arwydd
o—

[122] **Alison Halford:** No, the question is do you think that the previous director of the lottery division, who is the previous chief executive—bearing in mind that you have spent a great deal of time going through the files—or can you speculate that she might be able to answer the questions put to you by Jocelyn Davies?

[122] **Alison Halford:** Na, y cwestiwn yw a ydych chi'n meddwl y gallai cyfarwyddwr blaenorol adran y loteri, sef y cyn brif weithredwr—gan gofio eich bod chi wedi treulio llawer iawn o amser yn mynd drwy'r ffeiliau—neu a allwch chi ddamcaniaethu y gallai hi fod yn abl i ateb y cwestiynau a ofynnodd Jocelyn Davies ichi?

Mr Tyndall: It seems to me that there are matters of detail that the individual involved might be better placed to answer than I would.

Mr Tyndall: Mae'n ymddangos i mi fod yna faterion o fanylder y byddai'r unigolyn perthnasol efallai mewn sefyllfa well i'w hateb nag y byddwn i.

[123] **Alison Halford:** So that is a definite maybe, is it?

[123] **Alison Halford:** Felly mae hynny'n efallai pendant, ydyw?

[124] **Janet Davies:** I think we will leave it at that, Alison.

[124] **Janet Davies:** Yr wyf yn meddwl y gadawn bethau yn y fan yna, Alison.

[125] **Alison Halford:** Just one last point, please. I am concerned that, as my notes say, the trust continued to deny the arts council information. Rhys seems to indicate by the nod of his head that I have got that bit right. However, the trust supremo was a former chair of the arts council and, therefore, I am surprised that there was this gulf of information between the former chair of the arts council and the then current chair of the arts council, whom we know is not you. Can you explain why they did not seem to be talking to each other when we would assume that they would all be singing from the same hymn sheet?

[125] **Alison Halford:** Dim ond un pwynt olaf, os gwelwch yn dda. Yr wyf yn bryderus fod yr ymddiriedolaeth, yn ôl fy nodiadau i, wedi parhau i gelu gwybodaeth oddi wrth gyngor y celfyddydau. Mae Rhys fel pe bai'n amneidio gyda'i ben fy mod i'n iawn ynglyn â hynny. Fodd bynnag, yr oedd pennaeth yr ymddiriedolaeth yn gyn gadeirydd cyngor y celfyddydau ac, felly, yr wyf yn synnu bod y fath fwch o wybodaeth rhwng cyn gadeirydd cyngor y celfyddydau a chadeirydd cyfredol cyngor y celfyddydau ar y pryd, y gwyddom nad chi ydyw. A allwch chi egluro pam ei bod yn ymddangos nad oeddent yn siarad â'i gilydd, a ninnau'n tybio y byddent i gyd yn canu o'r un llyfr emynau?

Mr Tyndall: I will ask Rhys to briefly pick up on that point, but it seems to me that the main communication flow at issue was that at official level. The trust officials and staff

Mr Tyndall: Gofynnaf i Rhys ddod i mewn yn fyr ar y pwynt hwnnw, ond mae'n ymddangos i mi mai'r llif cyfathrebu ar lefel swyddogion yw'r prif un y mae cwestiwn yn

were not providing information.

ei gylch. Nid oedd swyddogion yr ymddiriedolaeth a staff yn darparu gwybodaeth.

[126] **Alison Halford:** Officials? What level are we talking about, please? I am not entirely au fait with your pecking order.

[126] **Alison Halford:** Swyddogion? Am ba lefel yr ydym ni'n siarad, os gwelwch yn dda? Nid wyf yn gwbl gyfarwydd â'ch hierarchaeth.

Mr Tyndall: Sorry, I meant the trust staff. Nothing more complex than that.

Mr Tyndall: Mae'n ddrwg gennyf, staff yr ymddiriedolaeth oedd dan sylw gennyf. Dim mwy cymhleth na hynny.

[127] **Alison Halford:** So you are now painting a picture that the senior people did not know what the junior people were doing?

[127] **Alison Halford:** Felly yr ydych yn awr yn peintio darlun nad oedd y bobl uwch yn gwybod beth yr oedd y bobl is yn ei wneud?

Mr Tyndall: No. They were not providing information. The requests for information were coming from staff at the arts council to staff at the trust and they were not getting responses. That was where the communication difficulties lay at that point.

Mr Tyndall: Na. Nid oeddent yn darparu gwybodaeth. Yr oedd y ceisiadau am wybodaeth yn dod oddi wrth staff yng nghyngor y celfyddydau i staff yn yr ymddiriedolaeth ac nid oeddent yn cael atebion. Dyna lle'r oedd yr anawsterau cyfathrebu ar y pwynt hwnnw.

[128] **Alison Halford:** And that is nothing to do with senior management, nothing for it to embrace, discover, monitor, find out, check on and question?

[128] **Alison Halford:** Ac nid yw hynny'n ddim o fusnes yr uwch reolwyr, yn ddim byd iddynt ei goleddu, ei ddarganfod, ei fonitro, canfod amdano, ymchwilio iddo a holi yn ei gylch?

Mr Tyndall: It was a question about the council and whether there was a difficulty of communication between the board of the trust and the council, which I suspect, by that time, there was. However, on the particular issues about information, the financial monitoring and so on would have come from the staff of the trust to the staff of the arts council. The arts council staff at the time—as Rhys will be able to confirm, I think—were having difficulty obtaining that information from their counterparts at the trust.

Mr Tyndall: Cwestiwn am y cyngor ydoedd ac ynghylch a oedd trafferthion cyfathrebu rhwng bwrdd yr ymddiriedolaeth a'r cyngor, ac yr wyf yn amau bod erbyn yr adeg honno. Fodd bynnag, ar y materion penodol ynghylch gwybodaeth, byddai'r monitro ariannol ac ati wedi dod oddi wrth staff yr ymddiriedolaeth i staff cyngor y celfyddydau. Yr oedd staff cyngor y celfyddydau ar y pryd—fel y gall Rhys gadarnhau, fe gredaf—yn cael anhawster cael y wybodaeth honno oddi wrth y staff cyfatebol yn yr ymddiriedolaeth.

Mr Parry: Just to confirm what you said, Peter, there was a difficult relationship between the arts council and the trust. It was a continuous struggle to get up to date financial information, for example, from the trust.

Mr Parry: Dim ond i gadarnhau'r hyn a ddywedasoch, Peter, yr oedd perthynas anodd rhwng cyngor y celfyddydau a'r ymddiriedolaeth. Yr oedd yn frwydr barhaus i gael y wybodaeth ariannol ddiweddaraf, er enghraifft, oddi wrth yr ymddiriedolaeth.

[129] **Alison Halford:** This was never brought to the attention of the very senior people in both the trust and the arts council?

[129] **Alison Halford:** Ni ddaethpwyd â hyn fyth i sylw'r bobl uchel iawn yn yr ymddiriedolaeth a chyngor y celfyddydau ill dau?

Mr Parry: I cannot recall any discussions at our council regarding the matter. Certainly, our council was informed of the financial difficulties. If you like, it was informed of financial difficulties in spite of the fact that we were having difficulty obtaining financial information from the trust.

Mr Parry: Ni allaf gofio unrhyw drafodaethau yn ein cyngor ni ynglyn â'r mater. Yn sicr, cafodd ein cyngor ni wybod am y trafferthion ariannol. Os dymunwch, cafodd wybod am y trafferthion ariannol er gwaethaf y ffaith ein bod yn cael anhawster cael gwybodaeth ariannol oddi wrth yr ymddiriedolaeth.

[130] **Alun Cairns:** Mr Tyndall, we appreciate that you are in a difficult position, but I would ask you not to be defensive in replying to this question if at all possible. It seems to me that the simple situation is that the trust seemed to have a great deal of influence over the arts council, in that it seemed to persuade the arts council to continue to provide funding, and yet withheld information that might have influenced the decision to go the other way. We have heard about the relationship, in that the former chairman was linked with the trust and so on. Is there any potential link or conflict that we should be aware of that might have been pointed out to you, raised to you or suggested to you since you have been in post or even before that time? I ask you not to be defensive. We are trying to get to the bottom of the issues to ensure that they do not happen again. It is not a witch hunt; it is a preventative issue for future occasions.

[130] **Alun Cairns:** Mr Tyndall, yr ydym yn sylweddoli eich bod mewn sefyllfa anodd, ond hoffwn ofyn ichi beidio â bod yn amddiffynnol wrth ateb y cwestiwn hwn os oes modd o gwbl. Mae'n ymddangos i mi mai'r sefyllfa syml oedd bod yr ymddiriedolaeth fel petai â chryn dipyn o ddylanwad dros gyngor y celfyddydau, yn gymaint ag yr ymddangosai ei bod yn darbwylo cyngor y celfyddydau i barhau i ddarparu cyllid, ac eto'n dal yn ôl wybodaeth a allasai wthio'r penderfyniad y ffordd arall. Yr ydym wedi clywed am y berthynas, sef bod y cyn gadeirydd yn gysylltiedig â'r ymddiriedolaeth ac ati. A oes unrhyw gysylltiad neu wrthdaro posibl y dylem fod yn ymwybodol ohono y galleid bod wedi ei grybwyll, ei godi neu ei awgrymu wrthyhych chi ers i chi fod yn eich swydd neu hyd yn oed cyn hynny? Gofynnaf ichi beidio â bod yn amddiffynnol. Yr ydym yn ceisio mynd i waelod y materion hyn er mwyn sicrhau na ddigwyddant eto. Nid erlid gwrrachod yr ydym; mater ataliol ydyw er mwyn achlysuron yn y dyfodol.

Mr Tyndall: I have obviously asked the question as to what the nature of the relationships were and were there conflicts and so on. It seems to me that there is a couple of construction of events possible. There is one that suggests that this is a prestigious project with enormous enthusiasm for it. People wanted to see this happen and wanted to see it succeed. It was the first major lottery project in Wales. There was a degree of cachet attached to achieving that distinction. Initially at least, it is very clear that the then Cardiff City Council and the arts council were collaborating to bring this about. The trust came in place and there was general agreement all round that this was a desirable project and that it was worth making the investment in order to make it succeed, and that it was something that there was a need for in the context of the display of art in Wales that would justify public investment as a consequence. From that stage onwards it is possible and reasonable to put a construction on events that there were many visionary and well intentioned people. You then hit a situation where, clearly, the degree of scrutiny applied to the project falls short of what we would apply today. So ultimately, you have a situation where what started off as something visionary and well intentioned suddenly becomes a source of difficulty because of the financial issues that we have explored at some length today. It is clear that the work on developing the building did not go smoothly and nor were the builders' plans sufficiently robust to enable the project to be sustainable. At that point, it seems to me that relationships began to become more strained. Inevitably, it will reach a point.

Once the project was open, I think the intention of the arts council at that time was to find out whether, such a large investment having been made, it was possible to find a sustainable future for it. So the arts council invested some money in keeping the centre open for a little longer, but that was to provide

Mr Tyndall: Yn amlwg yr wyf fi wedi holi ynghylch natur y berthynas ac a oedd gwrthdaro ac ati. Mae'n ymddangos i mi fod dau ddadansoddiad posibl o'r hyn a ddigwyddodd. Awgryma un fod hwn yn brosiect llawn bri gyda brwdfrydedd enfawr drosto. Yr oedd pobl yn deisyfu gweld hyn yn digwydd ac eisiau ei weld yn llwyddo. Hwn oedd y prosiect loteri mawr cyntaf yng Nghymru. Yr oedd rhyw radd o ragoriaeth ynghlwm wrth sicrhau'r statws hwnnw. Ar y cychwyn, o leiaf, mae'n amlwg iawn fod Cyngor Dinas Caerdydd, fel yr oedd, a chyngor y celfyddydau yn cydweithio i wireddu hyn. Sefydlwyd yr ymddiriedolaeth ac yr oedd cytundeb cyffredinol fod hwn yn brosiect i'w ddeisyfu a'i bod yn werth gwneud y buddsoddiad er mwyn gwneud iddo lwyddo, a'i fod yn rhywbeth yr oedd angen amdano yng nghyd-destun arddangos celf yng Nghymru a fyddai'n cyfiawnhau buddsoddiad cyhoeddus o ganlyniad. O hynny ymlaen mae'n bosibl ac yn rhesymol cynnig y dadansoddiad fod yna lawer o bobl â gweledigaeth a bwriadau da. Wedyn yr ydych yn taro sefyllfa lle, yn amlwg, mae'r radd o archwilio a wnaethpwyd ar y prosiect yn syrthio'n fyr o'r hyn a wnaem ni heddiw. Felly yn y pen draw, mae gennych sefyllfa lle mae rhywbeth a gychwynnodd fel testun gweledigaeth a bwriadau da yn sydyn yn troi'n ffynhonnell trafferthion oherwydd y materion ariannol yr ydym wedi ymchwilio iddynt yn faith heddiw. Mae'n amlwg nad aeth y gwaith ar ddatblygu'r adeilad rhagddo'n ddidrafferth ac nad oedd cynlluniau'r adeiladwyr yn ddigon cadarn i alluogi'r prosiect i fod yn gynaliadwy. Ar pwynt hwnnw, mae'n ymddangos i mi fod y berthynas wedi dechrau dangos mwy o straen. Yn anochel, bydd yn cyrraedd pwynt.

Unwaith yr oedd y prosiect yn agored, yr wyf yn meddwl mai bwriad cyngor y celfyddydau ar y pryd oedd canfod a fyddai modd, wedi gwneud buddsoddiad mor fawr, sicrhau dyfodol cynaliadwy iddo. Felly buddsoddodd cyngor y celfyddydau ryw faint o arian i gadw'r ganolfan yn agored am ychydig eto,

sufficient time for a detailed assessment to be done as to whether there were any options that would allow the centre to stay open. At that point, of course, the trust decided that the option which came forward, which would have been a scaling down of the original ambitious vision, was simply too much of a compromise—from its perception of what the artistic requirements were—to proceed, and it closed the centre.

Now, in terms of conflict of interest, I have pursued this issue, notably in advance of today, because it seems to me a reasonable question to expect to be asked. I have found no evidence. It does seem to me that, in essence, this was a project that started off well, made some serious mistakes and then stumbled into failure and relationships broke down at that point. I can only speculate and, clearly, those are issues that you will want to reach conclusions on yourselves. However, that is my perception, on the basis of the evidence available to me.

[131] **Alun Cairns:** I am grateful for that answer, in that you have said that you have investigated a potential conflict of interest between the trust and the arts council in light of your expectation of questions today. For you to make investigations, there must have been some sort of indication, or there must have been something to spark that thought off in your mind. Clearly, if it is difficult to share whatever information may well exist now, can that information be shared so that the Auditor General could pursue those issues, in the hope that we can establish and rule out any potential conflict of interest or confirm that one did exist?

Mr Tyndall: May I say, Chair, that it was not sparked by any particular piece of information. It was simply sparked by exactly the fact that was alluded to, that there are

ond yr oedd hynny er mwyn darparu digon o amser i wneud asesiad manwl ynghylch a oedd unrhyw opsiynau a fyddai'n caniatáu i'r ganolfan aros ar agor. Ar y pwynt hwnnw, wrth gwrs, penderfynodd yr ymddiriedolaeth fod yr opsiwn a ddaeth ymlaen, sef lleihau'r weledigaeth uchelgeisiol wreiddiol, yn ormod o gyfaddawd—yn ôl ei chanfyddiad hi o'r gofynion celfyddydol—i fynd ymlaen, a chaeodd y ganolfan.

Yn awr, yn nhermau gwrthdaro buddiannau, yr wyf wedi edrych i mewn i'r mater hwn, yn enwedig cyn heddiw, oherwydd y mae'n ymddangos i mi yn gwestiwn rhesymol i ddisgwyl y caiff ei ofyn. Nid wyf wedi dod o hyd i unrhyw dystiolaeth. Y mae'n ymddangos i mi, yn ei hanfod, mai prosiect a ddechreuodd yn dda oedd hwn, cyn gwneud rhai camgymeriadau difrifol ac wedyn baglu i fethiant a bod y berthynas wedi chwalu bryd hynny. Ni allaf ond damcaniaethu ac, yn amlwg, mae'r rheini'n faterion y byddwch chi eisiau dod i gasgliadau amdanynt eich hunain. Fodd bynnag, dyna fy nghanfyddiad i, ar sail y dystiolaeth sydd ar gael imi.

[131] **Alun Cairns:** Yr wyf yn ddiolchgar am yr ateb hwnnw, gan ichi ddweud eich bod wedi ymchwilio i botensial gwrthdrawiad buddiannau rhwng yr ymddiriedolaeth a chyngor y celfyddydau yng ngolau'ch disgwyliadau am gwestiynau heddiw. I chi wneud ymchwiliadau, mae'n rhaid bod rhyw fath o arwydd, neu mae'n rhaid bod rhywbeth a daniodd y syniad yn eich meddwl. Yn amlwg, os yw'n anodd rhannu pa wybodaeth bynnag a fo'n bodoli yn awr, a ellir rhannu'r wybodaeth honno fel y gallai'r Archwilydd Cyffredinol fynd ar ôl y materion hynny, yn y gobaith y gallwn sefydlu a datgan nad oedd unrhyw wrthdaro buddiannau, neu gadarnhau fod y fath beth yn bodoli?

Mr Tyndall: A gaf fi ddweud, Gadeirydd, na thaniwyd y syniad gan unrhyw ddarn arbennig o wybodaeth. Fe'i taniwyd yn syml gan yr union ffaith y cyfeiriwyd ati, sef bod yna

individuals who had the potential for a conflict of interest within the arrangements. Consequently, I investigated to establish whether there was any evidence that conflict of interest had occurred in fact. I found none.

unigolion yr oedd potensial iddynt fod â buddiannau a oedd yn gwrthdaro o fewn y trefniadau. O ganlyniad, fe ymchwiliais i sefydlu a oedd unrhyw dystiolaeth fod gwrthdrawiad buddiannau wedi digwydd mewn gwirionedd. Ni chefais ddim.

[132] **Janet Davies:** We will now move on to the events that led to the closure of the centre. The whole issue of the growing financial deficit and the action of the arts council has been discussed quite considerably and we have had many answers from you, Mr Tyndall, about it. However, I still think that, perhaps, while it was operating, leading right up to the closure, you were still not getting the full facts about the financial difficulties. It seems that, until very late on, you were still having difficulty in obtaining them. Could you give us an idea of why this was, particularly considering that the centre eventually had to turn to the arts council for the supplementary revenue grant that has been mentioned?

[132] **Janet Davies:** Symudwn ymlaen yn awr at y digwyddiadau a arweiniodd at gau'r ganolfan. Mae holl gwestiwn y diffyg ariannol cynyddol, a'r modd y gweithredodd cyngor y celfyddydau, wedi ei drafod yn eithaf sylweddol ac yr ydym wedi cael llawer o atebion gennych chi, Mr Tyndall, am hyn. Fodd bynnag, yr wyf yn dal i feddwl, efallai, tra'r oedd y ganolfan yn gweithredu, hyd at y cau, nad oeddech chi'n cael y ffeithiau llawn am y trafferthion ariannol. Mae'n ymddangos eich bod yn dal i gael anhawster cael gafael arnynt tan yn hwyr iawn yn y dydd. A allech chi roi syniad inni pam yr oedd hyn, yn enwedig o ystyried y bu raid i'r ganolfan yn y diwedd droi at gyngor y celfyddydau am y grant refeniw ategol y soniwyd amdano?

Mr Tyndall: I think that Rhys attempted to answer that question earlier. Perhaps we could return briefly to that. It seems to me that there was poor communication and that there was a reluctance to disclose. However, the council was aware of the difficulties from quite early on, from the first council meeting after the centre opened. A working party was established at that time, with input from a consultant, to work with the trustees to investigate the alternatives. However, as you say, there were still some difficulties in obtaining information at the time.

Mr Tyndall: Yr wyf yn meddwl y ceisiodd Rhys ateb y cwestiwn hwnnw'n gynharach. Efallai y gallem ddychwelyd at hynny am ychydig. Mae'n ymddangos i mi y bu cyfathrebu gwael ac amharodrwydd i ddatgelu. Fodd bynnag, yr oedd y cyngor yn ymwybodol o'r trafferthion o adeg eithaf cynnar, o gyfarfod cyntaf y cyngor wedi agor y ganolfan. Sefydlwyd gweithgor bryd hynny, gyda mewnbwn gan ymgynghorydd, i weithio gyda'r ymddiriedolwyr i ymchwilio i'r gwahanol ddewisiadau. Fodd bynnag, fel y dywedwch, yr oedd rhai anawsterau o hyd i gael gwybodaeth ar y pryd.

Mr Parry: I will just give an example, if you like. As part of the revenue grant conditions, we stipulated that the centre had to supply us with monthly management accounts within a month's time. It was a constant battle to try to get those in on time. Although the information was provided on some occasions in line with the timetable, on many other

Mr Parry: Rhoddaf enghraifft, os hoffech. Fel rhan o amodau'r grant refeniw, yr oeddem yn mynnu bod yn rhaid i'r ganolfan ddarparu cyfrifon rheoli misol inni o fewn y mis. Bu'n frwydr gyson ceisio cael y rheini i mewn yn brydlon. Er y darparwyd y wybodaeth ar rai adegau yn unol â'r amserlen, ar lawer o adegau eraill ni

occasions it was not.

wnaethpwyd hynny.

[133] **Janet Davies:** Would you say that there was any improvement in this as time went by? You have just said that sometimes you received the information and sometimes you did not. Does that possibly suggest that perhaps even the centre was not up to date with its financial information? Did it itself know what state it was in?

[133] **Janet Davies:** A ddywedech y cafwyd unrhyw welliant yn hyn gydag amser? Yr ydych newydd ddweud eich bod weithiau'n cael y wybodaeth ac weithiau ddim. A ydyw hynny o bosibl yn awgrymu efallai nad oedd y ganolfan ei hun hyd yn oed yn meddu ar ei gwybodaeth ariannol ddiweddaraf? A oedd hi ei hun yn gwybod ym mha gyflwr yr oedd hi?

Mr Parry: It did have some staff changes, specifically in its finance department, so that may have contributed.

Mr Parry: Fe gafodd rai newidiadau staff, yn benodol yn ei hadran gyllid, felly gallai hynny fod wedi cyfrannu.

Mr Tyndall: I think, Chair, that it is difficult to ascribe motive. As a council, we sought but did not receive information. Why the trust was slow in providing it is a question that probably only it could answer.

Mr Tyndall: Yr wyf yn meddwl, Gadeirydd, ei bod yn anodd pennu cymhelliad. Fel cyngor, ceisiasom wybodaeth ond nis cawsom. Mae pam yr oedd yr ymddiriedolaeth yn araf yn ei darparu yn gwestiwn na allai neb ond hi ei ateb, mae'n debyg.

[134] **Janet Davies:** Yes, you could go through a gamut of different motives, and it seems to me that one, possibly, is that the centre did not know itself.

[134] **Janet Davies:** Ie, fe allech fynd drwy res o wahanol gymhellion, ac mae'n ymddangos i mi mai un o'r rheini, o bosibl, yw nad oedd y ganolfan ei hun yn gwybod.

Mr Tyndall: Yes. We do not have information available to us that can tell us what its difficulties were.

Mr Tyndall: Ie. Nid oes gennym wybodaeth ar gael inni a all ddweud wrthym beth oedd ei thrafferthion.

[135] **Alison Halford:** Who took responsibility for the funding stream after Joanna Weston left?

[135] **Alison Halford:** Pwy gymerodd y cyfrifoldeb am y ffrwd cyllido wedi i Joanna Weston ymadael?

Mr Tyndall: Are we talking about revenue funding?

Mr Tyndall: A ydym yn sôn am gyllid refeniw?

[136] **Alison Halford:** Who looked after the lottery funding, doubtless as required by the Lottery Act 1993? It had to have certain

[136] **Alison Halford:** Pwy oedd yn edrych ar ôl cyllid y loteri, yn unol, mae'n siwr, â gofynion Deddf Loteri 1993? Yr oedd yn

controls, did it not?

rhaid cael rhyw fesurau rheoli, onid oedd?

Mr Tyndall: Yes. Robert Edge took Joanna Weston's place as director of the lottery division when she became chief executive.

Mr Tyndall: Oedd. Cymerodd Robert Edge le Joanna Weston fel cyfarwyddwr adran y loteri pan aeth hi'n brif weithredwr.

[137] **Alison Halford:** He was the only individual who looked after this important aspect of financial expenditure?

[137] **Alison Halford:** Ai ef oedd yr unig unigolyn a ofalai am yr agwedd bwysig hon ar wariant ariannol?

Mr Parry: May I just add that, after Joanna Weston left the council, the Assembly undertook the accounting officer role. So, if you like, all decisions in terms of finance, whether it be lottery or revenue finance, were channelled to the Assembly to make those decisions, because it was carrying the accounting officer's role.

Mr Parry: A gaf i ychwanegu, wedi i Joanna Weston ymadael â'r cyngor, yr ymgymerodd y Cynulliad â rôl y swyddog cyfrifo. Felly, os mynnwch, cafodd pob penderfyniad yn nhermau cyllid, boed gyllid loteri neu gyllid refeniw, ei sianelu i'r Cynulliad i wneud y penderfyniadau hynny, am mai'r Cynulliad oedd yn cario rôl y swyddog cyfrifo.

Mr Tyndall: I think that I possibly need to correct that slightly; it was not the Assembly as a body corporate that carried the accounting officer role. It was discharged on behalf of the council, as I understand it. However, I think that the critical point in pursuit of the question is that you asked a question about lottery funding but, by and large, by this stage we were looking at revenue funding.

Mr Tyndall: Credaf efallai fod angen imi gywiro hynny ryw fymryn; nid y Cynulliad fel corff corfforaethol a ymgymerodd â rôl y swyddog cyfrifo. Fe'i cyflawnwyd ar ran y cyngor, fel y deallaf fi'r sefyllfa. Fodd bynnag, yr wyf yn meddwl mai'r pwynt allweddol yn nhermau'r cwestiwn yw eich bod chi wedi gofyn cwestiwn am gyllid loteri ond ein bod, ar y cyfan, erbyn hynny yn edrych ar gyllid refeniw.

[138] **Alison Halford:** When Joanna Weston left, was she the director of the lottery division and also the chief executive?

[138] **Alison Halford:** Pan ymadawodd Joanna Weston, a oedd hi'n gyfarwyddwr adran y loteri ac yn brif weithredwr hefyd?

Mr Tyndall: No, she stopped being director of the lottery division and became chief executive and a new director of the lottery—

Mr Tyndall: Na, peidiodd â bod yn gyfarwyddwr adran y loteri ac aeth yn brif weithredwr a chafodd cyfarwyddwr loteri newydd—

[139] **Alison Halford:** So when the chief executive left, who took responsibility for her role as chief executive and funding officer—the role in which you are now currently sitting

[139] **Alison Halford:** Felly pan ymadawodd y prif weithredwr, pwy gymerodd gyfrifoldeb am ei rôl hi fel prif weithredwr a swyddog cyllido—y rôl yr ydych chi ynddo ar hyn o

before us?

bryd yn eistedd o'n blaen?

[140] **Eleanor Burnham:** Do you mean when she left the lottery post or when she left the arts council?

[140] **Eleanor Burnham:** A ydych yn golygu pan ymadawodd hi â swydd y loteri ynteu pan ymadawodd hi â chyngor y celfyddydau?

[141] **Alison Halford:** When she left the arts council.

[141] **Alison Halford:** Pan ymadawodd hi â chyngor y celfyddydau.

Mr Tyndall: The roles split, in that Frances Medley became the acting chief executive and Jon Shortridge became the accounting officer.

Mr Tyndall: Rhannwyd y rolau, ac aeth Frances Medley yn brif weithredwr gweithredol a Jon Shortridge yn swyddog cyfrifo.

[142] **Alison Halford:** He became the accounting officer. Fine. Have you had any meetings or conversations with your arts council chief executive predecessor?

[142] **Alison Halford:** Aeth ef yn swyddog cyfrifo. Iawn. A ydych wedi cael unrhyw gyfarfodydd neu sgysiaiu gyda'ch rhagflaenydd yn swydd prif weithredwr cyngor y celfyddydau?

Mr Tyndall: The acting chief executive or the former chief executive?

Mr Tyndall: Y prif weithredwr gweithredol ynteu'r cyn brif weithredwr?

[143] **Alison Halford:** The former chief executive. I am happy to say the name, but I am sure that you know who I am talking about. Have you had any conversations, dealings or dialogue with the previous chief executive of the arts council, who started in 1995 and left in 1999?

[143] **Alison Halford:** Y cyn brif weithredwr. Yr wyf yn hapus i ddweud yr enw, ond yr wyf yn siwr y gwyddoch am bwy yr wyf yn siarad. A ydych wedi cael unrhyw sgysiaiu, trafodion neu ddeialog gyda chyn brif weithredwr cyngor y celfyddydau, a gychwynnodd yn 1995 ac ymadael yn 1999?

Mr Tyndall: In my previous role, I had dealings with her in her previous role, which had nothing to do with this project. Other than that, no.

Mr Tyndall: Yn fy rôl flaenorol, cefais drafodion gyda hi yn ei rôl flaenorol, nad oedd yn ddim i'w wneud â'r prosiect hwn. Ar wahân i hynny, naddo.

[144] **Alison Halford:** I am talking about the former chair of the arts council.

[144] **Alison Halford:** Sôn am gyn gadeirydd cyngor y celfyddydau yr wyf fi.

Mr Tyndall: With the former chair, no.

Mr Tyndall: Gyda'r cyn gadeirydd, naddo.

[145] **Alison Halford:** None. Would that not have been sensible, in order to brief yourself for this afternoon?

[145] **Alison Halford:** Dim. Oni fuasai hynny wedi bod yn ddoeth, er mwyn briffio'ch hun ar gyfer y prynhawn yma?

Mr Tyndall: I am sorry, I am not—

Mr Tyndall: Mae'n ddrwg gennyf, nid wyf yn—

[146] **Alison Halford:** We are talking about the former chair of the arts council—

[146] **Alison Halford:** Yr ydym yn sôn am gyn gadeirydd cyngor y celfyddydau—

Mr Tyndall: Which—?

Mr Tyndall: Pa—?

[147] **Alison Halford:** Who is a Richard Lloyd Jones. In your new role of chief executive of the arts council, briefing yourself with six months in the post, did you have any conversation, dialogue or communication with the former chairperson of the arts council?

[147] **Alison Halford:** Sef un Richard Lloyd Jones. Yn eich rôl newydd fel prif weithredwr cyngor y celfyddydau, wrth ymgyswrtio, a chithau yn y swydd ers chwe mis, a gawsoch unrhyw sgwrs, ddeialog neu gyfathrebiad â chyn gadeirydd cyngor y celfyddydau?

Mr Tyndall: No.

Mr Tyndall: Naddo.

[148] **Alison Halford:** You would not have thought that that would have been a good idea?

[148] **Alison Halford:** Oni fyddech wedi meddwl y buasai hynny'n syniad da?

Mr Tyndall: I thought that I should rely on what was available to me by way of evidence within the council.

Mr Tyndall: Meddyliais y dylwn ddibynnu ar yr hyn oedd ar gael imi o ran tystiolaeth o fewn y cyngor.

[149] **Alison Halford:** Do you think that that would have been helpful to us, if we are trying to elicit the full facts? Eleanor Burnham and I will arrive home at 11 p.m. tonight having spent a lot of time on these papers. Clearly, we want to ensure that we get as much out of this as possible and, therefore, quite naturally, you would wish to give us as

[149] **Alison Halford:** A ydych yn meddwl y byddai hynny wedi bod yn fuddiol i ni, os ydym yn ceisio canfod y ffeithiau llawn? Bydd Eleanor Burnham a minnau'n cyrraedd adref am 11 p.m. heno wedi treulio llawer o amser ar y papurau hyn. Yn amlwg, mae arnom eisiau sicrhau y cawn gymaint ag sydd yn bosibl allan o hyn, ac felly, yn gwbl naturiol, byddech chithau'n dymuno rhoi

much as possible too.

cymaint ag sydd yn bosibl i ni hefyd.

Mr Tyndall: Yes. Sorry.

Mr Tyndall: Ie. Mae'n ddrwg gennyf.

I had not considered doing that. I did not consider it.

0 Nid oeddwn wedi ystyried gwneud hynny. Nid ystyriais y peth.

[150] **Alison Halford:** Okay, fine. I have got to talk about the depressing subject of the recovery of funds and assets, which we know is not your responsibility. It has been a year since the closure of the centre. Has any decision been made, either by you or, to your knowledge, by your predecessor, as to whether you wish to exercise your legal right to clawback in relation to the renovation grant?

[150] **Alison Halford:** O'r gorau, iawn. Mae'n rhaid imi siarad am bwnc digalon adennill cyllid ac asedau, nad yw'n gyfrifoldeb i chi fe wyddom. Aeth blwyddyn heibio ers cau'r ganolfan. A wnaethpwyd unrhyw benderfyniad, naill ai gennych chi neu, hyd y gwyddoch, gan eich rhagflaenydd, ynghylch a ydych yn dymuno arfer eich hawl gyfreithiol i gael arian y grant adnewyddu yn ôl?

Mr Tyndall: The decision was taken in principle not to proceed with the clawback.

Mr Tyndall: Gwnaethpwyd y penderfyniad o ran egwyddor i beidio â mynd ymlaen i hawlio'r arian yn ôl.

[151] **Alison Halford:** Who made that decision?

[151] **Alison Halford:** Pwy wnaeth y penderfyniad hwnnw?

Mr Tyndall: The decision is mine.

Mr Tyndall: Fi biau'r penderfyniad.

[152] **Alison Halford:** The decision was yours. Okay. Why did you make that decision, please?

[152] **Alison Halford:** Chi oedd biau'r penderfyniad. Iawn. Pam y gwnaethoch chi'r penderfyniad hwnnw, os gwelwch yn dda?

Mr Tyndall: In terms of the renovation grant—it is a decision in principle, and no final decision has yet been reached. I think that that is important to stress. The building has reverted to Cardiff City and County Council so, therefore, it is not possible for the arts council to regain value from the building. Since this scheme was funded, the council has put a charge on the building for all major schemes, which would enable it to reclaim its assets. That is not only in respect of schemes

Mr Tyndall: O ran y grant adnewyddu—penderfyniad mewn egwyddor ydyw, ac nid oes penderfyniad terfynol wedi'i wneud eto. Yr wyf yn meddwl ei bod yn bwysig pwysleisio hynny. Mae'r adeilad wedi'i ddychwelyd i Gyngor Sir a Dinas Caerdydd, ac felly nid yw'n bosibl i gyngor y celfyddydau gael gwerth yn ôl o'r adeilad. Ers ariannu'r cynllun hwn, mae'r cyngor wedi rhoi pridian ar yr adeilad ar gyfer pob cynllun mawr, a fyddai'n ei alluogi i hawlio'i asedau

undertaken since, but we have an active programme of retrospectively placing charges on schemes that were in receipt of capital funding, so that we will be in a position in the future to reclaim funding. However, it was not possible in this instance.

[153] **Alison Halford:** So does that mean that, given the passage of time, you are able to recover your lottery funding, or the former chair's lottery funding, for this project?

Mr Tyndall: The decision as to whether to attempt to reclaim it has not been made. I think that there are a couple of issues in terms of conditions. We are hoping to see the 'Fantasmic' exhibition being transferred to Newport. Newport County Borough Council is currently undertaking a feasibility study to see if it can be transferred there. The decision has been taken in principle that—if it is possible to make that transfer—the arts council will not proceed to attempt to reclaim the grant. In terms of the building, we are in active discussions with Cardiff council in an attempt to secure that a cultural role for the building goes forward. Those discussions are taking place in the context of the Culture Capital of Europe bid. The council has a number of options on the table in front of it and I cannot, ultimately, draw any conclusions as to which they may choose. However, we are actively encouraging it to find a future cultural use for the building.

[154] **Alison Halford:** To be terribly sarcastic, is there a danger that, in seven years' time, we might be sitting around this table looking at the same sort of venture again?

Mr Tyndall: No. The procedures that we

yn ôl. Mae hynny mewn perthynas nid yn unig â chynlluniau a gyflawnir wedi hynny, ond mae gennym raglen weithredol o roi pridiannau ôl-weithredol ar gynlluniau a dderbyniodd gyllid cyfalaf, fel y byddwn mewn safle yn y dyfodol i hawlio cyllid yn ôl. Fodd bynnag, nid oedd yn bosibl yn yr achos hwn.

[153] **Alison Halford:** Felly a ydyw hynny'n golygu y byddwch, gydag amser, yn gallu adennill eich cyllid loteri, neu gyllid loteri'r cyn gadeirydd, ar gyfer y prosiect hwn?

Mr Tyndall: Nid yw'r penderfyniad ynghylch p'run ai i geisio ei adennill wedi'i wneud. Yr wyf yn meddwl fod un neu ddau o faterion yn nhermau amodau. Yr ydym yn gobeithio gweld trosglwyddo'r arddangosfa 'Fantasmic' i Gasnewydd. Mae Cyngor Bwrdeistref Sirol Casnewydd wrthi'n gwneud astudiaeth ymarferoldeb i weld a ellir ei throsglwyddo yno. Mae'r penderfyniad wedi'i wneud mewn egwyddor—os bydd yn bosibl gwneud y trosglwyddiad hwnnw—na fydd cyngor y celfyddydau yn mynd ati i geisio hawlio'r grant yn ôl. O ran yr adeilad, yr ydym mewn trafodaethau ar hyn o bryd gyda chyngor Caerdydd i geisio sicrhau fod rôl ddiwylliannol i'r adeilad yn mynd yn ei flaen. Mae'r trafodaethau hynny'n digwydd yng nghyd-destun y cais i fod yn Brifddinas Diwylliant Ewrop. Mae gan y cyngor nifer o opsiynau ar y bwrdd o'i flaen ac ni allaf, ar ddiwedd y dydd, ddod i unrhyw gasgliadau ynghylch pa un y gallent ei ddewis. Fodd bynnag, yr ydym yn brysur yn ei annog i ganfod defnydd diwylliannol i'r adeilad i'r dyfodol.

[154] **Alison Halford:** A bod yn ofnadwy o sarcastig, a oes perygl y gallem, ymhen saith mlynedd, fod yn eistedd o amgylch y bwrdd yma'n edrych ar yr un math o fenter eto?

Mr Tyndall: Nac oes. Byddai'r

have now would stop some of the blatant mistakes that took place on this project. I have tried, I think, to elaborate how things have changed. However, as you can imagine, I came with a view to establishing whether the systems were sufficiently robust in order to achieve that. What I have seen has largely satisfied me, but I am also commissioning—and a draft has been prepared of the tender brief—an independent review of the assessment and monitoring procedures going forward, and the restructuring is also intended to tackle some of those issues. In broad terms, many changes were put in place in 1999 that would prevent a recurrence, but given the legitimate concern that there is about this grant, I am commissioning an independent review to give added rigour to the assessment of those systems.

gweithdrefnau sydd gennym yn awr yn rhoi terfyn ar rai o'r camgymeriadau amlwg a ddigwyddodd ar y prosiect hwn. Yr wyf wedi ceisio, yn fy marn i, ymhelaethu ar y modd y mae pethau wedi newid. Fodd bynnag, fel y gallwch ddychmygu, deuthum gyda'r bwriad o sefydlu a oedd y systemau'n ddigon cadarn i gyflawni hynny. Mae'r hyn yr wyf wedi'i weld wedi fy modloni i raddau helaeth, ond yr wyf hefyd yn comisiynu—ac mae drafft o'r briff tendro wedi'i baratoi—adolygiad annibynnol o'r gweithdrefnau asesu a monitro wrth symud ymlaen, a bwriedir i'r ailstrwythuro fynd i'r afael â rhai o'r materion hynny hefyd. Yn fras, gwnaethpwyd llawer o newidiadau yn 1999 a fyddai'n atal ailddigwyddiad, ond yn wyneb y pryder teg sydd ynghylch y grant hwn, yr wyf yn comisiynu adolygiad annibynnol i roi mwy o gadernid i asesiad y systemau hynny.

[155] **Alison Halford:** On pages 18 and 19 of the Auditor General's report, paragraph 3.18 and figure 11 state that more than £100,000 worth of assets funded by the Arts Council of Wales have not been recovered. Would you like to take a view on this?

[155] **Alison Halford:** Ar dudalennau 18 a 19 yn adroddiad yr Archwilydd Cyffredinol, dywed paragraff 3.18 a ffigur 11 fod gwerth dros £100,000 o asedau a noddwyd gan Gyngor Celfyddydau Cymru heb eu hadennill. A hoffech chi fynegi barn ar hyn?

Mr Tyndall: I will ask Rhys, in a moment, to give an update on the position in the report. At the point at which it was produced, there was an element of that unaccounted for. We have since had some of it accounted for. So if possible, I will update the Committee as to the figures and then answer the remainder of the question.

Mr Tyndall: Gofynnaf i Rhys, mewn munud, roi'r wybodaeth ddiweddaraf am y sefyllfa yn yr adroddiad. Ar adeg ei gyhoeddi, yr oedd elfen o hynny nad oedd cyfrif amdani. Ers hynny yr ydym wedi cael cyfrif am ryw faint ohoni. Felly os oes modd, rhoddaf y ffigurau diweddaraf i'r Pwyllgor ac wedyn atebaf weddill y cwestiwn.

Mr Parry: In terms of paragraph 3.19, which refers to the assets totalling £20,230, we have now received a reply from the trust saying that various information technology items were sold to its staff based on valuations by a computer supplier. Some of the other items that appear in figure 11 under 'not found', for example some of the equipment that was in the cafeteria, the trust believe were taken by the cafe proprietor in lieu of the additional costs incurred because the cafe proprietor

Mr Parry: Yn nhermau paragraff 3.19, sydd yn cyfeirio at yr asedau gwerth cyfanswm o £20,230, yr ydym bellach wedi cael ateb gan yr ymddiriedolaeth yn dweud y gwerthwyd amryfal eitemau technoleg gwybodaeth i'w staff ar sail prisiadau gan gyflenwr cyfrifiaduron. Ynghylch rhai o'r eitemau eraill sydd yn ymddangos yn ffigur 11 dan bennawd 'heb eu canfod', er enghraifft peth o'r offer a oedd yn y caffeteria, cred yr ymddiriedolaeth y'u cymerwyd gan berchennog y caffi yn lle'r

was given short notice because the centre closed. The trust has also said that it has made all endeavours to recover the other items that you will see under 'not found' in figure 11. However, the trustees of the trust cannot give a definite answer as to what has happened to the other assets.

costau ychwanegol a ddaeth i'w ran oherwydd y byr rybudd a roddwyd i berchennog y caffi fod y ganolfan yn cau. Mae'r ymddiriedolaeth wedi dweud hefyd ei bod wedi gwneud pob ymdrech i adennill yr eitemau eraill a welwch dan 'heb eu canfod' yn ffigur 11. Fodd bynnag, ni all ymddiriedolwyr yr ymddiriedolaeth roi ateb pendant ynghylch beth a ddigwyddodd i'r asedau eraill.

[156] **Alison Halford:** The Auditor General has told us that £200,000 worth of assets are unaccounted for.

[156] **Alison Halford:** Dywedodd yr Archwilydd Cyffredinol wrthym fod gwerth £200,000 o asedau nad oes cyfrif amdanynt.

Mr Parry: It is £107,000, as per figure 11.

Mr Parry: £107,000 ydyw, fel yn ffigur 11.

[157] **Alison Halford:** The press release talked about—

[157] **Alison Halford:** Soniodd y datganiad i'r wasg am—

Mr Parry: I think that it is £20,000.

Mr Parry: Yr wyf yn meddwl mai £20,000 ydyw.

[158] **Alison Halford:** Okay, £20,000. I have got my noughts in the wrong place, have I? As you have just realised, I am not terribly good at costings. Can you tell me what the actual cost of the IT equipment was originally?

[158] **Alison Halford:** Iawn, £20,000. Yr wyf wedi rhoi un 'dim' yn ormod, do? Fel yr ydych newydd sylweddoli, nid wyf yn arbennig o dda gyda chostiadau. A allwch chi ddweud wrthyf beth oedd cost wirioneddol yr offer TG yn wreiddiol?

Mr Parry: I do not have the total figure with me today. I have part figures in terms of the IT.

Mr Parry: Nid yw'r cyfanswm gennyf fi heddiw. Mae gennyf ffigurau rhannol ar gyfer yr offer TG.

[159] **Alison Halford:** So you cannot give us any assurance that the £7,733 that you managed to get by the staff purchasing the equipment—

[159] **Alison Halford:** Felly ni allwch roi unrhyw sicrwydd inni fod y £7,733 y llwyddasoch i'w gael wrth i'r staff brynu'r offer—

Mr Parry: We did not get it.

Mr Parry: Ni chawsom y swm hwnnw.

[160] **Alison Halford:** You did not?

[160] **Alison Halford:** Naddo?

Mr Parry: The trust itself received that income.

Mr Parry: Yr ymddiriedolaeth ei hun a dderbyniodd yr incwm hwnnw.

[161] **Alison Halford:** But you, in your new found role, would not be able to say whether or not the staff got a brilliant deal from the purchase of the IT equipment?

[161] **Alison Halford:** Ond ni fydddech chi, yn eich rôl newydd, yn gallu dweud a gafodd y staff fargen wych ai peidio wrth brynu'r offer TG?

Mr Parry: All I can say is that the trust took advice from a computer supplier as to the value of those items and they were sold to the staff based on that computer supplier's advice.

Mr Parry: Y cyfan y gallaf ei ddweud yw y cymerodd yr ymddiriedolaeth gyngor gan gyflenwr cyfrifiaduron ynghylch gwerth yr eitemau hynny ac y'u gwerthwyd i'r staff ar sail cyngor y cyflenwr cyfrifiaduron hwnnw.

[162] **Alison Halford:** Would you be able to provide this Committee with a note of the actual original cost of the IT equipment?

[162] **Alison Halford:** A fydddech chi'n gallu rhoi nodyn i'r Pwyllgor hwn o wir gost wreiddiol yr offer TG?

Mr Parry: We can provide that information.

Mr Parry: Gallwn ddarparu'r wybodaeth honno.

[163] **Alison Halford:** You might have answered this question already—please forgive me if you have—but what happened to the proceeds from assets part-funded by the council being sold to staff?

[163] **Alison Halford:** Efallai eich bod wedi ateb y cwestiwn yma'n barod—maddeuwch imi os ydych—ond beth a ddigwyddodd i'r elw o werthu i'r staff asedau y talwyd amdanynt yn rhannol gan y cyngor?

Mr Tyndall: There is a table showing an inventory of lottery-funded assets unrecovered by the Arts Council of Wales. Those were not wholly lottery-funded. Our estimate is that approximately 40 per cent of those assets were—there was multiple funding so, to that extent, such funding as was recovered from the sale of the computer equipment is with the trust. The other items are items of equipment that are deemed to be at large—the reception desk, for example, which is difficult to move as it was custom-

Mr Tyndall: Mae tabl sydd yn dangos rhestr o'r asedau a brynwyd ag arian y loteri ac nad adenillwyd gan Gyngor Celfyddydau Cymru. Ni thalwyd am y rheini yn gyfangwbl ag arian loteri. Ein hamcangyfrif ni yw bod y loteri wedi talu am ryw 40 y cant o'r asedau hynny—yr oedd y gost wedi'i rhannu, felly, i'r graddau hynny, yr ymddiriedolaeth a gafodd hynny o arian ag a gafwyd drwy werthu'r offer cyfrifiadurol. Mae'r eitemau eraill yn eitemau o offer y bernir eu bod ar gael—desg y dderbynfa, er enghraifft, sydd yn anodd ei

built. If a subsequent cultural use is found for the building, then that equipment hopefully will find a purpose within that.

symud am iddi gael ei hadeiladu'n arbennig. Os canfyddir defnydd diwylliannol wedi hyn i'r adeilad, yna gobeithio y canfyddir pwrpas i'r offer hynny o fewn hynny.

[164] **Alison Halford:** I think that Rhys might have answered my next question, but obviously I can only proceed from reading the brief. What is the latest information on these 'not found' items, and what is the realistic chance of locating them?

[164] **Alison Halford:** Yr wyf yn meddwl efallai fod Rhys wedi ateb fy nghwestiwn nesaf, ond yn amlwg ni allaf ond symud ymlaen drwy ddarllen y briff. Beth yw'r wybodaeth ddiweddaraf am yr eitemau hyn oedd 'heb eu canfod', a beth yw'r tebygolrwydd realistig o ddod o hyd iddynt?

Mr Parry: The latest information is that the trust says that it has made all endeavours to try to recover the assets, but that there are still a few thousand pounds' worth of assets which it cannot account for.

Mr Parry: Y wybodaeth ddiweddaraf yw bod yr ymddiriedolaeth yn dweud iddi wneud pob ymdrech i geisio adennill yr asedau, ond bod gwerth ychydig o filoedd o asedau yn aros na all roi cyfrif amdanynt.

[165] **Alison Halford:** You talked earlier, Mr Tyndall, about a breakdown in the audit trail. That was early on at the start of the questions. Is it possible that you wish to develop on what was the breakdown and why it broke down, bearing in mind that we are talking about vast sums of public money?

[165] **Alison Halford:** Soniasoch yn gynharach, Mr Tyndall, am fethiant yn y trywydd archwilio. Yn gynnar tua dechrau'r cwestiynu yr oedd hynny. Mae'n bosibl yr hoffech ymhelaethu ar beth oedd y methiant a pham y digwyddodd, gan gofio ein bod yn sôn am symiau anferth o arian cyhoeddus?

Mr Tyndall: Clearly, the systems that we now have in place are intended to avoid such breakdowns of audit trail. I think that—

Mr Tyndall: Yn amlwg, mae'r systemau sydd gennym ar waith erbyn hyn wedi'u llunio i osgoi methiannau o'r fath yn y trywydd archwilio. Yr wyf yn meddwl fod—

[166] **Alison Halford:** Forgetting about that, you have to answer for your predecessor. Why were there not simple audit trails, which have been a basic part of public audit management systems for so many years? It is not rocket science, with the greatest respect to your predecessors. What is your opinion on why such audit trails were so lacking even just a few years ago?

[166] **Alison Halford:** Ac anghofio am hynny, mae'n rhaid i chi ateb dros eich rhagflaenydd. Pam nad oedd trywyddau archwilio syml, a fu'n rhan sylfaenol o systemau rheoli archwilio cyhoeddus ers cynifer o flynyddoedd? Nid gwyddoniaeth rocedi yw hyn, gyda'r parch mwyaf i'ch rhagflaenydd. Beth yw'ch barn chi ynghylch pam yr oedd y cyfryw drywyddau archwilio mor ddiffygiol, a hynny ddim ond ychydig flynyddoedd yn ôl?

Mr Tyndall: May I say that, in the context of the sums in figure 11, those are matters for the trust's accounts and audit trail. The council can reasonably request information of it, but the trust itself took decisions to sell assets, for instance, which were not taken with the council's knowledge or agreement. However, those are matters for the trust.

Mr Tyndall: A gaf i ddweud, yng nghydestun y symiau yn ffigur 11, mai materion yw'r rheini i drywydd archwilio a chyfrifon yr ymddiriedolaeth. Gall y cyngor yn rhesymol ofyn am wybodaeth ganddi, ond yr ymddiriedolaeth ei hun a wnaeth benderfyniadau i werthu asedau, er enghraifft, penderfyniadau a wnaethpwyd heb wybodaeth na chytundeb y cyngor. Fodd bynnag, materion i'r ymddiriedolaeth yw'r rheini.

[167] **Alison Halford:** Fine. I am sorry to hammer you on areas that are not your responsibility. So in order for the Audit Committee to ensure that it gets the full facts of this sad story, are you suggesting that some member of the trust should come before us at some time in the future? Your body language is awful, Mr Tyndall—you only have to say 'yes' or 'no'.

[167] **Alison Halford:** Iawn. Mae'n ddrwg gennyf eich pastynu ar feysydd nad ydynt yn gyfrifoldeb i chi. Felly er mwyn i'r Pwyllgor Archwilio sicrhau ei fod yn cael ffeithiau llawn y stori drist hon, a ydych yn awgrymu y dylai rhyw aelod o'r ymddiriedolaeth ddod ger ein bron ryw bryd yn y dyfodol? Mae eich iaith gorfforol yn ofnadwy, Mr Tyndall—nid oes ond raid ichi ddweud 'ydwyf' neu 'nac ydwyf'.

[168] **Janet Davies:** It is not really for the witnesses to suggest what other witnesses we should call.

[168] **Janet Davies:** Nid mater i'r tystion mewn gwirionedd yw awgrymu pa dystion eraill y dylem eu galw.

[169] **Alison Halford:** Okay, fine. It is a very difficult line, as you appreciate, is it not, Chair?

[169] **Alison Halford:** O'r gorau, iawn. Mae'n llinell anodd iawn, fel y sylweddolwch, onid yw, Gadeirydd?

[170] **Janet Davies:** Yes, but I really think that that is for us to decide.

[170] **Janet Davies:** Ydyw, ond yr wyf yn wir yn meddwl mai mater i ni ei benderfynu yw hynny.

[171] **Alison Halford:** Fine. I will ask one last question, and then accept the slap on the wrist from the Chair. What action is planned in relation to the items worth—we have said this, have we not—£87,000? This is the dreaded desk, is it not? What is happening about the £87,000 desk, which we understand cannot be moved? If that is not a question that you should answer, then I am quite prepared to withdraw it.

[171] **Alison Halford:** Iawn. Gofynnaf un cwestiwn olaf, ac wedyn derbynaf y cerydd gan y Cadeirydd. Beth y bwriedir ei wneud ynghylch yr eitemau gwerth—yr ydym wedi dweud hyn, onid do—£87,000? Y ddesg drybeilig yw hon, onid e? Beth sydd yn digwydd am y ddesg £87,000, na ellir ei symud, yn ôl a ddeallwn? Os nad yw hynny'n gwestiwn y dylech chi ei ateb, yna yr wyf yn gwbl fodlon ei dynnu'n ôl.

Mr Tyndall: I am not sure whether I could carry it out, Chair, and, if I could, I am not sure where I would put it. I think that the difficulty is that the desk was built for the purpose, although it is not technically a fixture. It is difficult to see it having any value other than where it is. It may well be that, as I said in my previous answer, we will, hopefully, find a cultural use for the building and the desk will regain its original purpose.

Mr Tyndall: Nid wyf yn siwr a allwn i ei chario allan, Gadeirydd, a phe medrwn, nid wyf yn siwr ym mhle y'i rhoddwn. Yr anhawster dybiaf fi yw bod y ddesg wedi'i hadeiladu i'r pwrpas, er nad yw yn dechnegol yn osodyn. Mae'n anodd gweld bod iddi unrhyw werth ac eithrio yn y fan lle y mae. Efallai'n wir, fel y dywedais yn fy ateb blaenorol, y gwnawn, gobeithio, ganfod defnydd diwylliannol i'r adeilad ac y bydd y ddesg yn adennill ei phwrpas gwreiddiol.

[172] **Alison Halford:** Perhaps we could leave it there for posterity as a reminder of the extreme sadness of this particular story.

[172] **Alison Halford:** Efallai y gallem ei gadael yno i'r oesoedd a ddêl fel coffad o dristwch eithriadol y stori arbennig hon.

Mr Tyndall: Yes.

Mr Tyndall: Ie.

[173] **Eleanor Burnham:** I am absolutely intrigued. Do you have a photograph of this desk worth £87,000?

[173] **Eleanor Burnham:** Yr wyf yn gwbl chwilfrydig. A oes gennych lun o'r ddesg hon sydd yn werth £87,000?

Mr Parry: May I come in there? There were actually a number of items included in this £87,000 figure. It is not just a desk. You will see a brief description of them in the first three figures in figure 11.

Mr Parry: A gaf i ddod i mewn yn y fan hon? Yr oedd nifer o eitemau mewn gwirionedd wedi'u cynnwys yn y ffigur £87,000 yma. Nid desg yn unig ydyw. Fe welwch ddisgrifiad cryno ohonynt yn y tri ffigur cyntaf yn ffigur 11.

[174] **Eleanor Burnham:** So the desk itself is worth £46,000?

[174] **Eleanor Burnham:** Felly mae'r ddesg ei hun yn werth £46,000?

Mr Parry: Well, it would be part of the £46,000 figure.

Mr Parry: Wel, byddai'n rhan o'r ffigur £46,000.

[175] **Eleanor Burnham:** Is there no photograph? What a shame, I am absolutely intrigued.

[175] **Eleanor Burnham:** Oes yna ddim llun? Dyna drueni, yr wyf yn gwbl chwilfrydig.

Mr Parry: The building is currently open. Cardiff City and County Council has arranged for the Welsh Development Agency to use it for an exhibition of Welsh food. Members could visit, but I am sure that we could arrange for a picture of the desk to be provided.

Mr Parry: Mae'r adeilad yn agored ar hyn o bryd. Mae Cyngor Sir a Dinas Caerdydd wedi trefnu i Awdurdod Datblygu Cymru ei ddefnyddio ar gyfer arddangosfa o fwyd Cymreig. Gallai aelodau ymweld â'r lle, ond yr wyf yn siwr y gallem drefnu i ddarparu llun o'r ddesg.

[176] **Eleanor Burnham:** Brilliant.

[176] **Eleanor Burnham:** Gwych.

[177] **Janet Davies:** Thank you, Eleanor. I would just like to ask one short question on this, and then a final question. You will be pleased to hear that we are nearing the end of this hearing. Can you tell me who the third party charitable organisation or organisations—because it is not quite clear—is or are?

[177] **Janet Davies:** Diolch, Eleanor. Hoffwn i ofyn dim ond un cwestiwn byr ar hyn, ac wedyn gwestiwn olaf. Byddwch yn falch o glywed ein bod yn nesu at ddiwedd y gwrandawriad hwn. A allwch chi ddweud wrthyf pwy yw'r corff neu gyrff elusennol trydydd parti, oherwydd nid yw hynny'n glir iawn?

Mr Tyndall: I will turn to Rhys, if I may.

Mr Tyndall: Trôf at Rhys, os caf.

Mr Parry: Are you referring to the Colwinston Charitable Trust?

Mr Parry: A ydych chi'n cyfeirio at Ymddiriedolaeth Elusennol Colwinston?

[178] **Janet Davies:** No.

[178] **Janet Davies:** Na.

Mr Parry: Sorry, you mean in terms of the organisations that have received the assets?

Mr Parry: Mae'n ddrwg gennyf, a ydych yn meddwl yn nhermau'r cyrff a dderbyniodd yr asedau?

[179] **Janet Davies:** Yes.

[179] **Janet Davies:** Ydwyf.

Mr Parry: There were quite a few organisations. A lot of the assets were transferred to the Chapter arts centre initially, and it undertook the distribution of some of those assets to other charitable organisations.

Mr Parry: Yr oedd cryn nifer o gyrff. Trosglwyddwyd llawer o'r asedau i ganolfan gelfyddydau Chapter ar y dechrau, ac ymgymerodd honno â dosbarthu rhai o'r asedau hynny i gyrff elusennol eraill.

Mr Tyndall: Diversions dance company was also a recipient, Chair. The report says 'other

Mr Tyndall: Yr oedd cwmniawns Diversions yn gorff arall a gafodd asedau,

charitable institutions', but it was other charitable organisations with similar aims, so it was in the artistic sphere.

Mr Parry: Again, we can produce a list of those organisations.

[180] **Janet Davies:** Okay. I think that it has to be said that the evidence here today paints a sorry picture of mismanagement and failure on the part of the council, which did not ensure that the business case for the project was based on realistic and prudent judgments. It was not sufficiently alert to risk and did not ensure that contingency plans were in place. It had weak monitoring arrangements and it did not act vigorously when concerns emerged. On closure, it did not safeguard the assets that had been partly funded with lottery money. Mr Tyndall, could you summarise the action that has been taken to learn from this case and make your procedures more robust? I know that we have gone through them a lot this afternoon, but could you give us a quick summary?

Mr Tyndall: Yes. I am grateful for the opportunity, Chair. In terms of actions, the council has had new procedures in place since 1999, based on the recommendations arising from scrutiny of lottery projects in England, which are designed to be more robust. The new structure will have increased staffing for monitoring. We are conducting the external review of monitoring and assessment. We have adopted risk management in respect of individual projects and a corporate risk management strategy is being put in place. We placed charges subsequently on all major lottery funded projects and are putting retrospective charges in place on projects where a charge was not put in place at the time of the grant award. We switched to a detailed three-stage scrutiny of all applications over £100,000, which—as I have explained, I think, in the course of the hearing—is designed to provide a far more robust assessment of the various

Gadeirydd. Dywed yr adroddiad 'sefydliadau elusennol eraill', ond cyrff elusennol eraill gydag amcanion tebyg oeddent, felly yr oedd yn y byd celfyddydol.

Mr Parry: Eto, gallwn gyflwyno rhestr o'r cyrff hynny.

[180] **Janet Davies:** Iawn. Yr wyf yn meddwl bod yn rhaid dweud fod y dystiolaeth yma heddiw'n peintio darlun truenus o gamreoli a methiant ar ran y cyngor, na sicraodd fod yr achos busnes dros y prosiect wedi'i seilio ar farn realistig a doeth. Nid oedd yn ddigon effro i risg ac ni sicraodd fod cynlluniau wrth gefn wedi'u paratoi. Yr oedd ganddo drefniadau monitro gwan ac ni weithredodd yn gryf pan ddaeth pryderon i'r wyneb. Pan gaewyd, ni ddiogelodd yr asedau y talwyd amdanynt yn rhannol ag arian loteri. Mr Tyndall, a allech chi grynhoi yr hyn a wnaethpwyd i ddysgu oddi wrth yr achos hwn ac i gryfhau'ch gweithdrefnau? Gwn ein bod wedi mynd drwyddynt yn helaeth y prynhawn yma, ond a allech chi roi crynodeb sydyn inni?

Mr Tyndall: Gallwn. Yr wyf yn ddiolchgar am y cyfle, Gadeirydd. O ran gweithredu, mae gan y cyngor weithdrefnau newydd yn eu lle ers 1999, yn seiliedig ar yr argymhellion a gododd o archwiliad prosiectau loteri yn Lloegr, a gynlluniwyd i fod yn fwy cadarn. Bydd y strwythur newydd yn cynnwys mwy o staff ar gyfer monitro. Yr ydym yn cynnal yr adolygiad allanol o fonitro ac asesu. Yr ydym wedi mabwysiadu trefn reoli risg ar gyfer prosiectau unigol ac mae strategaeth reoli risg gorfforaethol yn cael ei sefydlu. Rhoesom briodiannau yn dilyn hyn ar bob prosiect mawr a ariennir gan y loteri ac yr ydym yn sefydlu priodiannau ôl-weithredol ar brosiectau lle na osodwyd pridiant ar yr adeg y dyfarnwyd yn grant. Yr ydym wedi newid i archwiliad tri cham manwl ar bob cais dros £100,000, sydd—fel yr eglurais, yr wyf yn meddwl, yng nghwrs y gwrandawriad—wedi'i gynllunio i roi asesiad llawer cadarnach o wahanol geinciau pob cais. Dim ond pan fydd y prosiect wedi'i

strands of each application. We offer grant only when the project has been developed to the Royal Institute of British Architects stage D, which gives us confidence that the figures for capital have been developed to a sufficient stage to provide a robust basis for the award of grant. There is an intensive scrutiny of all business plans to ensure that the assumptions made within them are correct and a sensitivity analysis is applied. We have improved monitoring enforcement, as I suggested earlier. We have the legal agreement in place as a consequence of grants being awarded, which requires the recipients to make available the information that we need in order to properly monitor projects and ensure that public investment in them is safe. I think that that is it, Chair.

ddatblygu hyd at gam D Sefydliad Brenhinol Penseiri Prydain y byddwn yn cynnig grant, gan y bydd gennym hyder wedyn fod y ffigurau ar gyfer cyfalaf wedi'u datblygu yn ddigon pell i ddarparu sail gadarn ar gyfer dyfarnu grant. Ceir archwiliad trylwyr ar bob cynllun busnes i sicrhau fod y rhagdybiaethau a wneir ynddynt yn gywir ac y ceir dadansoddiad sensitifrwydd. Yr ydym wedi gwella mesurau sicrhau monitro, fel yr awgrymais yn gynharach. Mae'r cytundeb cyfreithiol yn ei le gennym yn sgîl dyfarnu grantiau, sy'n gofyn bod y derbynwyr yn darparu'r wybodaeth y mae arnom ei hangen er mwyn monitro prosiectau'n iawn a sicrhau fod buddsoddiad y cyhoedd ynddynt yn ddiogel. Dyna ni, yr wyf yn meddwl, Gadeirydd.

[181] **Janet Davies:** Thank you, Mr Tyndall—

[181] **Janet Davies:** Diolch, Mr Tyndall—

[182] **Alun Cairns:** Three issues arise from all this.

[182] **Alun Cairns:** Mae tri mater yn codi o hyn i gyd.

[183] **Janet Davies:** I will come to that in a moment, Alun. This is the end of the questions and the hearing. I thank all the witnesses for your efforts, in very difficult circumstances, to give us full and helpful answers. We appreciate your efforts. I know that the Committee wants to discuss a possible second hearing with different witnesses. I know that Alun Cairns wishes to raise some general issues which would apply to Assembly sponsored bodies across the board. We will then go on to the minutes. The witnesses are welcome to stay for the rest of the meeting, but the hearing is at an end and you need not feel that you have to stay.

[183] **Janet Davies:** Dof at hynny mewn munud, Alun. Dyma ddiwedd y cwestiynau a'r gwrandawriad. Diolch i'r tystion i gyd am eich ymdrechion, mewn amgylchiadau anodd iawn, i roi atebion llawn a defnyddiol inni. Yr ydym yn gwerthfawrogi'ch ymdrechion. Gwn fod ar y Pwyllgor eisiau trafod ail wrandawriad posibl gyda thystion gwahanol. Gwn fod Alun Cairns yn dymuno codi rhai materion cyffredinol a fyddai'n berthnasol i gyrff a noddir gan y Cynulliad ar draws y bwrdd. Awn ymlaen wedyn at y cofnodion. Mae croeso i'r tystion aros am weddill y cyfarfod, ond mae'r gwrandawriad ar ben ac nid oes angen ichi deimlo bod rhaid ichi aros.

Daeth y sesiwn gymryd tystiolaeth i ben am 4.25 p.m.

The evidence-taking session ended at 4.25 p.m.

- (1) Cynhwysir copi o'r siartiau llif yn adroddiad y Pwyllgor Archwilio ar y mater hwn.

- (1) A copy of the flowcharts will be included in the Audit Committee's report on this matter.



Cynulliad Cenedlaethol Cymru

Pwyllgor Archwilio

The National Assembly for Wales

Audit Committee

Canolfan y Celfyddydau Gweledol

The Centre for Visual Arts

Cwestiynau 184-368

Questions 184-368

Dydd Iau 13 Rhagfyr 2001

Thursday 13 December 2001

Aelodau o'r Cynulliad yn bresennol: Janet Davies (Cadeirydd), Lorraine Barrett, Eleanor Burnham, Alun Cairns, Jocelyn Davies, Alison Halford, David Lloyd, Val Lloyd.

Swyddogion yn bresennol: Syr John Bourn, Archwilydd Cyffredinol Cymru; Lew Hughes, Swyddfa Archwilio Genedlaethol Cymru; Angela Parkes, Swyddfa'r Cwnsler Cyffredinol, Cynulliad Cenedlaethol Cymru; David Powell, Swyddog Cydymffurfio Cynulliad Cenedlaethol Cymru.

Tystion: Emyr Jenkins, Prif Weithredwr Cyngor Celfyddydau Cymru 1993-98; Joanna Weston, Cyfarwyddwr Loteri Cyngor Celfyddydau Cymru 1994-98 a Phrif Weithredwr 1998-2000; Syr Richard Lloyd Jones, Cadeirydd Cyngor Celfyddydau Cymru 1994-99; Robert Edge, Cyfarwyddwr Loteri Cyngor Celfyddydau Cymru 1998-2001; Jon Shortridge, Ysgrifennydd Parhaol, Cynulliad Cenedlaethol Cymru.

Assembly Members present: Janet Davies (Chair), Lorraine Barrett, Eleanor Burnham, Alun Cairns, Jocelyn Davies, Alison Halford, David Lloyd, Val Lloyd.

Officials present: Sir John Bourn, Auditor General for Wales; Lew Hughes, National Audit Office Wales; Angela Parkes, Office of the Counsel General, National Assembly for Wales; David Powell, Compliance Officer, National Assembly for Wales.

Witnesses: Emyr Jenkins, Chief Executive, Arts Council of Wales 1993-98; Joanna Weston, Lottery Director, Arts Council of Wales 1994-98 and Chief Executive 1998-2000; Sir Richard Lloyd Jones, Chairman, Arts Council of Wales 1994-99; Robert Edge, Lottery Director, Arts Council of Wales 1998-2001; Jon Shortridge, Permanent Secretary, National Assembly for Wales.

Dechreuodd y sesiwn cymryd tystiolaeth am 2 p.m.

The evidence-taking session began at 2 p.m.

[184] **Janet Davies:** Good afternoon. I welcome everybody here today—witnesses and the others who are present. I will ask the witnesses to introduce themselves formally in a minute. First, I will go through a few housekeeping matters. There are apologies and substitutions. Eleanor Burnham is substituting for Kirsty Williams, Dai Lloyd is

[184] **Janet Davies:** Prynawn da. Croesawaf bawb yma heddiw—yn dystion a'r lleill sydd yn bresennol. Gofynnaf i'r tystion gyflwyno'u hunain yn ffurfiol mewn munud. Yn gyntaf, af drwy ychydig o faterion cadw ty. Mae ymddiheuriadau ac eilyddion. Mae Eleanor Burnham yma yn lle Kirsty Williams, mae Dai Lloyd yma yn lle Dafydd

substituting for Dafydd Wigley, and Lorraine Barrett is substituting for Janice Gregory. Lorraine will have to leave for part of the meeting. Contributions may be made in either Welsh or English, and translation is available. Coffee will be available for members and witnesses at about 3 p.m.

I will now turn to the first item on the agenda. This is the second evidence-taking session in connection with the National Audit Office report on behalf of the Auditor General for Wales, 'The Arts Council of Wales: Centre for Visual Arts', published on 15 November 2001. Members will recall that, at the last meeting, it was decided to invite those responsible at the time for the decisions outlined in the Auditor General's report to this evidence session. I would like to emphasise that all the witnesses are here by invitation, and that they are not presently in post with the arts council. However, the Committee felt that it was important to enable those who made the decisions outlined in the report to have an opportunity to put forward their understanding of events. So this evidence session is a special case, in that we will be hearing from former accounting officers and a former Chair of the arts council. Therefore, I would like to welcome the witnesses, and express the Committee's gratitude for accepting our invitation to attend this evidence session. Would you please introduce yourselves for the formal record? I would like to point out that there will be a verbatim record of this evidence-taking session.

Sir Richard Lloyd Jones: Thank you very much, Chairman. Before I introduce myself, I first must apologise. I have a stinking cold and a cough, so if you cannot hear me, please would you let me know and I will try to speak up. I am Richard Lloyd Jones. I was Permanent Secretary at the Welsh Office from 1985 to 1993, and chairman of the Arts Council of Wales from 1994 to March 1999.

Wigley, ac mae Lorraine Barrett yma yn lle Janice Gregory. Bydd yn rhaid i Lorraine ymadael am ran o'r cyfarfod. Gellir gwneud cyfraniadau naill ai yn Gymraeg neu yn Saesneg, ac mae gwasanaeth cyfieithu ar gael. Bydd coffi ar gael i'r aelodau a'r tystion tua 3 p.m.

Trof yn awr at yr eitem gyntaf ar yr agenda. Dyma'r ail sesiwn cymryd tystiolaeth yn gysylltiedig ag adroddiad y Swyddfa Archwilio Genedlaethol ar ran Archwilydd Cyffredinol Cymru, 'Cyngor Celfyddydau Cymru: Canolfan y Celfyddydau Gweledol', a gyhoeddwyd ar 15 Tachwedd 2001. Fe gofia'r aelodau y penderfynwyd, yn y cyfarfod diwethaf, wahodd y rheini oedd yn gyfrifol ar y pryd am y penderfyniadau a amlinellwyd yn adroddiad yr Archwilydd Cyffredinol i'r sesiwn tystiolaeth hwn. Hoffwn bwysleisio mai trwy wahoddiad y mae'r holl dystion yma, ac nad ydynt ar hyn o bryd mewn swyddi gyda chynghor y celfyddydau. Fodd bynnag, teimlai'r Pwyllgor ei bod yn bwysig galluogi'r rheini a wnaeth y penderfyniadau a amlinellwyd yn yr adroddiad i gyflwyno'u dealltwriaeth hwy o bethau. Felly mae'r sesiwn tystiolaeth hwn yn achos arbennig, gan y byddwn yn clywed oddi wrth gyn swyddogion cyfrifo a chyn Gadeirydd cynghor y celfyddydau. Felly, hoffwn groesawu'r tystion, a mynegi diolch y Pwyllgor am dderbyn ein gwahoddiad i fynychu'r sesiwn tystiolaeth hwn. A fydech gystal â chyflwyno'ch hunain er mwyn y cofnod ffurfiol? Hoffwn nodi y bydd cofnod gair-am-air o'r sesiwn cymryd tystiolaeth hwn.

Syr Richard Lloyd Jones: Diolch yn fawr, Gadeirydd. Cyn imi gyflwyno fy hun, rhaid imi yn gyntaf ymddiheuro. Mae annwyd a pheswch ofnadwy arnaf, felly os na allwch fy nghlywed, rhowch wybod imi, ac mi geisiaf godi fy llais. Richard Lloyd Jones wyf fi. Yr oeddwn yn Ysgrifennydd Parhaol yn y Swyddfa Gymreig o 1985 hyd 1993, ac yn gadeirydd Cyngor Celfyddydau Cymru o 1994 hyd Fawrth 1999.

Mr Jenkins: Madam Cadeirydd, diolch am y gwahoddiad. Fy enw i yw Emyr Jenkins. Yr oeddwn yn brif weithredwr Cyngor Celfyddydau Cymru o 1993 tan 1998, pan ymddeolais. A gaf wneud un nodyn bach? Fe hoffwn roi tystiolaeth yn Gymraeg yn y Pwyllgor hwn, ond gan fod y dogfennau y byddwn yn dyfynnu ohonynt yn Saesneg, ac y bydd llawer o'r drafodaeth ar y dogfennau hynny, yr wyf wedi penderfynu rhoi tystiolaeth yn Saesneg. Fodd bynnag, byddaf yn gwbl barod i ateb unrhyw gwestiwn a ofynnir yn Gymraeg trwy gyfrwng y Gymraeg.

Ms Weston: I am Joanna Weston. I was lottery director of the arts council from 1994 until 1998, and chief executive of the arts council from 1998 to 2000.

Mr Edge: I am Robert Edge. I was the lottery director at the arts council from May 1998 until February 2001. I would like to correct one thing in the chair's opening statement—I have never been an accounting officer.

Mr Shortridge: I am Jon Shortridge, Permanent Secretary to the Assembly.

[185] **Janet Davies:** Thank you very much. I think that we need to crack on with this as quickly as possible. I would like to go straight into the first question, which is to all the witnesses, except Mr Shortridge. I would like, before we get into the detail of the Centre for Visual Arts, to ask you to start by telling us about the post that each of you held with the Arts Council of Wales. I know that you have mentioned that briefly, but perhaps you could enlarge slightly on that and on the role in respect of lottery funding by the arts council and, in particular, the Centre for Visual Arts.

Mr Jenkins: Madam Chair, thank you for the invitation. My name is Emyr Jenkins. I was chief executive of the Arts Council of Wales from 1993 to 1998, when I retired. May I make one brief comment? I would like to give evidence in Welsh in this Committee, but since the documents from which we will be quoting are in English, and since much of the discussion will be on those documents, I have decided to give evidence in English. However, I will be more than willing to answer any question asked in Welsh through the medium of Welsh.

Ms Weston: Joanna Weston wyf fi. Fi oedd cyfarwyddwr loteri cyngor y celfyddydau o 1994 hyd 1998, a phrif weithredwr cyngor y celfyddydau o 1998 hyd 2000.

Mr Edge: Robert Edge wyf fi. Fi oedd cyfarwyddwr y loteri yng nghyngor y celfyddydau o Fai 1998 hyd Chwefror 2001. Hoffwn gywiro un peth yn natganiad agoriadol y cadeirydd—ni fûm erioed yn swyddog cyfrifo.

Mr Shortridge: Jon Shortridge, Ysgrifennydd Parhaol y Cynulliad, wyf fi.

[185] **Janet Davies:** Diolch yn fawr. Yr wyf yn meddwl bod angen inni fwrw ymlaen â hyn cyn gynted ag y bo modd. Hoffwn fynd yn syth i mewn i'r cwestiwn cyntaf, a gyfeirir at y tystion i gyd, ac eithrio Mr Shortridge. Hoffwn, cyn inni fynd i mewn i fanylion Canolfan y Celfyddydau Gweledol, ofyn ichi gychwyn drwy ddweud wrthym am y swydd yr oedd pob un ohonoch yn ei dal gyda Chyngor Celfyddydau Cymru. Gwn eich bod wedi cyfeirio at hynny'n fyr, ond efallai y gallech ymhelaethu ychydig ar hynny ac ar y rôl yng nghyswllt grantiau loteri gan gyngor y celfyddydau ac, yn enwedig, yng nghyswllt

Sir Richard Lloyd Jones: As chairman of the arts council, I was concerned particularly with, not the management, but taking the responsibility for chairing the council's meetings. The council, as you know, is a charter body. It had 18 members at the time. I saw my role as very much one of leading the council to taking decisions. Underneath, there was a complex structure of committees. That included art form development committees and other committees. The main one that you need to know about is the lottery board, which scrutinised all lottery applications and, unless they were pretty small in financial value, they all came to the arts council for approval. I think that that was my main role. I could talk for a long time about the responsibilities of a chairman of a body like that but, essentially, it was a voluntary body and a charter body too.

Mr Jenkins: I had a dual role in a way, Madam Chairman, without wanting to confuse the Committee. I was appointed in 1993, when it was the Welsh Arts Council, not the Arts Council of Wales. The Welsh Arts Council was a sub-committee of the Arts Council of Great Britain. Therefore, I was employed for the first year of my employment with the arts council by the Arts Council of Great Britain as the director of the Welsh Arts Council. Then, of course, there was cultural devolution in 1994, where each national arts council devolved from the Arts Council of Great Britain and I became chief executive of the Arts Council of Wales, working directly to the Welsh Office rather than working to the then Department of National Heritage. It is a little complicated, but there was that dual role. In that role, then, from 1994 onwards, when Sir Richard became chairman, I was chief executive up until the end of March 1998. So, I will have to confine my remarks, Madam Chairman, to the period of the initial decision to go ahead with the CVA up until just before the third

Syr Richard Lloyd Jones: Fel cadeirydd cyngor y celfyddydau, yr oeddwn i'n ymwneud yn arbennig nid â rheoli, ond â chymryd y cyfrifoldeb am gadeirio cyfarfodydd y cyngor. Mae'r cyngor, fel y gwyddoch, yn gorff siarter. Yr oedd ganddo 18 o aelodau ar y pryd. Gwelwn mai fy rôl i yn anad dim oedd arwain y cyngor i wneud penderfyniadau. Oddi tanodd, yr oedd adeiledd cymhleth o bwyllgorau. Yr oedd hynny'n cynnwys pwyllgorau datblygu ffurfiau celfyddydol a phwyllgorau eraill. Y prif un y mae angen i chi wybod amdano yw bwrdd y loteri, a archwiliai bob cais loteri, ac oni bai eu bod yn weddol fychan o ran gwerth ariannol, deuai pob un at gyngor y celfyddydau i'w gymeradwyo. Yr wyf yn meddwl mai dyna oedd fy mhrif rôl i. Gallwn siarad yn faith am gyfrifoldebau cadeirydd corff fel hwnnw ond, yn ei hanfod, yr oedd yn gorff gwirfoddol ac yn gorff siarter hefyd.

Mr Jenkins: Yr oedd gennyf fi rôl ddeuol mewn ffordd, Madam Cadeirydd, heb fod eisiau drysu'r Pwyllgor. Fe'm penodwyd yn 1993, pan elwid y Cyngor, yn Saesneg, yn *Welsh Arts Council*, ac nid yn *Arts Council of Wales*. Yr oedd Cyngor Celfyddydau Cymru yn is-bwyllgor i Gyngor Celfyddydau Prydain Fawr. Felly, fe'm cyflogwyd i am flwyddyn gyntaf fy nghyflogaeth gyda chyngor

application.

y celfyddydau gan Gyngor
Celfyddydau Prydain Fawr
fel cyfarwyddwr Cyngor
Celfyddydau Cymru.
Wedyn, wrth gwrs, cafwyd
datganoli diwylliannol yn
1994, pryd y datganolwyd
pob cyngor celfyddydau
cenedlaethol oddi wrth
Gyngor Celfyddydau
Prydain Fawr ac y deuthum
i'n brif weithredwr y
Cyngor Celfyddydau
Cymru newydd, yn
gweithio'n uniongyrchol i'r
Swyddfa Gymreig yn
hytrach nag i'r Adran
Dreftadaeth Genedlaethol
fel yr oedd. Y mae ychydig
yn gymhleth, ond yr oedd y
rôl ddeuol honno'n bodoli.
Yn y rôl honno, felly, o
1994 ymlaen, pan ddaeth
Syr Richard i'r gadair, yr
oeddwn i'n brif weithredwr
hyd ddiwedd Mawrth 1998.
Felly, bydd yn rhaid imi
gyfyngu fy sylwadau,
Madam Cadeirydd, i gyfnod
y penderfyniad gwreiddiol i
fynd ymlaen â Chanolfan y
Celfyddydau Gweledol hyd
at ychydig cyn y trydydd

cais.

Ms Weston: I was employed by the arts council in September 1994. That was before the lottery had started; it started in November 1994. My first task was to set up the lottery unit, as it was then, from nothing, from a blank sheet of paper. The framework that I worked within was made up of Government directions, which were issued by the Welsh Office but originated from the Department of National Heritage; the finance directions, which were quite detailed instructions on financial systems; and some very helpful and detailed guidelines, which the National Audit Office issued for all of the 11 lottery distributors, on how they should develop their systems. Those guidelines ranged from staff policies to disaster recovery procedures to having an application system with application forms that answered the questions that needed to be answered and so forth. We needed to get what was known then as a statement of fitness from the Department of National Heritage, and that had to be signed off by the NAO before we could do that, confirming that we were working within our regulatory framework and so on. When we did, we were the first arts council of the four in the UK to be given the statement of fitness and we started distribution in March 1995. So, the grant to the CVA, as I think members know, was actually in the first round of grants that were made. I do not know if you want me to go on into my role as chief executive; I suspect that that would be a waste of time.

[186] **Janet Davies:** I think that is fine, thank you very much. Mr Edge?

Mr Edge: Jo Weston has already outlined the original role of the lottery director. I became the lottery director in May 1998, as I have already said, which was shortly before the National Lottery Act 1998 got Royal

Ms Weston: Fe'm cyflogwyd i gan gyngor y celfyddydau ym Medi 1994. Yr oedd hynny cyn dechrau'r loteri; dechreuodd honno ym mis Tachwedd 1994. Fy ngorchwyl cyntaf oedd sefydlu'r uned loteri, fel yr oedd bryd hynny, o ddim byd, oddi ar ddalen wag o bapur. Yr oedd y fframwaith y gweithiwn ynddo wedi'i lunio o gyfarwyddiadau'r Llywodraeth, a gyhoeddwyd gan y Swyddfa Gymreig ond a darddai o'r Adran Dreftadaeth Genedlaethol; y cyfarwyddiadau cyllid, a oedd yn gyfarwyddiadau eithaf manwl ar systemau ariannol; a rhai canllawiau buddiol a manwl iawn, a gyhoeddwyd gan y Swyddfa Archwilio Genedlaethol i bob un o'r 11 dosbarthwr loteri, ar sut y dylent ddatblygu'u systemau. Amrywiai'r canllawiau hynny o bolisiâu staff i weithdrefnau adfer argyfwng, i gael system geisiadau â ffurflenni cais a atebai'r cwestiynau yr oedd angen eu hateb, ac ati. Yr oedd angen inni gael yr hyn a elwid bryd hynny yn ddatganiad addasrwydd oddi wrth yr Adran Dreftadaeth Genedlaethol, ac yr oedd yn rhaid i hwnnw gael ei lofnodi gan y Swyddfa Archwilio Genedlaethol cyn y gallem wneud hynny, i gadarnhau ein bod yn gweithio o fewn ein fframwaith rheoleiddiol ac yn y blaen. Pan wnaethom hynny, ni oedd y cyntaf o'r pedwar cyngor celfyddydau yn y DU i gael y datganiad addasrwydd a dechreuasom ddsbarthu ym Mawrth 1995. Felly yr oedd y grant i'r ganolfan, fel y tybiaf y gwyr yr aelodau, mewn gwirionedd yn y cylch cyntaf o grantiau a wnaethpwyd. Ni wn a ydych am imi fynd ymlaen i sôn am fy rôl fel prif weithredwr; yr wyf yn amau mai gwastraff amser fyddai hynny.

[186] **Janet Davies:** Yr wyf yn meddwl fod hynny'n iawn, diolch yn fawr. Mr Edge?

Mr Edge: Mae Jo Weston eisoes wedi amlinellu rôl wreiddiol y cyfarwyddwr loteri. Deuthum i'n gyfarwyddwr y loteri ym Mai 1998, fel y dywedais eisoes, sef ychydig cyn i Ddeddf Loteri Genedlaethol 1998 gael

Assent. In that role, I had to implement the changes that were in the 1998 Act that were not in the original 1993 Act. We were told to be more strategic, to have a strategic plan, and there were other changes in the policy directions, and the financial directions had also been rewritten. My role, essentially, was to put those changes in place, to continue with the good work that had been maintained to keep the systems in order, to make sure that all our systems and decisions were watertight as per the annual National Audit Office check. I also had to keep our staff up to speed because, at that stage, before I left, we had made certainly over 2,000 lottery grants and had committed over £80 million.

Cydsyniad Brenhinol. Yn y rôl honno, yr oedd yn rhaid imi weithredu'r newidiadau a oedd yn Neddf 1998 ond nad oedd yn Neddf wreiddiol 1993. Dywedwyd wrthym am fod yn fwy strategol, am gael cynllun strategol, ac yr oedd newidiadau eraill yn y cyfarwyddiadau polisi, ac yr oedd y cyfarwyddiadau ariannol wedi'u hailysgrifennu hefyd. Fy rôl i, yn ei hanfod, oedd gwneud y newidiadau hynny, parhau â'r gwaith da a wnaethpwyd i gadw'r systemau mewn trefn, a gwneud yn siwr fod ein holl systemau a phenderfyniadau yn dal dŵr yn unol ag archwiliad blynyddol y Swyddfa Archwilio Genedlaethol. Yr oedd yn rhaid imi sicrhau hefyd fod ein staff o gwmpas eu pethau oherwydd, bryd hynny, cyn imi ymadael, yr oeddem yn ddi-os wedi rhoi dros 2,000 o grantiau loteri, ac wedi ymrwymo dros £80 miliwn.

[187] **Janet Davies:** Thank you. Mr Shortridge, would you like to enlarge a little on your role, as the Assembly's Permanent Secretary, with Assembly sponsored public bodies such as the arts council?

[187] **Janet Davies:** Diolch. Mr Shortridge, a hoffech chi ymhelaethu ychydig ar eich rôl chi, fel Ysgrifennydd Parhaol y Cynulliad, gyda chyrff cyhoeddus a noddir gan y Cynulliad, fel cyngor y celfyddydau?

Mr Shortridge: As the departmental accounting officer, I have to work closely with the accounting officers of all the Assembly sponsored public bodies. There is a letter from me, as the formal accounting officer, which sets out the nature of the relationship, which is defined in more detail in the appointment letter that goes from me to the accounting officers concerned. Basically, my role is to satisfy myself that they have all the necessary systems in place to secure regularity, propriety and value for money for the public funds for which they are responsible.

Mr Shortridge: Fel y swyddog cyfrifo adrannol, mae'n rhaid i mi weithio'n agos gyda swyddogion cyfrifo pob corff cyhoeddus a noddir gan y Cynulliad. Mae llythyr oddi wrthyf fi, fel y swyddog cyfrifo ffurfiol, sydd yn amlinellu natur y berthynas, a ddiffinnir yn fanylach yn y llythyr penodi a anfonir gennyf fi at y swyddogion cyfrifo perthnasol. Yn y bôn, fy rôl i yw bodloni fy hun fod gan bob un ohonynt y systemau angenrheidiol yn eu lle i sicrhau rheoleidd-dra, priodoldeb a gwerth am arian gyda'r arian cyhoeddus y maent yn gyfrifol amdano.

The Committee also needs to know that, from 25 September 2000 to 30 September 2001, I acted as accounting officer for the Arts Council of Wales because, at that time, it did not have an accounting officer of its own and I stepped in to fill that role.

Mae angen i'r Pwyllgor wybod hefyd y gweithredais fel swyddog cyfrifo i Gyngor Celfyddydau Cymru o 25 Medi 2000 hyd 30 Medi 2001 oherwydd nad oedd ganddo, bryd hynny, ei swyddog cyfrifo ei hun, a chamais innau i mewn i lanw'r rôl honno.

[188] **Janet Davies:** Thank you. I think we needed to get all that on the record. I would like to address a question to Mr Jenkins and to Miss Weston. If we turn to the actual project of the Centre for Visual Arts, the first lottery award of £2 million was made in early 1995. Could you give us any information on how the project came to be assessed as highly recommended for lottery funding?

Mr Jenkins: Yes. May I ask Jo to come in and tell you? When you say it was assessed as highly recommended, that was the result of an assessor's report. I think that it might be interesting for the Committee to know how that assessor was appointed, because there was some discussion of that in the last Audit Committee meeting. Would you be willing for me to transfer that question initially across to Miss Weston?

[189] **Janet Davies:** Yes.

Ms Weston: Thank you, Chair. I think that it is important to understand the process. I was saying that my first task was to set up the systems of the lottery division, and one of those setting up of systems was to appoint a pool of external assessors. That is the same as what all the other 10 lottery distributors did at that time. I arranged for an advertisement to be placed in the manner of a normal advertisement for a job in the usual publications that the arts council used. It was asked that responses be made straight to Coopers and Lybrand, which I had commissioned to run the entire process on behalf of the arts council. Having consulted with Emyr, as chief executive, and the finance director of the arts council, we thought that, clearly, it was not something that we should do in-house. Draft guidance notes for assessors on what the process would be

[188] **Janet Davies:** Diolch. Yr oedd angen inni gael hynny i gyd i lawr ar gof a chadw, yn fy marn i. Hoffwn ofyn cwestiwn i Mr Jenkins a Miss Weston. Os trown at brosiect Canolfan y Celfyddydau Gweledol ei hun, gwnaethpwyd y dyfarniad loteri cyntaf o £2 filiwn yn gynnar yn 1995. A allech roi unrhyw wybodaeth inni ar sut y darfu i'r prosiect gael ei asesu fel un a gâi ei argymell yn gryf ar gyfer cael arian loteri?

Mr Jenkins: Gallwn. A gaf fi ofyn i Jo ddod i mewn a dweud wrthyich? Pan ddywedwch iddo gael ei asesu fel un a gâi ei argymell yn gryf, canlyniad adroddiad aseswr oedd hynny. Yr wyf yn meddwl efallai y byddai o ddiddordeb i'r Pwyllgor wybod sut y penodwyd yr aseswr hwnnw, oherwydd yr oedd rhywfaint o drafod ar hynny yng nghyfarfod diwethaf y Pwyllgor Archwilio. A fydech yn fodlon imi drosglwyddo'r cwestiwn hwnnw yn y lle cyntaf drosodd at Miss Weston?

[189] **Janet Davies:** Byddwn.

Ms Weston: Diolch, Gadeirydd. Yr wyf yn meddwl ei bod yn bwysig deall y broses. Dywedais mai fy ngorchwyl cyntaf oedd sefydlu systemau adran y loteri, ac un o'r camau hynny i sefydlu systemau oedd penodi cronfa o aseswyr allanol. Mae hynny yr un peth ag a wnaeth pob un o'r 10 dosbarthwr loteri arall bryd hynny. Trefnais i osod hysbyseb ar ffurf hysbyseb arferol am swydd yn y cyhoeddiadau arferol a ddefnyddid gan gyngor y celfyddydau. Gofynnai am ymateb yn uniongyrchol i Coopers and Lybrand, a gomisiynwyd gennyf fi i redeg yr holl broses ar ran cyngor y celfyddydau. Wedi ymgynghori ag Emyr, fel prif weithredwr, a chyfarwyddwr cyllid cyngor y celfyddydau, yr oeddem o'r farn glir nad oedd hyn yn rhywbeth y dylem ei wneud yn fewnol. Anfonwyd at y cwmni archwilwyr ganllawiau drafft i aseswyr yn amlinellu beth fyddai'r

were sent to the firm of auditors. Applications went to them. They interviewed in most cases. I think that they did an initial sift and then interviewed all the other applicants. They then presented us with their list of approved assessors, grouped into different disciplines: architects, quantity surveyors, arts consultants and that sort of thing. We held a public meeting (1), following that, for all the assessors who had been appointed so that we could share information, so that I could present the issues, as I saw them, and so that other lottery officers could explain the background to the issues, and we took it from there.

When the application for the CVA came in, we had already been through that process. The then senior capital projects officer, who had the task of appointing an assessor, appointed McCann Matthews Millman to assess this project. I have no doubt that she would have consulted me at the time because we were a small staff; we were just at the starting point. I am sure that she would have done, although I do not particularly remember it. I was aware that McCann Matthews Millman was one of the highest regarded professional arts marketing consultancies in the UK. That was just general background knowledge that I had, having worked in theatre for about 30 years.

I am not aware of what other arts marketing specialists we had on the books at the time. I do not think that there is anything that I can add to the background, unless you want to ask me any questions.

Mr Jenkins: May I follow on from that, Madam Chairman, and say that the National Audit Office report suggests that we did not go against the advice of the assessor. I think that you have heard how that assessor was appointed, that it was an external process and that we had a list of assessors recommended

broses. Aeth ceisiadau atynt hwy. Cynaliasant gyfweliadau yn y rhan fwyaf o achosion. Yr wyf yn meddwl iddynt chwynnu i ddechrau ac wedyn cyfweld pob ymgeisydd arall. Wedyn cyflwynasant inni eu rhestr o aseswyr cymeradwy, wedi'u grwpio'n wahanol ddisgyblaethau: penseiri, maintfesurwyr, ymgynghorwyr celf a'r math yna o beth. Cynhaliwyd cyfarfod cyhoeddus (1) wedyn i'r holl aseswyr a benodwyd er mwyn inni allu rhannu gwybodaeth, er mwyn i mi allu cyflwyno'r prif faterion, fel y'u gwelwn, ac er mwyn i swyddogion loteri eraill allu egluro'r cefndir i'r materion, ac aethom ymlaen o'r fan honno.

Pan ddaeth y cais i mewn ar gyfer y ganolfan, yr oeddem eisoes wedi bod drwy'r broses honno. Penodwyd McCann Matthews Millman i asesu'r prosiect hwn gan yr uwch swyddog prosiectau cyfalaf ar y pryd, a oedd yn gyfrifol am benodi asesydd. Nid wyf yn amau y buasai hi wedi ymgynghori â mi ar y pryd oherwydd yr oeddem yn staff bach; dim ond dechrau yr oeddem. Yr wyf yn siwr y buasai hi wedi gwneud, er nad oes gennyf gof arbennig o'r peth. Yr oeddwn yn ymwybodol fod McCann Matthews Millman yn un o'r cwmnïau ymgynghori proffesiynol uchaf ei barch yn y DU ym maes marchnata'r celfyddydau. Dim ond gwybodaeth gefndir gyffredinol a oedd gennyf oedd hynny, a minnau wedi gweithio ym myd y theatr am ryw 30 mlynedd.

Ni wn pa arbenigwyr marchnata celfyddydau eraill a oedd gennym ar y llyfrau ar y pryd. Nid wyf yn meddwl fod dim y gallaf ei ychwanegu at y cefndir, oni bai yr hoffech ofyn unrhyw gwestiynau imi.

Mr Jenkins: A gaf i ddilyn hynny, Madam Cadeirydd, drwy ddweud fod adroddiad y Swyddfa Archwilio Genedlaethol yn awgrymu nad aethom yn groes i gyngor yr asesydd. Yr wyf yn meddwl eich bod wedi clywed sut y penodwyd yr asesydd hwnnw, mai proses allanol ydoedd ac yr argymhellwyd rhestr o

to us. That assessor then took both the application and had interviews with COLT, the Cardiff Old Library Trust, and submitted a report to us, and it is that report that underlined the value of this project—a project, incidentally, that had been discussed both with Cardiff City Council and with other interested parties for almost 10 years.

[190] **Janet Davies:** Ten years is certainly a long time.

Mr Jenkins: I am giving that as a measure of the length of time. I cannot give exact dates on this, but certainly from the 1980s this had been a project that had been seen as highly desirable, both from the city council's point of view, and from the Arts Council of Wales's point of view. It was a big hole in the arts provision in Wales, not just in the capital city, but in Wales, and this seemed to us to be the culmination of our attempt to fill that hole.

[191] **Janet Davies:** Right. Again, Mr Jenkins and Miss Weston, you had been having these long years of discussions, and we were then facing local government reorganisation, which was taking effect in April 1996. Clearly, there was time pressure being imposed at that point. Could you explain how the arts council managed to deal with that pressure, and whether it did have any impact upon the adequacy of the assessment of the application? Did you feel that you had to rush things a bit then?

Mr Jenkins: The whole lottery process itself was new. There was no experience in any lottery distributor. It is important, I think, for the Committee to realise that point. Every lottery distributor was inexperienced at that stage. Jo has said that this application came in the first round. It was a big application. There was time pressure on the arts council, and the time pressure was also on the Old Library

aseswyr inni. Wedyn cymerodd yr asesydd hwnnw y cais, a chynnal cyfweiliadau gyda COLT, sef Ymddiriedolaeth Hen Lyfrgell Caerdydd, gan gyflwyno adroddiad wedyn i ni, a'r adroddiad hwnnw a danlinellodd werth y prosiect hwn—prosiect, gyda llaw, a oedd wedi'i drafod gyda Chyngor Dinas Caerdydd a gyda chyrrff eraill oedd â diddordeb ers bron 10 mlynedd.

[190] **Janet Davies:** Mae 10 mlynedd yn sicr yn amser maith.

Mr Jenkins: Yr wyf yn rhoi hynny fel mesur o hyd yr amser. Ni allaf roi union ddyddiadau ar hyn, ond yn sicr oddi ar yr 1980au yr oedd hwn yn brosiect a oedd wedi'i weld yn un hynod o ddeniadol, o safbwynt cyngor y ddinas a Chyngor Celfyddydau Cymru ill dau. Yr oedd bwllch mawr yn narpariaeth y celfyddydau yng Nghymru, nid yn unig yn y brifddinas, ond yng Nghymru, ac ymddangosai i ni mai dyma ben draw ein hymgais i lanw'r bwllch hwnnw.

[191] **Janet Davies:** Iawn. Eto, Mr Jenkins a Miss Weston, yr oeddech wedi cael y blynyddoedd maith hyn o drafod, ac yr oeddem ar y pryd yn wynebu ad-drefnu llywodraeth leol, a oedd yn dod i rym yn Ebrill 1996. Yn amlwg, yr oedd pwysau amser yn drwm ar y pryd. A allech chi egluro sut y llwyddodd cyngor y celfyddydau i ddelio â'r pwysau hynny, ac a gafodd y pwysau unrhyw effaith ar ddiagonolrwydd asesiad y cais? A deimlech fod yn rhaid ichi ruthro pethau braidd bryd hynny?

Mr Jenkins: Yr oedd holl broses y loteri ei hun yn newydd. Nid oedd dim profiad gan unrhyw ddsbarthwr loteri. Mae'n bwysig, mi gredaf, i'r Pwyllgor sylweddoli hynny. Yr oedd pob dosbarthwr loteri'n ddibrofiad bryd hynny. Dywedodd Jo i'r cais hwn ddod yn y cylch cyntaf. Yr oedd yn gais mawr. Yr oedd pwysau amser ar gyngor y celfyddydau, ac yr oedd y pwysau amser ar ymddiriedolaeth yr

trust. I would dispute very strongly that the process was rushed or skimmed in any way; we did go through that process with a fine toothed comb. We went through all the procedures that were set out at the time, and I think that that is another important point. Procedures have changed later in the light of experience, yes, but at the time we went through all the procedures that were required of us.

0 However, the pressure, of course, was, as you quite rightly say Madam Chairman, the onset of local government reorganisation. We had been advised by a senior member of the council that, unless we had this project, unless the city council got matching funding—and this was quite clear—in time to put this project and its £3.1 million into the 1995-96 budget, then the whole process would have to go to the shadow authority, which had yet to be elected. There have been comments that the shadow authority covered the same area as the Cardiff City Council; that is true, but there was no way of telling who the members of that shadow authority would be, there was no way of telling whether that shadow authority would want to impose its own priorities on that money, and we were also, in the arts, facing three years of complete standstill central funding—£14.189 million for 1995-96, 1996-97 and 1997-98. We had been warned by the Welsh Office that that was our total. The arts were facing the uncertainties of local government reorganisation—we all know of the problems in Theatr Clwyd caused by local government reorganisation—and there was an uncertain feeling. Therefore, there was huge pressure on all parties—the trust, the city council

Hen Lyfrgell hefyd. Byddwn i'n gwadu'n gryf iawn i'r broses gael ei rhuthro neu nad oedd yn drwyadl mewn unrhyw ffordd; fe aethom drwy'r broses honno gyda chrib fân. Aethom drwy'r holl weithdrefnau a oedd wedi'u pennu ar y pryd, ac yr wyf yn meddwl fod hynny'n bwynt pwysig arall. Mae gweithdrefnau wedi newid yn ddiweddarach yng ngoleuni profiad, do, ond ar y pryd fe aethom drwy'r holl weithdrefnau yr oedd gofyn inni eu dilyn.

0 Fodd bynnag, y pwysau, wrth gwrs, fel y dywedasoch yn gwbl gywir, Madam Cadeirydd, oedd dyfodiad ad-drefnu llywodraeth leol. Yr oedd aelod uwch o'r cyngor wedi'n hysbysu pe na byddai'r prosiect hwn gennym, pe na bai cyngor y ddinas yn cael arian cyfatebol—ac yr oedd hyn yn gwbl glir—mewn pryd i roi'r prosiect hwn a'i £3.1 miliwn i mewn i gyllideb 1995-96, yna y byddai'n rhaid i'r holl broses fynd i'r darpar awdurdod, nad oedd wedi'i ethol eto. Clywais sylwadau fod y darpar awdurdod yn ymdrin â'r un maes â Chyngor Dinas Caerdydd; mae hynny'n wir, ond nid oedd unrhyw ffordd o ddweud pwy fyddai aelodau'r darpar awdurdod hwnnw, nid oedd modd dweud a fyddai'r darpar awdurdod hwnnw eisiau gosod ei flaenoriaethau ei hun ar yr arian hwnnw, ac yr oeddem hefyd, yn y celfyddydau, yn wynebu tair blynedd o ddim cynnydd o gwbl yn ein cyllid canolog—£14.189 miliwn ar gyfer 1995-96, 1996-97 ac 1997-98. Yr oedd y Swyddfa Gymreig wedi'n rhybuddio mai dyna oedd ein cyfanswm. Yr oedd y celfyddydau'n wynebu ansicrwydd ad-drefnu llywodraeth leol—gwyddom i gyd am y problemau a achoswyd yn Theatr Clwyd gan ad-drefnu llywodraeth leol—ac yr oedd teimlad o

and the arts council—to get this together by the 1995-96 budget, for that was the last budget that the city council was deciding upon.

ansicrwydd. Felly, yr oedd pwysau enfawr ar bawb—yr ymddiriedolaeth, cyngor y ddinas a chyngor y celfyddydau—i roi hyn yn ei le erbyn cyllideb 1995-96, am mai honno oedd y gyllideb olaf y byddai cyngor y ddinas yn penderfynu arni.

1 Having said all that, one of the things that we made as absolutely cast iron as we could was that this pressure would not lead us to skimp the assessment process, and I do not believe that I have seen any evidence that suggests that we have.

1

Wedi dweud hynny i gyd, un o'r pethau a wnaethom mor gwbl haearnaidd ag y gallem oedd na fyddai'r pwysau hyn yn ein harwain i arbed o gwbl ar y broses asesu, ac ni chredaf fy mod wedi gweld unrhyw dystiolaeth sydd yn awgrymu inni wneud hynny.

2 [192] **Janet Davies:** Thank you. Could you just give an indication of the date, Mr Jenkins, when these decisions were being taken? Was it in 1994 or early 1995?

0 [192] **Janet Davies:** Diolch. A allech roi rhyw syniad o'r dyddiad, Mr Jenkins, pryd y gwnaethpwyd y penderfyniadau hyn? A oedd yn 1994 neu'n gynnar yn 1995?

1

Ms Weston: Could I answer that, please, Chairman?

Ms Weston: A allaf i ateb hynny, os gwelwch yn dda, Gadeirydd?

[193] **Janet Davies:** Yes.

[193] **Janet Davies:** Cewch.

Ms Weston: There is quite an important error in the report in front of you. It is paragraph 2.33. I just wanted to point out one of the errors. That point is a year out. It was actually in March 1995 that the decision was taken. Also, March 1995 was the deadline for the then city council to have its matching funding in place. It was to do with the shadow authority not having the power to bind its successor. So, the decision to grant the application from the Centre for Visual Arts was actually taken in March 1995.

Ms Weston: Mae camgymeriad eithaf pwysig yn yr adroddiad o'ch blaen; sef paragraff 2.33. Dim ond eisiau nodi un o'r camgymeriadau yr oeddwn. Mae'r pwynt hwnnw flwyddyn allan ohoni. Ym mis Mawrth 1995 y gwnaethpwyd y penderfyniad hwnnw mewn gwirionedd. Hefyd, Mawrth 1995 oedd y dyddiad olaf i gyngor y ddinas ar y pryd sicrhau ei gyllid cyfatebol. Yr oedd a wnelo hyn â bod y darpar awdurdod heb y grym i rwymo'i olynnydd. Felly, ym Mawrth 1995 mewn gwirionedd y gwnaethpwyd y penderfyniad i ganiatáu'r cais gan Ganolfan y Celfyddydau Gweledol.

[194] **Janet Davies:** Thank you. That is very

[194] **Janet Davies:** Diolch. Mae hynny o

helpful.

gymorth mawr.

[195] **Alun Cairns:** May I cut across briefly? I wanted to respond to Ms Weston's statement that there are a number of errors in the report. Obviously, that concerns me in terms of the accuracy of the report that we have. If there are errors in the document as we go through it, would you be kind enough to highlight them and also give them to us in writing so that they can be taken into consideration when the Committee makes its deliberations?

[195] **Alun Cairns:** A gaf fi dorri ar draws yn fyr? Yr oedd arnaf eisiau ymateb i osodiad Ms Weston fod nifer o gamgymeriadau yn yr adroddiad. Yn amlwg, mae hynny'n fy mhoeni o ran cywirdeb yr adroddiad sydd gennym. Os oes camgymeriadau yn y ddogfen wrth inni fynd drwyddi, a fyddech gystal â thynnu sylw atynt a hefyd eu rhoi inni mewn ysgrifen fel y gellir eu cymryd i ystyriaeth pan fydd y Pwyllgor yn trafod y mater?

Ms Weston: Thank you for the opportunity.

Ms Weston: Diolch am y cyfle.

Sir Richard Lloyd Jones: Chairman, I think the answer is that we would very much like to do that. We were not consulted at all during the preparation of this report and we believe that, if we had been, we could have helped materially with the deployment of the facts before you, so much so that I rather think that, if we undertook to tell you all our concerns about this report, we would be here until tomorrow. That is perhaps putting it a bit strongly, but—

Syr Richard Lloyd Jones: Gadeirydd, tybiaf mai'r ateb yw y byddem yn falch iawn o wneud hynny. Nid ymgynghorwyd â ni o gwbl yn ystod paratoi'r adroddiad hwn a chredwn, petai hynny wedi digwydd, y gallasem roi cymorth ymarferol gyda'r modd y defnyddiwyd y ffeithiau ger eich bron, yn gymaint felly nes fy mod yn tueddu i feddwl, pe ymgwymerem i ddweud wrthy ch am ein holl bryderon ynghylch yr adroddiad hwn, y byddem yma tan yfory. Efallai fod hynny'n ddweud mawr, ond—

[196] **Alun Cairns:** With the greatest respect, Sir Richard Lloyd Jones, we are in this position now and we want to make the best of the situation we are in—

[196] **Alun Cairns:** Gyda'r parch mwyaf, Syr Richard Lloyd Jones, yr ydym yn y sefyllfa yma yn awr ac am wneud y gorau o'r sefyllfa yr ydym ynnddi—

Sir Richard Lloyd Jones: Yes. We do want to help you with that.

Syr Richard Lloyd Jones: Ydym. Yr ydym yn awyddus i'ch helpu gyda hynny.

[197] **Alun Cairns:** —so there is no point going over old ground. We are in these circumstances. We all understand the reasons behind that and we should use the information that we have, but obviously if we are questioning you on incorrect information, then you need to advise us.

[197] **Alun Cairns:** —felly nid oes diben mynd dros hen dir. Yr ydym yn yr amgylchiadau hyn. Yr ydym i gyd yn deall y rhesymau y tu ôl i hynny a dylem ddefnyddio'r wybodaeth sydd gennym, ond yn amlwg os ydym yn eich holi chi ar wybodaeth anghywir, yna mae angen ichi ddweud

wrthym.

Sir Richard Lloyd Jones: Yes, we will need to warn you. We will try to keep it as short as possible, but we will, I fear, have to flag up some of our concerns.

Syr Richard Lloyd Jones: Bydd, bydd angen i ni'ch rhybuddio. Ceisiwn gadw'r peth mor fyr ag sydd yn bosibl, ond mae arnaf ofn y bydd yn rhaid inni leisio rhai o'n pryderon.

[198] **Janet Davies:** I will just ask Sir John Bourn to comment, and then Mr Jenkins.

[198] **Janet Davies:** Yr wyf am ofyn am sylwadau Syr John Bourn, ac wedyn Mr Jenkins.

Sir John Bourn: Thank you, Chair. I would like to make the point, in reference to what has been said about errors, that this report is the external auditor; it was prepared according to the usual arrangements, that is to say, by our access to the books and records of the body that we audited. The current accounting officer was consulted and agreed entirely with the facts as stated and the interpretations of them. So, I would just like to register the point that the responsible person was properly consulted and signed the report.

Syr John Bourn: Diolch, Gadeirydd. Hoffwn wneud y pwynt, gan gyfeirio at yr hyn a ddywedwyd am gamgymeriadau, mai'r adroddiad hwn yw'r archwilydd allanol; fe'i paratowyd yn unol â'r trefniadau arferol, hynny yw, trwy'n gwaith ar lyfrau a chofnodion y corff yr oeddem yn ei archwilio. Ymgynghorwyd â'r swyddog cyfrifo cyfredol a chytunodd yntau'n llwyr â'r ffeithiau fel y'u nodwyd a'r ffordd y'u dehonglwyd. Felly, hoffwn yn syml gofnodi'r pwynt yr ymgynghorwyd yn y modd priodol â'r person gyfrifol ac y llofnodwyd yr adroddiad ganddo.

Mr Jenkins: We fully recognise the convention that Sir John Bourn has mentioned, but I must add my voice to Sir Richard's and say that, in this instance, the convention has not served this Committee well. There are material mistakes in this report and we have already brushed past one when I said that we had conformed, in our initial assessment of the application, to all the directions and regulations that were current at the time. On page 20 of your report are policy directions issued to the Arts Council of Wales under section 26 (1) of the National Lottery etc. Act 1993. That was commented on in the last hearing. I draw your attention to paragraph 1 in the directions:

Mr Jenkins: Yr ydym yn cydnabod yn llawn y confensiwn a grybwyllwyd gan Syr John Bourn, ond rhaid imi ychwanegu fy llais i at un Syr Richard a dweud nad yw'r confensiwn, yn yr achos hwn, wedi gwasanaethu'r Pwyllgor hwn yn dda. Mae camgymeriadau o sylwedd yn yr adroddiad ac yr ydym eisoes wedi ysgubo heibio i un pan ddywedais ein bod wedi cydymffurfio, yn ein hasesiad cychwynnol o'r cais, â'r holl gyfarwyddiadau a rheoliadau a oedd mewn grym ar y pryd. Ar dudalen 20 yn eich adroddiad ceir cyfarwyddiadau polisi a roddwyd i Gyngor Celfyddydau Cymru dan adran 26 (1) Deddf y Loteri Genedlaethol ayyb. 1993. Gwnaethpwyd sylw ynglyn â hynny yn y gwrandawriad diwethaf. Tynnaf eich sylw at baragraff 1 yn y cyfarwyddiadau:

'in these Directions, any reference to a 'yn y Cyfarwyddiadau hyn, mae unrhyw

section is a reference to a section of the National Lottery etc. Act 1993 as amended by the National Lottery Act 1998.'

gyfeiriad at adran yn gyfeiriad at adran o Ddeddf y Loteri Genedlaethol ayyb. 1993 fel y'i diwygiwyd gan Ddeddf Loteri Genedlaethol 1998.'

Therefore, these are not the directions under which we were operating at the time, in 1995. That is one example, which Mr Cairns asked us to point out. I hope that you will accept that it needed to be pointed out.

Felly, nid y rhain yw'r cyfarwyddiadau yr oeddem yn eu dilyn ar y pryd, yn 1995. Dyna un enghraifft, y gofynnodd Mr Cairns inni ei dangos. Gobeithiaf y derbyniwch fod angen ei dangos.

[199] **Alun Cairns:** May I just close on this? I am grateful that those issues are being pointed out, but I would like to underline a comment that Sir John Bourn made. When the current accounting officer gave evidence to the Committee some weeks ago, none of these errors were pointed out at that time. The accounting officer also highlighted at the time that he had used the records that were available to the Arts Council of Wales as well. So, obviously, this is not a perfect situation, but we need to make the best of it.

[199] **Alun Cairns:** A gaf fi gau ar hyn? Yr wyf yn ddiolchgar bod sylw'n cael ei dynnu at y materion hynny, ond hoffwn danlinellu sylw a wnaeth Syr John Bourn. Pan roddodd y swyddog cyfrifo cyfredol dystiolaeth i'r Pwyllgor rai wythnosau'n ôl, ni thynnwyd sylw at yr un o'r camgymeriadau hyn bryd hynny. Tanlinellodd y swyddog cyfrifo hefyd ar y pryd ei fod wedi defnyddio'r cofnodion a oedd ar gael i Gyngor Celfyddydau Cymru yn ogystal. Felly, yn amlwg, nid yw hon yn sefyllfa berffaith, ond mae angen inni wneud y gorau ohoni.

[200] **Janet Davies:** Thank you, Alun. I was also going to make the point that the present accounting officer saw the report in draft form and agreed it. Clearly, this is not a totally satisfactory situation for anybody at the moment. We will move on to look at the selection of the external assessor. Alison Halford has some questions to ask.

[200] **Janet Davies:** Diolch, Alun. Yr oeddwn innau yn mynd i wneud y pwynt hefyd fod y swyddog cyfrifo presennol wedi gweld yr adroddiad yn ei ffurf ddrafft ac wedi cytuno arno. Yn amlwg, nid yw hyn yn sefyllfa gwbl foddhaol i neb ar hyn o bryd. Symudwn ymlaen i edrych ar y modd y dewiswyd yr asesydd allanol. Mae gan Alison Halford rai cwestiynau i'w gofyn.

[201] **Alison Halford:** My first two questions have mainly been answered, so I may wander slightly. Thank you very much for coming, and I am sorry, Sir Richard, that you are not very well. Would it be impertinent of me to ask how you got the job?

[201] **Alison Halford:** Mae fy nau gwestiwn cyntaf wedi'u hateb i raddau helaeth, felly efallai y crwydraf rywffaint. Diolch yn fawr iawn ichi am ddod, ac mae'n flin gennyf, Syr Richard, nad ydych yn dda iawn. A fyddai'n ddigywilydd ar fy rhan pe gofynnwn ichi sut y cawsoch y swydd?

Sir Richard Lloyd Jones: Me?

Syr Richard Lloyd Jones: Fi?

[202] **Alison Halford:** Yes.

[202] **Alison Halford:** Ie.

Sir Richard Lloyd Jones: The Secretary of State for Wales appointed me. Now, it would be a National Assembly appointment.

Syr Richard Lloyd Jones: Penodwyd fi gan Ysgrifennydd Gwladol Cymru. Bellach, byddai'n benodiad gan y Cynulliad Cenedlaethol.

[203] **Alison Halford:** And your term of office was for how long?

[203] **Alison Halford:** Ac yr oedd eich swydd am dymor o ba hyd?

Sir Richard Lloyd Jones: It was for three years initially, and then I was asked to serve another three years, but I asked to serve for two years.

Syr Richard Lloyd Jones: Yr oedd am dair blynedd i ddechrau, ac yna gofynnwyd imi wasanaethu tair blynedd arall, ond gofynnais am gael gwasanaethu am ddwy flynedd.

[204] **Alison Halford:** You are doubtless aware that, although the decision was made by the Audit Committee as a whole, I can probably be blamed for the fact that you are sitting here this afternoon. From what you have said already, perhaps it was fortunate that we persisted in asking you to come. That leads me on to the report—you must have read it as soon as it came out?

[204] **Alison Halford:** Diau eich bod yn ymwybodol, er i'r penderfyniad gael ei wneud gan y Pwyllgor Archwilio yn ei gyfanrwydd, y gellir, mae'n debyg, fy meio i am y ffaith eich bod yn eistedd yma y prynhawn yma. O'r hyn yr ydych wedi'i ddweud yn barod, efallai ei bod yn ffodus inni ddal ati i ofyn ichi ddod. Mae hynny'n fy arwain ymlaen at yr adroddiad—rhaid eich bod wedi'i ddarllen cyn gynted ag y daeth allan?

Mr Jenkins: No.

Mr Jenkins: Na.

[205] **Alison Halford:** You did not. Perhaps Sir Richard could answer that, then we will ask Mr Jenkins again.

[205] **Alison Halford:** Ni wnaethoch chi. Efallai y gallai Syr Richard ateb hynny, wedyn fe ofynnwn eto i Mr Jenkins.

Sir Richard Lloyd Jones: I do not know when it came out, I am afraid. The first I was aware of it was when it was being displayed on television.

Syr Richard Lloyd Jones: Ni wn pa bryd y daeth allan, mae gennyf ofn. Y cyntaf i mi wybod amdano oedd pan gafodd ei ddangos ar y teledu.

[206] **Alison Halford:** And what was your reaction?

[206] **Alison Halford:** A beth oedd eich ymateb?

Sir Richard Lloyd Jones: Well, I did not see the report. The report then came to me under cover of a letter from the clerk to the Committee. That is when I got it. I cannot remember the date of that letter—towards the end of November.

Syr Richard Lloyd Jones: Wel, ni welais yr adroddiad. Daeth yr adroddiad ataf fi wedyn gyda llythyr oddi wrth glerc y Pwyllgor. Dyna pryd y cefais i ef. Ni allaf gofio dyddiad y llythyr hwnnw—tua diwedd mis Tachwedd.

[207] **Janet Davies:** I will just clarify those dates. The report was published on 15 November and the letter was sent out the day after the last Committee meeting on 23 November.

[207] **Janet Davies:** Fe egluraf y dyddiadau hynny. Cyhoeddwyd yr adroddiad ar 15 Tachwedd ac anfonwyd y llythyr allan y diwrnod ar ôl cyfarfod diwethaf y Pwyllgor ar 23 Tachwedd.

Sir Richard Lloyd Jones: That sounds right.

Syr Richard Lloyd Jones: Mae hynny'n swnio'n gywir.

[208] **Alison Halford:** Having read the report now, Sir Richard, do you find that it is a very inaccurate document or does £8.8 million just go down the drain because of inexperience or whatever, I wonder?

[208] **Alison Halford:** Wedi darllen yr adroddiad yn awr, Syr Richard, a gredwch ei bod yn ddogfen wallus iawn ynteu a ydyw £8.8 miliwn yn mynd i lawr y draen oherwydd diffyg profiad neu beth bynnag, tybed?

Sir Richard Lloyd Jones: Well, I must take a deep breath here and say that, in my view, £8 million has not gone down the drain.

Syr Richard Lloyd Jones: Wel, rhaid imi gymryd gwynt mawr yn y fan yma a dweud nad yw £8 miliwn wedi mynd i lawr y draen, yn fy marn i.

[209] **Alison Halford:** Please enlarge upon that.

[209] **Alison Halford:** Ymhelaethwch ar hynny, os gwelwch yn dda.

Sir Richard Lloyd Jones: Sorry?

Syr Richard Lloyd Jones: Mae'n ddrwg gennyf?

[210] **Alison Halford:** Please enlarge upon that.

[210] **Alison Halford:** Ymhelaethwch ar hynny, os gwelwch yn dda.

Sir Richard Lloyd Jones: Enlarge upon it. Well, what has happened is that, if we are looking at the lottery money—which was originally, I think, to be £2 million and then

Syr Richard Lloyd Jones: Ymhelaethu arno. Wel, yr hyn sydd wedi digwydd yw, os ydym yn edrych ar arian y loteri—sef swm a oedd i fod yn wreiddiol, yr wyf yn meddwl, yn

there were subsequent awards, as you remember—it was used primarily, as I understand it, with the city council money and the input from the charitable trust, to refurbish the building. So, undoubtedly, it is a very serious matter and I would like at some stage to give my views on what I regard as a key question here, which is what was the alternative at the time for the arts council. However, perhaps I can come back to that.

£2 filiwn ac wedyn cafwyd dyfarniadau dilynol, fel y cofiwch—fe'i defnyddiwyd yn bennaf, yn ôl a ddeallaf, gydag arian cyngor y ddinas a'r cyfraniad gan yr ymddiriedolaeth elusennol, i ailwampio'r adeilad. Felly, heb os, mae'n fater difrifol iawn a hoffwn ryw bryd roi fy sylwadau ar yr hyn y credaf sydd yn gwestiwn allweddol yn y fan hon, sef beth oedd y dewis arall ar y pryd i gyngor y celfyddydau. Fodd bynnag, efallai y caf ddod yn ôl at hynny.

[211] **Alison Halford:** You will be asked a lot of other questions. You were going to say something, Mr Jenkins?

[211] **Alison Halford:** Gofynnir llawer o gwestiynau ichi. Yr oeddech chi'n mynd i ddweud rhywbeth, Mr Jenkins?

Mr Jenkins: I was going to respond to you, Miss Halford, and to thank you for raising that point, for raising a point to invite us, because it is the first opportunity we have had to respond to a report which, quite honestly, is—and I am sorry that I have to use the term—very, very inaccurate. There are wrong conclusions drawn from the report and I am delighted to have this opportunity of actually appearing before you in order to explain those, so thank you for that. However, I also saw the report under cover of a letter coming from the clerk to the Committee.

Mr Jenkins: Yr oeddwn yn mynd i ymateb i chi, Miss Halford, a diolch ichi am godi'r pwynt hwnnw, am godi pwynt i'n gwahodd ni, oherwydd dyma'r cyfle cyntaf a gawsom i ymateb i adroddiad sydd, â siarad yn gwbl onest, yn—ac mae'n ddrwg gennyf orfod defnyddio'r term—wallus iawn, iawn. Tynnir casgliadau anghywir o'r adroddiad ac yr wyf wrth fy modd o gael y cyfle hwn i ymddangos ger eich bron er mwyn egluro'r rheini, felly diolch am hynny. Fodd bynnag, gwelais innau hefyd yr adroddiad dan lythyr a ddaeth oddi wrth glerc y Pwyllgor.

[212] **Alison Halford:** From a housekeeping point of view, have you had circulated to you a letter from Mathew Prichard, dated 29 November?

[212] **Alison Halford:** O safbwynt cadw ty, a ydych wedi derbyn cylchlythyr oddi wrth Mathew Prichard, dyddiedig 29 Tachwedd?

Mr Jenkins: We received it two minutes before coming into this room, and we have not been able to read it or take any view on it.

Mr Jenkins: Fe'i cawsom ddau funud cyn dod i mewn i'r ystafell hon, ac nid ydym wedi gallu ei ddarllen na ffurfio unrhyw farn arno.

[213] **Alison Halford:** Okay. Miss Weston, you have explained in some detail how you took on McCann Matthews Millman, and that it had a good reputation and all the rest of it. Were you working in a vacuum or were you consulting with other people when you were

[213] **Alison Halford:** Iawn. Miss Weston, yr ydych wedi esbonio mewn cryn fanylder sut y bu ichi ddewis McCann Matthews Millman, a bod ganddo enw da ac ati. A oeddech yn gweithio mewn gwactod ynteu a oeddech yn ymgynghori â phobl eraill pan

taking these various decisions?

oeddech yn gwneud yr amryfal benderfyniadau hyn?

Ms Weston: I was consulting with other people in a number of different directions. I have already said that I would, as a matter of course, have consulted the chief executive and the finance director on a matter such as appointing the assessors. I think that it is very important to remember as well that we were working very, very closely with the National Audit Office, as were all the other distributors, as we developed the systems. We carried out a number of consultations with the arts constituency in general and with local authorities. I was personally liaising very closely with other lottery directors in the other three UK countries, and found that to be very, very useful, as we all did, because all of us were moving quite quickly as we developed.

Ms Weston: Yr oeddwn yn ymgynghori â phobl eraill mewn sawl cyfeiriad gwahanol. Yr wyf eisoes wedi dweud y byddwn, yn ôl yr arfer, wedi ymgynghori â'r prif weithredwr a'r cyfarwyddwr cyllid ar fater fel penodi'r aseswyr. Yr wyf yn meddwl ei bod yn bwysig iawn cofio hefyd ein bod yn gweithio'n agos iawn, iawn gyda'r Swyddfa Archwilio Genedlaethol, fel yr oedd yr holl ddsbarthwyr eraill, wrth inni ddatblygu'r systemau. Gwnaethom sawl ymgynghoriad gyda'r byd celfyddydol yn gyffredinol a chydag awdurdodau lleol. Yr oeddwn i'n bersonol yn cydgysylltu'n agos iawn â chyfarwyddwyr loteri eraill yn nhair gwlad arall y DU, a chefais i, fel pawb arall, fod hynny'n ddefnyddiol dros ben, oherwydd yr oeddem i gyd yn symud yn eithaf cyflym wrth inni ddatblygu.

[214] **Alison Halford:** Would you use this company again, in another world?

[214] **Alison Halford:** A fydddech yn defnyddio'r cwmni hwn eto, mewn sefyllfa arall?

Ms Weston: I would not rule it out. I do not think that the assessment that was made at the time has been proved wrong simply because the numbers of visitors did not come about. I do not think that it is a science. I think that the assessment of the estimates that were made by the applicant was reasonable for the time, and so, under certain circumstances, yes, I would use the company again.

Ms Weston: Ni fyddwn yn diystyru'r posibilrwydd. Nid wyf yn meddwl fod yr asesiad a wnaethpwyd ar y pryd wedi'i brofi'n anghywir dim ond oherwydd na wireddwyd y nifer o ymwelwyr. Nid wyf yn meddwl mai gwyddor ydyw. Yr wyf yn meddwl fod yr asesiad o'r amcangyfrifon a wnaethpwyd gan yr ymgeisydd yn rhesymol ar yr adeg, ac felly, dan rai amgylchiadau, byddwn, mi fyddwn yn defnyddio'r cwmni eto.

[215] **Alison Halford:** I have two more questions that will put us back on course, as we all have a script that we work to for ease of reference. Mr Jenkins, can you recall—and it is not desperate if you cannot—how much McCann Matthews Millman was paid?

[215] **Alison Halford:** Mae gennyf ddau gwestiwn pellach a fydd yn ein gosod yn ôl ar y trywydd, gan fod gan bawb ohonom sgript yr ydym yn ei dilyn er hwylustod cyfeirio. Mr Jenkins, a allwch gofio—ac nid yw'n drychineb os nad allwch—faint a dalwyd i McCann Matthews Millman?

Mr Jenkins: I cannot, except that I would expect it to be the normal fee for the number of days' work that it would do. I would like to confirm what Miss Weston was saying; the appointment of the panel of assessors was a fairly important matter and there were certain fees that were given. I was having weekly meetings at that time with Miss Weston, where we were going through all these matters. I cannot specifically recall consulting on this one, but I am absolutely certain that it would have been on the list—

Mr Jenkins: Ni allaf, ac eithrio y disgwyliwn iddo fod y ffi arferol am y nifer o ddiwrnodau o waith y byddai yn ei wneud. Hoffwn gadarnhau'r hyn yr oedd Miss Weston yn ei ddweud; yr oedd penodi'r panel aseswyr yn fater gweddol bwysig ac yr oedd rhai ffioedd penodol a roddwyd. Yr oeddwn i'n cael cyfarfodydd wythnosol ar y pryd gyda Miss Weston, lle byddem yn mynd drwy'r holl faterion hyn. Ni allaf gofio'n benodol inni ymgynghori ar hwn, ond yr wyf yn berffaith sicr y byddai wedi bod ar y rhestr—

[216] **Alison Halford:** Does your memory allow you to recall that the contract, apparently, did not provide for financial redress in the case of being given unsound advice?

[216] **Alison Halford:** A ydyw'ch cof yn caniatáu ichi gofio nad oedd y contract, mae'n debyg, yn darparu ar gyfer digolledu ariannol pe rhoddid cyngor diffygiol?

Mr Jenkins: I think that one of the things that we required of all our assessors was a professional indemnity clause, was it not?

Mr Jenkins: Yr wyf yn meddwl mai un o'r pethau yr oeddem yn ei fynnu gan ein holl aseswyr oedd cymal indemnïad proffesiynol, onid e?

Ms Weston: That is one of the things that PricewaterhouseCoopers checked at the point where it appointed people.

Ms Weston: Dyna un o'r pethau a wiriwyd gan PricewaterhouseCoopers ar yr adeg pan oedd yn penodi pobl.

[217] **Alison Halford:** Other colleagues will doubtless explore that later. My last question is to Mr Jenkins. Peter Tyndall advised us that, according to McCann Matthews Millman, the forecast visitor numbers were realistic, perhaps even pessimistic. Did you seek to test this key assumption that proved so disastrously wrong?

[217] **Alison Halford:** Bydd cyd-Aelodau eraill yn siwr o ymchwilio i hynny yn ddiweddarach. I Mr Jenkins y mae fy nghwestiwn olaf. Dywedodd Peter Tyndall wrthym fod y niferoedd ymwelwyr a ragwelwyd, yn ôl McCann Matthews Millman, yn realistig, efallai'n besimistaidd hyd yn oed. A wnaethoch chi geisio profi'r rhagdybiaeth allweddol hon a brofodd mor drychinebus o anghywir?

Mr Jenkins: Miss Halford, I hope that the Committee will forgive me if I take up a little time on this, because it is a central point. I hope that you bear with me; I will be

Mr Jenkins: Miss Halford, yr wyf yn gobeithio y maddeua'r Pwyllgor imi os cymeraf ychydig o amser ar hyn, oherwydd y mae'n bwynt canolog. Gobeithiaf y

bandying some figures around. One of the main criticisms in this report is a criticism that many of the key decisions followed on from the 1992 feasibility report. I find that, in this instance, difficult to match up with the opening figures for visitors of the CVA. For instance, the feasibility study suggests a range between 282,000 and 340,000, whereas the application comes at 252,000 to 260,000. There is quite a variation in those figures. The report—

maddeuwch imi; byddaf yn taflu rhai ffigurau o gwmpas. Un o'r prif feirniadaethau yn yr adroddiad hwn yw beirniadaeth fod llawer o'r penderfyniadau allweddol wedi deillio o adroddiad ymarferoldeb 1992. Yr wyf yn cael hynny, yn yr achos hwn, yn anodd i'w gysoni â'r ffigurau agoriadol ar gyfer ymwelwyr â'r ganolfan. Er enghraifft, mae'r astudiaeth ymarferoldeb yn awgrymu amrediad rhwng 282,000 a 340,000, tra bod y cais yn sôn am 252,000 i 260,000. Mae cryn amrywiad yn y ffigurau hynny. Nid yw'r adroddiad—

[218] **Alison Halford:** Why? How?

[218] **Alison Halford:** Pam? Sut?

Mr Jenkins: The report does not explain, I am afraid, why that changed. However, there was a reduction before this came into our sphere of operation. We started off, not as the report suggests at 282,000, but at 252,000—let us say, a quarter of a million. Figures 7 and 8 in the report purport to show the comparator visitor numbers for other cultural establishments. However, what the Committee may not have fully realised is that those comparator figures are 1991 figures, whereas we were doing this exercise in 1995. We have not had time to research all the comparators, but I have looked at the most relevant ones—those for the National Museums and Galleries of Wales. It may interest the Committee to realise that the comparator figures for the national museums at the time that we were actually considering this application were as follows. The report suggests that they were 157,000 in Museum Place and 288,000 at St Fagans. The actual figures were, in 1993-94—that would be the last complete year that we would have had knowledge of at the time we were considering this report—the last figures were, for Cathays Park, not 157,000 but 244,000 and, in St Fagans, not 288,000 but 408,000. I find it surprising that the report did not actually check up what the current comparators were, but merely reproduced the comparators shown for 1991. I believe that the comparators that were current at the time suggest that there was a much firmer basis for forecasting potential visitor numbers of

Mr Jenkins: Nid yw'r adroddiad yn egluro, mae gennyf ofn, pam y newidiodd hynny. Fodd bynnag, yr oedd lleihad cyn i hyn ddod i'n maes gweithredu ni. Dechreuasom ni, nid fel yr awgryma'r adroddiad ar 282,000, ond ar 252,000— chwarter miliwn, dyweder. Mae ffigurau 7 ac 8 yn yr adroddiad yn honni dangos y niferoedd ymwelwyr cymharol ar gyfer sefydliadau diwylliannol eraill. Fodd bynnag, yr hyn na sylweddolodd y Pwyllgor yn llawn efallai yw mai ffigurau 1991 yw'r ffigurau cymharol hynny, tra'r oeddem ni'n gwneud yr ymarfer hwn yn 1995. Nid ydym wedi cael amser i ymchwilio i'r holl gymaryddion, ond yr wyf wedi edrych ar y rhai mwyaf perthnasol—y rheini ar gyfer Amgueddfeydd ac Orielau Cenedlaethol Cymru. Efallai y bydd o ddiddordeb i'r Pwyllgor sylweddoli fod y ffigurau cymharol ar gyfer yr amgueddfeydd cenedlaethol ar yr adeg yr oeddem ni wrthi'n ystyried y cais hwn fel a ganlyn. Awgryma'r adroddiad y cafwyd 157,000 ym Mhlas yr Amgueddfa a 288,000 yn Sain Ffagan. Y ffigurau gwirioneddol, yn 1993-94—sef y flwyddyn gyfan olaf y buasai gennym wybodaeth amdani ar yr adeg pan oeddem yn ystyried yr adroddiad hwn—y ffigurau diwethaf oedd, ar gyfer Parc Cathays, nid 157,000 ond 244,000 ac, yn Sain Ffagan, nid 288,000 ond 408,000. Yr wyf yn synnu nad aeth yr adroddiad ati i wirio beth oedd y ffigurau cymharol cyfredol, ond dim ond atgynhyrchu'r ffigurau cymharol a ddangoswyd ar gyfer 1991. Credaf fod y ffigurau cymharol a oedd yn gyfredol ar y

250,000 for the Centre for Visual Arts because they were far less than St Fagans. I do not know what the others were.

pryd yn awgrymu fod sail lawer cadarnach i ragweld niferoedd ymwelwyr potensial o 250,000 i Ganolfan y Celfyddydau Gweledol oherwydd yr oeddent yn llawer llai na Sain Ffagan. Ni wn beth oedd y rhai eraill.

0 I will go on to talk about a couple of other features in that opening section, because it is an important element in the report. The statement that they were quite—and I think Miss Halford quoted that the assessor actually said that the figures may have even been pessimistic. This gives a little more credence, I think, to that point of view. It is compared with St Fagans, and the report says that, of course, you cannot compare it with St Fagans, because St Fagans is a beautiful 50 acre site with family days out and all the rest of it. That is true, but St Fagans is also very much subject to the weather and to access problems. You cannot very easily get out of St Fagans via public transport. The CVA was conceived as being absolutely complementary. That is another point that the report makes, that it was not part of a larger attraction. However, the CVA was the prime site in the centre of Cardiff, within easy reach of the national museum, within easy reach of Cardiff castle, and next door to St David's Hall. It was always conceived as filling that cultural gap and it was in the city centre—I will finish on this—which is an attraction in its own right.

Af ymlaen i siarad am ychydig o bethau eraill yn yr adran agoriadol honno, oherwydd mae'n elfen bwysig yn yr adroddiad. Yr oedd y gosodiad eu bod yn eithaf—ac yr wyf yn meddwl i Miss Halford ddyfynnu bod yr asesydd mewn gwirionedd wedi dweud y gallasai'r ffigurau hyd yn oed fod yn besimistaidd. Mae hyn yn rhoi ychydig mwy o gred, fe dybiaf, i'r safbwynt hwnnw. Fe'i cymherir â Sain Ffagan, a dywed yr adroddiad na allwch, wrth reswm, ei gymharu â Sain Ffagan, am fod Sain Ffagan yn safle hyfryd 50 erw gyda dyddiau allan i'r teulu a'r gweddill i gyd. Mae hynny'n wir, ond mae Sain Ffagan hefyd yn ddibynnol iawn ar y tywydd ac ar broblemau cyrraedd y lle. Nid yw'n hawdd iawn mynd allan o Sain Ffagan ar drafnidiaeth gyhoeddus. Rhagwelwyd y byddai'r ganolfan yn hollol ategol. Dyna bwynt arall a wna'r adroddiad, sef nad oedd yn rhan o atyniad mwy. Fodd bynnag, yr oedd y ganolfan ar y prif safle yng nghanol Caerdydd, yn hygyrch i'r amgueddfa genedlaethol, yn hygyrch i gastell Caerdydd, a'r drws nesaf i Neuadd Dewi Sant. Y syniad o'r cychwyn oedd y byddai'n llanw'r bwlch diwylliannol hwnnw ac yr oedd yng nghanol y ddinas—diweddaf ar hyn—sydd yn atyniad ynddo'i hun.

1 [219] **Alison Halford:** Thank you for that. My final comment is that I have been on this Audit Committee since its inception in 1999. This is the first time that the work of the Auditor General has been challenged in any shape or form. Therefore, we are in uncharted waters. Thank you, Chair.

0 [219] **Alison Halford:** Diolch ichi am hynny. Fy sylw olaf yw fy mod wedi bod ar y Pwyllgor Archwilio hwn ers ei sefydlu yn 1999. Dyma'r tro cyntaf i waith yr Archwilydd Cyffredinol gael ei herio mewn unrhyw fodd. Felly, yr ydym mewn dyfroedd dieithr. Diolch, Gadeirydd.

- 1
- 2 [220] **Janet Davies:** Thank you, Alison. I will follow up on visitor figures. Could you physically have got 250,000 visitors through that building in a year?
- 3
- 3 **Mr Jenkins:** I have no doubt about it in my own mind.
- 4
- 4 [221] **Janet Davies:** Thank you.
- 5
- 5 **Sir Richard Lloyd Jones:** Madam Chair, there is a relevant point in the report. Paragraph 2.12 suggests that we might have guessed from the low figures going through the Oriel gallery that there was something wrong with the visitor figures. However, the fact is that the Oriel gallery was very small. You could not put big shows on there, so you would not get big visitor numbers.
- 6
- 6 [222] **Janet Davies:** Thank you, Sir Richard. I should expand on something that Alison said at this point. Clearly, criticism of the National Audit Office is coming through at the moment. However, the National Audit Office took its facts and statements from the evidence that existed. It also had the agreement of the present accounting officer, whom we all know is recently in post, which is a particularly unfortunate situation at the moment. He, we can assume, took the
- 7
- 7 [221] **Janet Davies:** Diolch.
- 8
- 8 **Syr Richard Lloyd Jones:** Madam Cadeirydd, y mae pwynt perthnasol yn yr adroddiad. Awgryma paragraff 2.12 y gallem fod wedi dyfalu ar sail y ffigurau isel a oedd yn mynd drwy'r Oriel fod rhywbeth o'i le ar y ffigurau ymwelwyr. Fodd bynnag, y ffaith yw fod yr Oriel yn fach iawn. Ni allech gynnal arddangosiadau mawr yn y fan honno, felly ni chaech niferoedd mawr o ymwelwyr.
- 9
- 10 [222] **Janet Davies:** Diolch, Syr Richard. Dylwn ymhelaethu ar rywbeth a ddywedodd Alison yn y fan hon. Yn amlwg, mae beirniadaeth o'r Swyddfa Archwilio Genedlaethol yn cael ei wneud ar hyn o bryd. Fodd bynnag, cymerodd y Swyddfa Archwilio Genedlaethol ei ffeithiau a'i datganiadau o'r dystiolaeth a fodolai. Yr oedd ganddi gytundeb y swyddog cyfrifo presennol hefyd, sydd, fe wyddom, yn newydd i'r swydd, sy'n sefyllfa arbennig o anffodus ar hyn o

information from the evidence that he had, which came from previous days. So, there is a bit of a sort of circle developing here. I do not know whether it will be possible for the Audit Committee to get enlightenment and clarification this afternoon on what is clearly a difficult situation. I hope that it may be possible. This is not an ideal scenario to get that sort of clarification. I am sure that we will strive to do that. However, I feel that criticism and bringing this down to one side against another is not a particularly helpful way of proceeding. I always hope to get lessons for the future, rather than criticisms of the past, from these Committee meetings. I think that I will leave it at that for the moment.

bryd. Cymerodd yntau, gallwn dybio, y wybodaeth o'r dystiolaeth a oedd ganddo, a ddaeth o adeg yn y gorffennol. Felly, mae ychydig o ryw fath o gylch yn datblygu yma. Ni wn a fydd modd i'r Pwyllgor Archwilio gael ei oleuo a chael eglurhad y prynhawn yma ar sefyllfa sydd yn amlwg yn un anodd. Gobeithiaf y gall hynny fod yn bosibl. Nid yw hon yn sefyllfa ddelfrydol i gael y math hwnnw o eglurhad. Yr wyf yn siwr yr ymdrechwn i gyflawni hynny. Fodd bynnag, teimlaf nad yw beirniadu a thynnu hyn i lawr i un ochr yn erbyn y llall yn ffordd arbennig o fuddiol o fynd rhagom. Byddaf fi bob amser yn gobeithio cael gwersi i'r dyfodol, yn hytrach na beirniadaeth o'r gorffennol, o'r cyfarfodydd Pwyllgor hyn. Yr wyf yn meddwl y'i gadawaf yn y fan honno am y tro.

11

7 [223] **Alison Halford:** Chair, may I just say that I am keeping an open mind. I am not making any criticism of anybody.

12 [223] **Alison Halford:** Gadeirydd, a gaf fi ddweud fy mod yn cadw meddwl agored. Nid wyf yn beirniadu neb.

13

8 **Sir Richard Lloyd Jones:** Chair, I think that I speak on behalf of all of us in saying that we do not want to be disputatious. The trouble is, in making these points, we must sound disputatious. We know that you have a job to do. We will, I know, be willing to help you do it to the best of your ability. However, we want, without sounding disputatious, if possible, to bring out the facts which we think that you need to have before you before you reach your conclusions.

Syr Richard Lloyd Jones: Gadeirydd, credaf fy mod yn siarad ar ran pawb ohonom wrth ddweud nad oes arnom eisiau mynd i gecru. Y trafferth yw, wrth wneud y pwyntiau hyn, fod yn rhaid inni swnio'n gecrus. Gwyddom fod gennyh orchwyl i'w chyflawni. Byddwn, mi wn, yn fodlon eich helpu i'w chyflawni orau y gallwch. Fodd bynnag, ein hawydd ni, heb swnio'n gecrus, os oes modd, yw amlygu'r ffeithiau y credwn fod angen ichi eu cael o'ch blaen cyn ichi ddod i'ch casgliadau.

0

9 [224] **Janet Davies:** Thank you. Do

1 [224] **Janet Davies:** Diolch. A oes

- you wish to add to that, Mr Jenkins?
- 2
- 10 **Mr Jenkins:** I would just like to reiterate what I said a little earlier, Madam Chairman. I recognise the convention under which this report has been written. What I think I said was that the convention did not serve the report well. I fully recognise the boundaries within which the National Audit Office was working. That is what was the problem, compounded, of course, by the change of personnel in the arts council.
- 3 **Mr Jenkins:** Hoffwn ond ailadrodd yr hyn a ddywedais ychydig yn gynharach, Madam Cadeirydd. Sylweddolaf y confensiwn yr ysgrifennwyd yr adroddiad hwn oddi tano. Yr hyn y credaf imi ei ddweud oedd nad oedd y confensiwn yn gwasanaethu'r adroddiad yn dda. Sylweddolaf yn llawn y ffiniau yr oedd y Swyddfa Archwilio Genedlaethol yn gweithio o fewn iddynt. Dyna'r hyn oedd y broblem, a honno wedi'i gwaethygu, wrth gwrs, gan y newid personél yng nghyngor y celfyddydau.
- 4
- 11 [225] **Janet Davies:** Thank you. Jocelyn, you wish to ask some questions?
- 5 [225] **Janet Davies:** Diolch. Jocelyn, a ydych chi'n dymuno gofyn rhai cwestiynau?
- 6
- 12 [226] **Jocelyn Davies:** Thank you, Chair. I have a question for Mr Jenkins. I will ask you the same question that I put in the last session to people who were not able to answer it at the time. The external assessor highlighted a number of key concerns about the project, about the level of expertise within the management of the centre, the weaknesses in the marketing of the centre and the lack of private sector sponsorship. Why were these concerns not acted upon? Why pay for advice and then simply ignore it?
- 7 [226] **Jocelyn Davies:** Diolch, Gadeirydd. Mae gennyf gwestiwn i Mr Jenkins. Gofynnaf ichi'r un cwestiwn ag a ofynnais yn y sesiwn diwethaf i bobl nad oeddent yn gallu ei ateb ar y pryd. Amlygodd yr asesydd allanol nifer o bryderon allweddol ynghylch y prosiect, ynghylch y lefel o arbenigedd o fewn rheolaeth y ganolfan, y gwendidau o ran marchnata'r ganolfan a'r diffyg nawdd gan y sector preifat. Pam na weithredwyd ar y pryderon hyn? Pam talu am gyngor a'i anwybyddu wedyn?
- 8
- 13 **Mr Jenkins:** Can I ask you to refer to the paragraph? My notes refer to paragraphs. Are we talking of
- 9 **Mr Jenkins:** A gaf fi ofyn ichi gyfeirio at y paragraff? Mae fy nodiadau i'n cyfeirio at baragraffau. Ai am baragraff 2.25 ymlaen yr ydym yn

	paragraph 2.25 onwards?		sôn?
		10	
14	[227] Jocelyn Davies: It was a question which I asked last time, and I may not have been referring to a specific paragraph.	11	[227] Jocelyn Davies: Cwestiwn a ofynnais y tro diwethaf ydoedd, ac efallai nad oeddwn yn cyfeirio at baragraff penodol.
		12	
15	Mr Jenkins: I am sorry. Is it concerns about the levels of expertise in the centre? That is not the one, is it?	13	Mr Jenkins: Mae'n ddrwg gennyf. Ai pryderon ynghylch y lefel o arbenigedd yn y ganolfan ydyw? Nid hwnnw yw'r un, nage?
		14	
16	[228] Jocelyn Davies: Yes, the external assessor's report raised concerns—	15	[228] Jocelyn Davies: Ie, cododd adroddiad yr asesydd allanol bryderon—
		16	
17	Mr Jenkins: Yes it did, about marketing for a start—	17	Mr Jenkins: Do, fe wnaeth, ynghylch marchnata yn un peth—
		18	
18	[229] Jocelyn Davies: It raised concerns about the level of expertise in the management of the centre, weaknesses in the marketing of the centre and the lack of private sector sponsorship. The question I put last time was: why did you pay for that advice and then not take it?	19	[229] Jocelyn Davies: Cododd bryderon ynghylch y lefel o arbenigedd yn rheolaeth y ganolfan, gwendidau o ran marchnata'r ganolfan a diffyg nawdd gan y sector preifat. Y cwestiwn a ofynnais y tro diwethaf oedd: pam y bu ichi dalu am y cyngor hwnnw ac wedyn peidio ei gymryd?
		20	
19	Mr Jenkins: May I respond by saying that we did take it and the documentation proves that we did. Paragraph 2.25 talks about the marketing and the lack of expertise in marketing. It does say that	21	Mr Jenkins: A gaf fi ymateb drwy ddweud y gwnaethom ei gymryd a bod y ddogfennaeth yn profi inni wneud hynny. Sonia paragraff 2.25 am y marchnata a'r diffyg arbenigedd mewn marchnata. Y mae'n dweud y
		22	
20	'The Arts Council was again alerted to	23	'Tynnwyd sylw Cyngor y

	concerns about the marketing of the Centre for Visual Arts project'		Celfyddydau at bryderon ynglyn â marchnata prosiect Canolfan y Celfyddydau Gweledol unwaith eto'
		24	
21	in paragraph 2.26. Then, in paragraph 2.28, it says that	25	ym mharagraff 2.26. Wedyn, ym mharagraff 2.28, dywedir
		26	
22	'The Arts Council of Wales did not act on these concerns of the external assessor in considering whether to award lottery funding.'	27	'Ni weithredodd Cyngor Celfyddydau Cymru ar bryderon yr asesydd allanol wrth ystyried a ddylid rhoi nawdd loteri.'
23		28	
24	Those concerns were expressed in the assessor's report on the first application. I can now quote from the assessor's report on the second application.	29	Mynegwyd y pryderon hynny yn adroddiad yr asesydd ar y cais cyntaf. Gallaf yn awr ddyfynnu o adroddiad yr asesydd ar yr ail gais.
		30	
25	I am sorry, I have to look at my notes again. I think that it is important, so I hope that the Committee will bear with me. The same assessor reported on the CVA's second application for lottery funding, in 1997, and this is what the assessor said:	31	Mae'n ddrwg gennyf, rhaid imi edrych ar fy nodiadau eto. Credaf ei fod yn bwysig, felly gobeithio y bydd y Pwyllgor yn amyneddgar gyda mi. Adroddodd yr un asesydd ar ail gais y ganolfan am arian loteri, yn 1997, a dyma a ddywedodd yr asesydd:
		32	
	'Following observations in the previous assessment concerning weaknesses in planning for marketing, the applicant has acted swiftly and effectively to place marketing at the core of the project's management, including becoming a member of Cardiff Arts Marketing'—		'Yn dilyn sylwadau yn yr asesiad blaenorol ynghylch gwendidau yn y cynllunio ar gyfer marchnata, mae'r ymgeisydd wedi gweithredu'n fuan ac effeithiol i osod marchnata wrth graidd rheolaeth y prosiect, gan gynnwys ymuno â Marchnata Celfyddydau Caerdydd'—
	which is another recommendation of the assessor the first time—		sef rhywbeth arall a argymhellwyd gan yr asesydd y tro cyntaf—
	'An experienced arts manager has been employed as a consultant to address pre-		'Cyflogwyd rheolwr celfyddydau profiadol fel ymgynghorydd i ymdrin â materion cyn agor a

opening and launch issues, including branding, naming and corporate identity. The analyses are comprehensive, as is the proposed action programme.'

materion lansio, yn cynnwys brandio, enwi a hunaniaeth gorfforaethol. Mae'r dadansoddiadau'n gynhwysfawr, felly hefyd y rhaglen weithredu a gynigiwyd.'

I would suggest to the Committee that that indicates that we did take action. It brings out another big principle here, Madam Chair, that every assessor's report was communicated to the applicant and, as you can see in this instance, the applicant actually took note of it. So we did not ignore what the assessor had said.

0 Awgrymaf i'r Pwyllgor fod hynny'n dangos y bu inni weithredu. Mae'n tanlinellu egwyddor fawr arall yn y fan yma, Madam Cadeirydd, sef y cyfathrebwyd pob adroddiad asesydd i'r ymgeisydd ac, fel y gallwch weld yn yr achos hwn, cymerodd yr ymgeisydd sylw ohono. Felly nid anwybyddwyd yr hyn a ddywedodd yr asesydd.

[230] **Jocelyn Davies:** What about the monitor in 1998? I will read the question that I put to Mr Tyndall last time.

[230] **Jocelyn Davies:** Beth am y monitor yn 1998? Darllenaf y cwestiwn a ofynnais i Mr Tyndall y tro diwethaf.

'In early 1998, the monitor, who was appointed by the arts council, alerted you to problems and recommended that the council require the applicant to undertake a sensitivity analysis in relation to income streams and to consider the worst case scenario. Why did you not do that? Why pay for advice and then ignore it?'

'Yn gynnar yn 1998, tynnodd y monitor, a benodwyd gan gyngor y celfyddydau, eich sylw ar broblemau, ac argymhellodd y dylai'r cyngor fynnu bod yr ymgeisydd yn ymgymryd â dadansoddiad sensitifrwydd mewn perthynas â ffrydiau incwm ac ystyried y sefyllfa waethaf a allai ddigwydd. Pam na wnaethoch chi hynny? Pam talu am gyngor ac wedyn ei anwybyddu?'

Mr Tyndall said that he could find no evidence at all that that advice had been acted upon.

Dywedodd Mr Tyndall na allai ganfod unrhyw dystiolaeth o gwbl y gweithredwyd ar y cyngor hwnnw.

Mr Jenkins: I am afraid I will have to—that was after my time—transfer that to Miss Weston, if you do not mind.

Mr Jenkins: Mae arnaf ofn y bydd yn rhaid imi—yr oedd hynny ar ôl fy amser i—drosglwyddo hynny i Miss Weston, os nad oes ots gennyh.

[231] **Jocelyn Davies:** Fine.

[231] **Jocelyn Davies:** Popeth yn iawn.

Ms Weston: I, too, have my notes ordered into paragraph numbers from the report, and so could you bear with me please.

Ms Weston: Mae fy nodiadau innau, hefyd, wedi'u trefnu yn ôl rhifau paragraffau o'r adroddiad, ac felly a fyddech gystal â bod yn amyneddgar gyda mi.

[232] **Jocelyn Davies:** We are talking about 1998, and the monitor who was appointed by the arts council did alert you to problems and recommended that the council require the applicant to undertake a sensitivity analysis in relation to income streams. The gentleman that came before us last time told us that he could find no evidence that any intervention took place following that recommendation, and so I am asking whether you have any evidence that there was any intervention following that?

[232] **Jocelyn Davies:** Yr ydym yn sôn am 1998, a bod y monitor a benodwyd gan gyngor y celfyddydau wedi tynnu'ch sylw at broblemau ac wedi argymhell y dylai'r cyngor fynnu bod yr ymgeisydd yn gwneud dadansoddiad sensitifrwydd mewn perthynas â ffrydiau incwm. Dywedodd y gwr a ddaeth ger ein bron y tro diwethaf na allai ef ganfod unrhyw dystiolaeth y gweithredwyd o gwbl yn dilyn yr argymhelliad hwnnw, ac felly yr wyf yn gofyn a oes gennych unrhyw dystiolaeth y bu unrhyw weithredu yn dilyn hynny?

Ms Weston: Yes, yes. The—

Ms Weston: Oes, oes. Yr—

[233] **Jocelyn Davies:** Can I ask you why the gentleman could not find any of that in the files that he currently holds in his position?

[233] **Jocelyn Davies:** A gaf fi ofyn ichi pam na allai'r gwr ganfod dim o hynny yn y ffeiliau sydd ganddo ef ar hyn o bryd yn ei safle ef?

Ms Weston: I cannot answer that, but what I can tell you is that I needed to refresh my memory because it is some time ago, and the National Audit Office kindly invited me to go into its office and look through the documents that it held, and so—I think that those documents came from the arts council—so I know that they exist.

Ms Weston: Ni allaf ateb hynny, ond yr hyn y gallaf ddweud wrthy ch yw y bu angen i mi brocio fy nghof oherwydd y mae beth amser yn ôl, ac y bu'r Swyddfa Archwilio Genedlaethol mor garedig â'm gwahodd i fynd i'w swyddfa ac edrych drwy'r dogfennau oedd ganddi, ac felly—yr wyf yn meddwl i'r dogfennau hynny ddod oddi wrth gyngor y celfyddydau—felly gwn eu bod yn bodoli.

[234] **Jocelyn Davies:** Well, I am at a loss really, Chair. We had somebody giving us evidence on the basis of this report, who said that he could not find in those files any evidence that that advice was acted upon, and we have somebody now that tells us that it was acted upon. I am at a loss, really. If it was acted upon, why was a further grant given?

[234] **Jocelyn Davies:** Wel, yr wyf ar goll, wir, Gadeirydd. Cawsom rywun yn rhoi tystiolaeth inni ar sail yr adroddiad hwn, a ddywedodd na allai ganfod yn y ffeiliau hynny unrhyw dystiolaeth y gweithredwyd ar y cyngor hwnnw, ac mae gennym rywun yn awr sydd yn dweud wrthym y gweithredwyd arno. Yr wyf ar goll, wir. Os gweithredwyd arno, pam y rhoddwyd grant pellach?

Ms Weston: I am going to have to speak from memory, because I cannot find my section in the notes, but that particular report was acted on in the standard way of sharing it with the applicant and discussing what they were going to do about it. I believe that at that point—I think this is the report that says certain aspects of the application have yet to be assessed, and there is a basic misunderstanding in this report, because it seems not to realise that the assessor then went on to assess the things that were within his competence, things like quality of design, and so we were assured on those points. The one thing that had not been assessed by that particular assessor was the business plan. That had previously been assessed by the third McCann Matthews Millman assessment and that said that the applicant's business plan had been prepared by Deloitte and Touche, in consultation with them, obviously. That had already happened, but when this assessor's report came to us, we went back to the CVA and said that we required further assurance, and the CVA reappointed Deloitte and Touche. It was at the same time as fixing on a delayed opening date, and the CVA was asking Deloitte and Touche to reappraise the business plan in the light of the delayed opening date and in the light of those comments that we gave it. I have a letter confirming that that was the case.

[235] **Jocelyn Davies:** It was in 1998. We were told by Mr Tyndall that, by that point, the arts council was requesting information from the Centre for Visual Arts, which it was not getting. We were quite clearly given the impression that information was not forthcoming from the Centre for Visual Arts. We heard earlier that there may be a disagreement about the forecasted numbers, whether it was 250,000 or 282,000, but the actual numbers of people who visited was fewer than 50,000. It seems to me that the CVA continued to receive lottery funding even though anybody could recognise—and

Ms Weston: Bydd yn rhaid imi siarad o'm cof, oherwydd ni allaf ganfod fy adran yn y nodiadau, ond gweithredwyd ar yr adroddiad arbennig hwnnw yn y ffordd arferol o'i rannu gyda'r ymgeisydd a thrafod beth yr oeddent am ei wneud yn ei gylch. Credaf ar y pwynt hwnnw—yr wyf yn meddwl mai dyma'r adroddiad sydd yn dweud fod rhai agweddau o'r cais eto heb eu hasesu, ac mae camddealltwriaeth sylfaenol yn yr adroddiad hwn, gan nad yw fel petai'n sylweddoli fod yr asesydd wedyn wedi mynd ymlaen i asesu'r pethau a oedd o fewn ei gymhwysedd, pethau fel ansawdd y dyluniad, ac felly ein bod wedi cael sicrwydd ar y pwyntiau hynny. Yr un peth nad oedd wedi'i asesu gan yr asesydd arbennig hwnnw oedd y cynllun busnes. Yr oedd hwnnw wedi'i asesu ynghynt gan drydydd asesiad McCann Matthews Millman a dywedodd hwnnw fod cynllun busnes yr ymgeisydd wedi'i baratoi gan Deloitte and Touche, mewn ymgynghoriad â hwy, wrth reswm. Yr oedd hynny eisoes wedi digwydd, ond pan ddaeth yr adroddiad asesydd hwn atom ni, aethom yn ôl at y ganolfan a dweud bod arnom eisiau sicrwydd pellach, ac ailbenododd y ganolfan Deloitte and Touche. Yr oedd ar yr un pryd â threfnu i oedi'r dyddiad agor, ac yr oedd y ganolfan yn gofyn i Deloitte and Touche ailwerthuso'r cynllun busnes yng ngoleuni'r dyddiad agor gohiriedig ac yng ngoleuni'r sylwadau hynny a roesom ni iddo. Mae gennyf lythyr yn cadarnhau mai felly y bu.

[235] **Jocelyn Davies:** Yn 1998 yr oedd hyn. Dywedodd Mr Tyndall wrthym fod cyngor y celfyddydau erbyn hynny yn gofyn am wybodaeth gan Ganolfan y Celfyddydau Gweledol, nad oedd yn ei chael. Rhoddwyd yr argraff gwbl glir i ni nad oedd y wybodaeth yn dod oddi wrth Ganolfan y Celfyddydau Gweledol. Clywsom yn gynharach y gallai fod anghytundeb ynghylch y niferoedd a ragwelwyd, pa un ai 250,000 ynteu 282,000 ydoedd, ond yr oedd y niferoedd gwirioneddol o bobl a ymwelodd yn llai na 50,000. Mae'n ymddangos i mi fod y ganolfan wedi parhau i dderbyn arian loteri er y gallai unrhyw un

you do not have to be an expert to know this—that that is a failure. It is less than one-fifth. Whether you say 250,000 or 280,000, fewer than 50,000 people is a lot less than the expected forecast.

Ms Weston: Yes, it is.

[236] **Jocelyn Davies:** So, it seems to me that concerns were being expressed and I would like to know why a third lottery grant was given when the client was withholding relevant information and the visitor numbers were so appallingly low?

Ms Weston: Well, the visitor numbers did not exist at that point, because the centre had not opened. The concerns that the assessors were expressing were addressed by the arts council, and by the client, and we put in appropriate assessors at every point. The client had taken action that was appropriate in any case, such as appointing Deloitte and Touche to review its business plan. There was no question of needing to tell the CVA what to do, because it was already doing it. Of course, the visitor numbers were lower than expected. They were actually nearer a quarter, rather than a fifth, of the revised estimates, in the end. Of course, you are right. Of course, the thing did not succeed.

0 However, I would like to say something about the information that we were getting. It was difficult at times to get information from the CVA, but not impossible. The report here gives an example of not having monthly management accounts for about nine months. It was in something like July 1999, I think, from memory. However, it does not mention that the

weld—ac nid oes angen bod yn arbenigwr i wybod hyn—fod hynny'n fethiant. Mae'n llai nag un rhan o bump. Pa un ai y dywedwch 250,000 neu 282,000, mae llai na 50,000 o bobl yn llawer llai na'r rhagolwg a ddisgwyliwyd.

Ms Weston: Ydyw, y mae.

[236] **Jocelyn Davies:** Felly, mae'n ymddangos i mi fod pryderon yn cael eu lleisio a hoffwn wybod pam y rhoddwyd trydydd grant loteri pan oedd y cleient yn dal gwybodaeth berthnasol yn ôl a phan oedd y niferoedd ymwelwyr mor ofnadwy o isel?

Ms Weston: Wel, nid oedd y niferoedd ymwelwyr yn bodoli bryd hynny, oherwydd nid oedd y ganolfan wedi agor. Cafodd y pryderon yr oedd yr aseswyr yn eu mynegi sylw gan gyngor y celfyddydau, a chan y cleient, a rhoesom aseswyr priodol i mewn ar bob cam. Yr oedd y cleient wedi gweithredu'n briodol beth bynnag, er enghraifft drwy benodi Deloitte and Touche i adolygu ei gynllun busnes. Nid oedd unrhyw gwestiwn o fod angen dweud wrth y ganolfan beth i'w wneud, oherwydd yr oedd eisoes yn ei wneud. Wrth gwrs, yr oedd y niferoedd ymwelwyr yn is na'r disgwyl. Yr oeddent mewn gwirionedd yn nes at chwarter, yn hytrach na phumed ran, o'r amcangyfrifon diwygiedig, yn y diwedd. Wrth gwrs, yr ydych yn iawn. Wrth gwrs, nid oedd y peth yn llwyddiant.

Fodd bynnag, hoffwn ddweud rhywbeth am y wybodaeth yr oeddem yn ei chael. Yr oedd yn anodd ar brydiau cael gwybodaeth gan y ganolfan, ond nid yn amhosibl. Mae'r adroddiad yma'n rhoi enghraifft o fod heb gael cyfrifon rheoli misol am ryw naw mis. Yr oedd oddeutu Gorffennaf 1999, yr wyf yn meddwl, o'm cof. Fodd bynnag, nid yw'n crybwyll, yn dilyn gwaith caled, cyson ar ran swyddogion cyngor y celfyddydau, y cyflwynwyd y wybodaeth ariannol ddiweddaraf y mis wedyn. Felly, ni fyddwn yn

month afterwards, as the result of persistent, hard work on behalf of arts council officers, the up-to-date financial information was supplied. So, I would not say that there was a refusal at any point by the CVA to supply information. It is simply that, not uniquely, when things get difficult in terms of cash, relationships get strained.

[237] **Jocelyn Davies:** So, the information was not forthcoming. Whether it was wilfully withheld or whether there was just a strained relationship, it was not forthcoming. On the estimate of 250,000, I think, actually, that 50,000 is a fifth of 250,000. The revised number went down, but that was still four times as much as the actual numbers that turned out.

Ms Weston: Yes, it was. I am not claiming that it was a success.

[238] **Jocelyn Davies:** No, nobody is claiming that it is a success. I hope that we do not have anybody in front of us who is claiming that this was a success by any means. That really would be stretching it. You have already said that the forecasting of visitor numbers is not a science. So what is it? Is it a guess? For something to be 50,000 in actuality, when the estimate was 250,000—on what do you base that?

Ms Weston: Well, you base it on demographic research and the known propensity, the known percentage within a given population that is likely to visit a gallery or a theatre, or whatever. If you are interested, I have a chart of 10 other major lottery applications—sorry, major lottery-funded attractions—where the estimates were further out than those for the CVA were, but which went in the other direction. If you look at Tate Modern, if you look at the

dweud i'r ganolfan wrthod rhoi gwybodaeth ar unrhyw bwynt. Yn syml, ac nid yn unigryw, pan aiff pethau'n anodd yn nhermau arian, bydd hynny'n gosod straen ar berthynas.

[237] **Jocelyn Davies:** Felly, nid oedd y wybodaeth yn dod i law. Boed hynny'n fwriadol neu mai dim ond straen ar y berthynas oedd yr achos, nid oedd yn dod i law. Ar yr amcangyfrif o 250,000, yr wyf yn meddwl, a dweud y gwir, fod 50,000 yn bumed rhan o 250,000. Aeth y nifer diwygiedig i lawr, ond yr oedd hynny'n dal i fod bedair gwaith yn fwy na'r ffigurau gwirioneddol fel y digwyddodd pethau.

Ms Weston: Oedd, yr oedd. Nid wyf yn honni ei bod yn llwyddiant.

[238] **Jocelyn Davies:** Na, nid oes neb yn honni ei bod yn llwyddiant. Gobeithiaf nad oes gennym neb o'n blaen sydd yn honni bod hyn yn llwyddiant mewn unrhyw fodd. Byddai hynny'n gryn ymestyn ar y gwir. Yr ydych eisoes wedi dweud nad gwyddor yw rhagweld niferoedd ymwelwyr. Beth ydyw, felly? Ai dyfalu? I rywbeth fod yn 50,000 mewn gwirionedd, a'r amcangyfrif yn 250,000—ar beth y seiliwch hynny?

Ms Weston: Wel, byddwch yn ei seilio ar ymchwil ddemograffig a'r duedd hysbys, y ganran hysbys o fewn poblogaeth benodol sydd yn debygol o ymweld ag oriel neu theatr, neu beth bynnag. Os oes gennych ddi-ddordeb, mae gennyf siart o 10 cais mawr arall am arian loteri—mae'n ddrwg gennyf, deg atyniad mawr a gaiff arian loteri—lle'r oedd yr amcangyfrifon ymhellach ohoni na'r rheini ar gyfer y ganolfan, ond i'r cyfeiriad arall. Os edrychwch ar Tate Modern, os edrychwch ar

Eden project and a couple of others, the estimates of attendances was further out in percentage terms than for the CVA, and yet they are roaring successes because it was in the other direction. I am saying that simply to illustrate that it really is not a science. Capturing the public imagination is something that all impresarios would love to be a science, but it is not. I cannot pretend that the public perception of the CVA, as it turned out, was what we all wanted it to be.

brosiect Eden ac un neu ddau arall, yr oedd yr amcangyfrifon ymwelwyr ymhellach ohoni yn nhermau canrannau nag i'r ganolfan, ac eto maent yn llwyddiannau ysgubol oherwydd mai i'r cyfeiriad arall yr aeth y ffigurau. Dywedaf hynny yn syml i ddangos nad gwyddor ydyw, yn wir. Mae dal dychymyg y cyhoedd yn rhywbeth y byddai pob impresario wrth ei fodd petai'n wyddor, ond nid gwyddor mohono. Ni allaf gymryd arnaf fod delwedd y ganolfan ymhlith y cyhoedd, fel y digwyddodd pethau, yr hyn yr oeddem i gyd yn deisyfu iddi fod.

[239] **Jocelyn Davies:** We have already established as a fact—and we can draw our own conclusions from that—that it was not a success. Some people think that it was a spectacular disaster. How would you describe it?

[239] **Jocelyn Davies:** Yr ydym eisoes wedi sefydlu fel ffaith—a gallwn dynnu'n casgliadau ein hunain o hynny—nad oedd yn llwyddiant. Mae rhai pobl o'r farn mai trychineb anhygoel ydoedd. Sut fydddech chi'n ei disgrifio?

Ms Weston: Clearly, the artistic vision of the trust that was running the CVA did not succeed. I find that very sad, and it is a great loss to the whole of Wales. I do not know that I would go so far as to describe it in the terms that you used, because we still have a beautiful building in the centre of Cardiff. The consultant that we brought in, in March 2000, to look at options for operating the CVA did identify that it was possible to operate that building with a visual arts policy and reach a balanced budget. He had no doubt about that. The CVA, as was its right, chose not to operate in that way. If it could not achieve the original artistic vision, it preferred not to go ahead. I am sorry for the long answer, but what I am trying to say is that there must be a future for that building. Obviously, all the people sitting here hope very much that it will be focused, essentially, on the visual arts.

Ms Weston: Yn amlwg, ni lwyddodd gweledigaeth gelfyddydol yr ymddiriedolaeth a oedd yn rhedeg y ganolfan. Yr wyf yn cael hynny'n drist iawn, ac mae'n golled fawr i Gymru gyfan. Ni chredaf yr awn mor bell â'i disgrifio yn y termau a ddefnyddiwyd gennych chi, oherwydd y mae gennym adeilad hardd yng nghanol Caerdydd o hyd. Dywedodd yr ymgynghorydd a alwyd i mewn gennym ym Mawrth 2000 i edrych ar opsiynau ar gyfer gweithredu'r ganolfan y byddai'n bosibl gweithredu'r adeilad hwnnw gyda pholisi celfyddydau gweledol a chyrraedd cyllideb gytbwys. Nid oedd ganddo amheuaeth am hynny. Dewisodd Canolfan y Celfyddydau Gweledol, fel yr oedd hawl ganddi i wneud, beidio â gweithredu yn y modd hwnnw. Os na allai gyflawni'r weledigaeth gelfyddydol wreiddiol, yr oedd yn well ganddi beidio â bwrw ymlaen. Mae'n ddrwg gennyf am yr ateb hir, ond yr hyn yr wyf yn ceisio'i ddweud yw fod yn rhaid bod dyfodol i'r adeilad hwnnw. Yn amlwg, mae pawb sydd yn eistedd yma'n gobeithio'n fawr iawn y bydd ei ffocws, yn ei hanfod, ar y celfyddydau gweledol.

[240] **Jocelyn Davies:** Yes. I do not think that the main aim of the centre was to restore a lovely building, although it is very nice to see lovely buildings in our capital city. Mr Jenkins, how would you describe it?

Mr Jenkins: I would have described it as a visionary and imaginative project that did not see its way through. Of course, it ended in tears, but the vision, the imagination, the whole concept of the project—and, as I said, it is not a stand-alone project, it is part of a spectrum of activity and facilities in Cardiff—that whole vision can still be realised to a great extent. It is the activity that has stopped and I think that we are all the poorer for it. However, there is a beautiful grade II listed—I accept your point, of course, the whole point of this was not just to restore the building—but there is a grade II listed building in the centre of Cardiff now, perfectly restored. It awaits use by the public. What is now needed, in my estimation, is for the Arts Council for Wales to show a little vision and imagination and, together with its partners in the county council, to restore as much of the vision as possible. The first attempt ended in tears; the raw material is still there to be exploited.

[241] **Jocelyn Davies:** Yes, I am sure that some people would have hoped that the arts council would have shown some realistic vision a few years back. The visitor numbers must have been hugely disappointing: under 50,000 when the estimate was 250,000. Was it then a good idea to put up the price to go in?

Mr Jenkins: I am sorry, I cannot comment on the actual visitor numbers. The Committee, of course, and this report, is operating, as we all are at the moment, with a great degree of hindsight. We know what the visitor numbers turned out to be. However, in 1995, we did not know what the visitor numbers were

[240] **Jocelyn Davies:** Ie. Nid wyf yn meddwl mai prif nod y ganolfan oedd adfer adeilad hardd, er ei bod yn amheuthun gweld adeiladau hardd yn ein prifddinas. Mr Jenkins, sut fydddech chi'n ei disgrifio?

Mr Jenkins: Buaswn i wedi ei ddisgrifio fel prosiect llawn gweledigaeth a dychymyg na chyflawnwyd. Wrth gwrs, dagrau oedd diwedd y peth, ond i raddau helaeth, mae modd o hyd i wireddu gweledigaeth, dychymyg, holl gysyniad y prosiect—ac, fel y dywedais, nid prosiect ar ei ben ei hun yw hwn, mae'n rhan o sbectrwm o weithgaredd a chyfleusterau yng Nghaerdydd. Y gweithgaredd sydd wedi peidio, a chredaf ein bod yn dlotach oherwydd hynny. Fodd bynnag, y mae adeilad rhestredig hardd gradd II—derbyniaf eich pwynt, wrth gwrs, nad adfer yr adeilad yn unig oedd holl bwynt hyn—ond y mae adeilad rhestredig gradd II bellach yng nghanol Caerdydd, wedi'i adfer yn berffaith. Mae'n aros i'w ddefnyddio gan y cyhoedd. Yr hyn sydd ei angen yn awr, yn fy marn i, yw i Gyngor Celfyddydau Cymru ddangos ychydig o weledigaeth a dychymyg ac, ar y cyd â'i bartneriaid yn y cyngor sir, adfer cymaint o'r weledigaeth ag sydd yn bosibl. Dagrau oedd diwedd yr ymgais gyntaf; mae'r deunydd crai yn dal yno i'w ddefnyddio.

[241] **Jocelyn Davies:** Ie, mae'n siwr gennyf fi y buasai rhai pobl wedi gobeithio y buasai cyngor y celfyddydau wedi dangos rhywfaint o weledigaeth realistig ychydig flynyddoedd yn ôl. Mae'n rhaid fod y niferoedd ymwelwyr yn siom enfawr: o dan 50,000 wedi amcangyfrif 250,000. Ai syniad da felly oedd codi'r pris am fynd i mewn?

Mr Jenkins: Mae'n ddrwg gennyf, ni allaf roi sylw ar yr union niferoedd ymwelwyr. Mae'r Pwyllgor, wrth gwrs, a'r adroddiad hwn, a ninnau i gyd ar y foment hon, yn gweithredu gyda chryn radd o ôl-welediad. Gwyddom beth oedd y niferoedd ymwelwyr mewn gwirionedd. Fodd bynnag, yn 1995, nid

going to be. We did not know that the outcome would be as it was. We tried, in the arts council at the time, to use our best efforts to ensure its success. To be honest, with this application coming before us, not only did the arts council have to have justification for saying 'yes' to an application, it had to have sufficient justification to say 'no' to an application. To find a reason to say 'no' to this application would have been very difficult, and would have given quite the wrong impression of this wonderful project. I do not believe that the thing worked out. You are talking about visitor numbers going back. There is criticism in this report of the cost going up all the time. We did have advice at the time—from the Wales Tourist Board and others; but the Wales Tourist Board specifically—that the costs were unrealistically low and that, in fact, they could go up. There is a direct correlation between the visitor numbers coming down and the cost going up. So there was a balanced budget every time that this was revisited. Of course, in retrospect, cost may have been one of the factors. There is a stipulation in the report that there was a change of artistic policy. I am afraid that that did not happen; that change in policy did not happen. So, it is a complicated business but, yes, the costs went up as the visitor numbers came down or, Madam Chair, if you would like to put it another way, the visitor numbers came down as the costs went up. I am not sure which came first.

[242] **Jocelyn Davies:** It is the nature of audit committees like this that we only have hindsight. The only thing that we can do is look back over things.

Mr Jenkins: I have every faith that the Audit Committee can put itself in the position of not having that hindsight. We are not justifying the project. All we are saying is that the judgments and decisions that we took at the time, without hindsight, can, I think, be justified.

oeddem yn gwybod beth fyddai'r niferoedd ymwelwyr. Ni wyddem y byddai'r canlyniad fel y bu. Ceisiasom, yng nghyngor y celfyddydau ar y pryd, ddefnyddio'n hymdrechion gorau i sicrhau ei llwyddiant. A dweud y gwir, gyda'r cais hwn yn dod ger ein bron, nid yn unig yr oedd yn rhaid i gyngor y celfyddydau gael cyfiawnhad dros ddweud 'ie' i gais, yr oedd yn rhaid iddo gael digon o gyfiawnhad dros ddweud 'na' wrth gais. Buasai'n anodd iawn canfod rheswm dros ddweud 'na' i'r cais hwn, a buasai wedi rhoi'r argraff gwbl anghywir o'r prosiect bendigedig hwn. Nid wyf yn credu y gweithiodd y peth. Yr ydych yn sôn am niferoedd ymwelwyr yn mynd yn ôl. Mae beirniadaeth yn yr adroddiad hwn am i'r gost godi o hyd. Cawsom gyngor ar y pryd—gan Fwrdd Croeso Cymru ac eraill; ond Bwrdd Croeso Cymru yn benodol—fod y costau'n afrealistig o isel ac, yn wir, y gallent godi. Mae cydberthynas uniongyrchol rhwng y gostyngiad yn niferoedd ymwelwyr a'r gost yn codi. Felly yr oedd cyllideb wedi'i mantoli bob tro yr edrychwyd eto ar hyn. Wrth gwrs, o edrych yn ôl, efallai fod y gost yn un o'r ffactorau. Mae'r adroddiad yn mynnu y bu newid polisi celfyddydol. Mae gennyf ofn na ddigwyddodd hynny; ni ddigwyddodd y newid polisi hwnnw. Felly, mae'n fusnes cymhleth ond, do, aeth y costau i fyny wrth i niferoedd yr ymwelwyr ddod i lawr, neu, Madam Cadeirydd, os hoffech ei roi mewn ffordd arall, daeth y niferoedd ymwelwyr i lawr wrth i'r costau fynd i fyny. Nid wyf yn siwr pa un ddaeth gyntaf.

[242] **Jocelyn Davies:** Natur pwyllgorau archwilio fel hyn yw mai dim ond ôl-welediad sydd gennym. Yr unig beth y gallwn ei wneud yw edrych yn ôl ar bethau.

Mr Jenkins: Mae gennyf bob ffydd y gall y Pwyllgor Archwilio ei roi ei hun yn y sefyllfa o fod heb yr ôl-welediad hwnnw. Nid ydym yn cyfiawnhau'r prosiect. Y cwbl yr ydym yn ei ddweud yw y gellir, yr wyf yn meddwl, heb ôl-welediad, gyfiawnhau'r dyfarniadau a'r penderfyniadau a wnaethom ar y pryd.

[243] **Jocelyn Davies:** Are you aware of any other projects elsewhere in the UK—not in Wales—that, because of inexperience, because this was a new system, went badly wrong?

[243] **Jocelyn Davies:** A wyddoch am unrhyw brosiectau eraill mewn mannau eraill yn y DU—nid yng Nghymru—a aeth o chwith yn ddrwg oherwydd diffyg profiad, oherwydd fod hon yn system newydd?

Mr Jenkins: I am afraid I think that that question might be answered by Sir John Bourn because there was a whole raft of new regulations brought in because of problems.

Mr Jenkins: Mae arnaf ofn mai Syr John Bourn efallai a allai ateb y cwestiwn hwnnw oherwydd cyflwynwyd llu o reoliadau newydd oherwydd problemau.

[244] **Janet Davies:** Sir John?

[244] **Janet Davies:** Syr John?

Sir John Bourn: I am glad to respond to that, Chair. As I said at the last meeting of the Audit Committee, when we looked at this, there are many examples in the United Kingdom of projects funded by the lottery that, for one reason or another—inexperience of handling the matter, desire to move forward, requirement to move forward fast—were not successful. As I said then, this is not a unique project in terms of lottery-funded projects.

Syr John Bourn: Yr wyf yn falch o ymateb i hynny, Gadeirydd. Fel y dywedais yng nghyfarfod diwethaf y Pwyllgor Archwilio, pan edrychasom ar hyn, mae sawl enghraifft yn y Deyrnas Unedig o brosiectau a ariannwyd gan y loteri na fu'n llwyddiannus am ryw reswm neu'i gilydd—diffyg profiad wrth ymdrin â'r mater, awydd i symud ymlaen, gofyniad i symud ymlaen yn gyflym. Fel y dywedais bryd hynny, nid yw hwn yn brosiect unigryw yn nhermau prosiectau a ariennir gan y loteri.

[245] **Janet Davies:** Thank you, Sir John. We will now break for coffee.

[245] **Janet Davies:** Diolch, Syr John. Cymerwn egwyl yn awr am goffi.

[Cynhaliwyd egwyl goffi rhwng 3.05 p.m. a 3.21 p.m.]

[A coffee break was held between 3.05 p.m. and 3.21 p.m.]

0 [246] **Janet Davies:** Welcome back. I now turn to Alun Cairns, who wants to ask some questions, some of which may have already been asked. I am sure that you will skip those, Alun, and go on to those that have not been asked.

[246] **Janet Davies:** Croeso'n ôl. Trof yn awr at Alun Cairns, sydd eisiau gofyn cwestiynau, rhai ohonynt eisoes wedi'u gofyn efallai. Yr wyf yn siwr y gwnewch hepgor y rheini, Alun, a mynd ymlaen at y rheini sydd heb eu gofyn.

1 [247] **Alun Cairns:** Mr Jenkins, I would like to return to one of the final statements that you made before the coffee break. Paragraph 2.2 in the report mentions a change in artistic policy. You said that that was not the case. Clearly, that might well impact on the numbers of visitors, to which my subsequent questions relate. In paragraph 2.2—I think it is; yes, it is—it talks of blockbuster exhibitions such as Picasso and so on. Those are names with which I am familiar. I must admit that I am not very well versed in terms of art appreciation but that is a name that I do recognise. That might well motivate me to go and pay a visit to an exhibition where such paintings are being shown. Therefore, could you reconcile your statement with paragraph 2.22?

2

3 **Mr Jenkins:** Yes. Thank you, Mr Cairns. Yes, it is 2.22, is it not, that we are talking about? ‘The opening programme of the Centre for Visual Arts changed.’ This, I would suggest, has to do with the definition of contemporary art. What happened, Madam Chair, in the development of this concept was that it became very clear that there needed to be co-operation with other arts organisations in Cardiff, in particular the national museum.

You will see a letter, which has been referred to, from Hugh Hudson Davies, which says that we needed to be absolutely clear about the artistic policy of both the museum and the CVA. Now, the phrase that had been used in the development of this project all along was ‘contemporary and historical art’. That goes through the feasibility study, it goes through an interim document; it goes through all the way to the first application. We did receive a letter from Mr Hugh Hudson Davies saying

[247] **Alun Cairns:** Mr Jenkins, hoffwn fynd yn ôl at un o'r pethau olaf a ddywedasochn yn yr egwyl goffi. Mae paragraff 2.2 yn yr adroddiad yn sôn am newid yn y polisi celfyddydol. Dywedasochn chi na fu newid. Yn amlwg, gallai hynny yn wir effeithio ar niferoedd ymwelwyr, a dyna destun fy nghwestiynau nesaf. Ym mharagraff 2.2—yr wyf yn credu mai dyna yw; ie, wir—sonnir am arddangosfeydd mawr fel Picasso ac ati. Dyna enwau sydd yn gyfarwydd i mi. Rhaid imi gyfaddef nad wyf yn hyddysg iawn yn nhermau gwerthfawrogi celf ond dyna enw yr wyf yn ei adnabod. Gallai hynny yn wir fy symbylu i fynd i weld arddangosfa lle dangosir lluniau o'r fath. A allech, felly, gysoni'ch gosodiad â pharagraff 2.22?

0

Mr Jenkins: Gallaf. Diolch, Mr Cairns. Ie, 2.22, onide, sydd dan sylw gennym? ‘Newiodd rhaglen agoriadol Canolfan y Celfyddydau Gweledol.’ Mae a wnelo hyn, fe awgrymwn, â'r diffiniad o gelf gyfoes. Yr hyn a ddigwyddodd, Madam Cadeirydd, wrth ddatblygu'r cysyniad hwn oedd y daeth yn amlwg iawn fod angen cydweithredu â sefydliadau celfyddydol eraill yng Nghaerdydd, yn enwedig yr amgueddfa genedlaethol.

0

Gwelwch lythyr, y cyfeiriwyd ato eisoes, oddi wrth Hugh Hudson Davies, a ddywed fod angen inni fod yn gwbl glir ynghylch polisi celfyddydol yr amgueddfa a'r ganolfan ill dwy. Yn awr, yr ymadrodd a ddefnyddiwyd ar hyd y daith wrth ddatblygu'r prosiect hwn oedd ‘celf gyfoes a hanesyddol’. Aiff hwnnw drwy'r astudiaeth ymarferoldeb, aiff drwy'r ddogfen interim; aiff drwodd yr holl ffordd i'r cais cyntaf. Fe dderbyniasom lythyr oddi wrth Mr Hugh Hudson Davies yn dweud ei fod yn

that he was anxious that there be an understanding of this term 'contemporary art'. He defined it as the art of living artists. Now, we discussed this because—Mr Cairns is quite right—there was talk in the initial stages of Picasso, Mondrian, Matisse; the big draws, the big names. Hugh Hudson Davies's letter said that he doubted whether living artists had the box office appeal of those big names. We agreed with him. There is a document on file; there is a letter from me to Mr Mathew Prichard, the chairman of the trust, offering the trust a grant for £2 million—that is, the first grant—but stating quite categorically that both the trust and the national museum needed to accept that the definition of contemporary art that we were working on, and that we required them to work on, was that it was art produced in the twentieth century.

Now, I do not know whether the report has taken Hugh Hudson Davies's definition of contemporary art, but it is absolutely clear and it is on paper that the arts council, the museum and the CVA agreed that the term 'contemporary art' included art produced in the twentieth century. That includes Picasso, Mondrian, Matisse and several others. So there was no change of policy, Madam Chair. To back that up, I can read you a press announcement that was issued by the CVA on 15 November 1999. That is when the centre was open.

'Enjoy Picasso, Edvard Munch, Jackson Pollock, Andy Warhol, Francis Bacon etc at the CVA.'

So I am afraid that I have to disagree with the report. There was no change of policy that would have affected the visitor numbers. I fully subscribe to Mr Cairns's view that we needed those big names to draw the figures that we were hoping to attract.

awyddus y dylid sicrhau dealltwriaeth o'r term yma 'celf gyfoes'. Ei ddiffiniad ef oedd gwaith celf artistiaid byw. Yn awr, fe drafodasom hyn oherwydd—mae Mr Cairns yn llygad ei le—yr oedd sôn yn y dechrau am Picasso, Mondrian, Matisse; yr atyniadau mawr, yr enwau mawr. Dywedodd llythyr Hugh Hudson Davies ei fod yn amau a oedd gan artistiaid byw yr un apêl o ran denu ymwelwyr â'r enwau mawr hynny. Cytunasom ag ef. Mae dogfen ar y ffeil; mae llythyr oddi wrthyf fi at Mr Mathew Prichard, cadeirydd yr ymddiriedolaeth, yn cynnig grant o £2 filiwn i'r ymddiriedolaeth—hynny yw, y grant cyntaf—ond yn datgan yn gwbl ddiamwys fod angen i'r ymddiriedolaeth a'r amgueddfa genedlaethol dderbyn mai'r diffiniad o gelf gyfoes yr oeddem ni'n gweithio arno, a'r diffiniad yr oeddem yn disgwyl iddynt hwy weithio arno, oedd mai celf a gynhyrchwyd yn yr ugeinfed ganrif ydoedd.

Yn awr, ni wn a yw'r adroddiad wedi cymryd diffiniad Hugh Hudson Davies o gelf gyfoes, ond mae'n gwbl glir ac mae ar ddu a gwyn fod cyngor y celfyddydau, yr amgueddfa a'r ganolfan wedi cytuno fod y term 'celf gyfoes' yn cynnwys celf a gynhyrchwyd yn yr ugeinfed ganrif. Mae hynny'n cynnwys Picasso, Mondrian, Matisse a sawl un arall. Felly nid oedd unrhyw newid polisi, Madam Cadeirydd. I ategu hynny, gallaf ddarllen datganiad i'r wasg ichi a gyhoeddwyd gan y ganolfan ar 15 Tachwedd 1999. Yr oedd y ganolfan yn agored bryd hynny.

'Mwynhewch Picasso, Edvard Munch, Jackson Pollock, Andy Warhol, Francis Bacon ac ati yng Nghanolfan y Celfyddydau Gweledol.'

Felly mae arnaf ofn fod yn rhaid imi anghytuno â'r adroddiad. Nid oedd dim newid polisi a fuasai wedi effeithio ar y niferoedd ymwelwyr. Cytunaf yn llwyr â barn Mr Cairns fod angen yr enwau mawr hynny i atynnu'r ffigurau yr oeddem yn gobeithio'u

denu.

[248] **Alun Cairns:** Why then were we not able to deliver works of art from people such as Picasso at the centre?

Mr Jenkins: There was a minor exhibition—I would have to confess that it was a minor exhibition—in November 1999 that did feature some of these works. However, the mechanics of the arts world, Mr Cairns, are such that, to get a major exhibition of the work of these world-famous artists, it does need a two or three year lead-in time. You cannot, in fact, set one of those up very, very quickly. It is a matter of regret that the centre did not but, in the end, it was not open long enough in order to be able to set it up. To get these international travelling exhibitions, it does need two or three years lead-in time.

[249] **Alun Cairns:** Thank you. If I can turn back to the visitor numbers, I would like to turn to figure 7 on page 9 of the report, which shows the comparators used to forecast visitor numbers for the Centre for Visual Arts. They range from 600,000 to 40,000, from the Tate gallery to the Fruitmarket gallery in Edinburgh. Did the variance from 40,000 to 600,000, ever alert you to the intrinsic difficulty in forecasting visitor numbers with any degree of accuracy?

Mr Jenkins: Well, may I suggest that I think that Miss Weston has touched on this in a previous answer. It is extremely difficult to forecast. I will reiterate that you are looking at those comparators for 1991, whereas we were talking in 1995. Therefore, those comparators should not be taken in absolute terms but, yes, you are quite right, there is a huge variation. This is where the project went wrong. The report is correct in that instance and in that respect. It says that one of the main reasons was that it failed to attract the

[248] **Alun Cairns:** Pam felly na lwyddwyd i sicrhau gweithiau celf gan bobl fel Picasso yn y ganolfan?

Mr Jenkins: Cafwyd arddangosfa fach—byddai'n rhaid imi gyfaddef mai arddangosfa fach oedd hi—ym mis Tachwedd 1999 a oedd yn cynnwys rhai o'r gweithiau hyn. Fodd bynnag, mae dull gweithredu'r byd celfyddydol, Mr Cairns, yn golygu bod angen cynllunio ddwy i dair blynedd ymlaen llaw i gael arddangosfa fawr o waith yr arlunwyr byd-enwog hyn. Ni ellir, mewn gwirionedd, sefydlu un o'r rheini'n gyflym iawn, iawn. Mater o ofid yw na wnaeth y ganolfan hynny ond, ar ddiwedd y dydd, ni fu'n agored yn ddigon hir i allu trefnu hynny. I gael yr arddangosfeydd teithiol rhyngwladol hyn, mae angen cynllunio ddwy i dair blynedd ymlaen llaw.

[249] **Alun Cairns:** Diolch. Os caf droi'n ôl at y niferoedd ymwelwyr, hoffwn droi at ffigur 7 ar dudalen 9 yn yr adroddiad, sydd yn dangos y cymaryddion a ddefnyddiwyd i ragweld niferoedd ymwelwyr i Ganolfan y Celfyddydau Gweledol. Amrywiant o 600,000 i 40,000, o oriel y Tate i oriel y Fruitmarket yng Nghaeredin. A wnaeth yr amrywiad o 40,000 i 600,000 eich rhybuddio o gwbl am anhawster sylfaenol rhagweld niferoedd ymwelwyr gydag unrhyw radd o gywirdeb?

Mr Jenkins: Wel, a gaf fi awgrymu fy mod yn meddwl bod Miss Weston wedi cyffwrdd ar hyn mewn ateb blaenorol. Mae'n eithriadol o anodd rhagweld. Ailadroddaf eich bod yn edrych ar y cymaryddion hynny yn 1991, tra'r oeddem ni'n siarad yn 1995. Felly, ni ddylid cymryd y cymaryddion hynny mewn termau absoliwt ond, ie, yr ydych yn llygad eich lle, y mae amrywiad enfawr. Dyma lle'r aeth y prosiect o chwith. Mae'r adroddiad yn gywir yn yr achos hwnnw ac yn hynny o beth. Dywed mai un o'r prif resymau oedd iddi

numbers that it hoped to.

fethu denu'r niferoedd yr oedd wedi gobeithio'u denu.

[250] **Alun Cairns:** Did you ever feel, looking at that range from 40,000 to 600,000, that it might well come in at the lower end of the scale?

[250] **Alun Cairns:** A wnaethoch deimlo erioed, wrth edrych ar yr amrediad hwnnw o 40,000 i 600,000, y gallai'n hawdd ddod i mewn ar ben isaf y raddfa?

Mr Jenkins: I suppose, in the range of options, it could have come in at the top end of the scale as well, in the sense that we were going into uncharted territory and, as I said, all the marketing evidence that we were being presented suggested that not only was 250,000 achievable, it might even have been on the low side. It proved wrong, of course it proved wrong, but that was the evidence that we had to go on at the time.

Mr Jenkins: Am wn i, yn yr amrediad o opsiynau, fe allasai ddod i mewn ar ben uchaf y raddfa hefyd, yn yr ystyr ein bod yn mynd i dir newydd ac, fel y dywedais, yr oedd yr holl dystiolaeth marchnata a gyflwynid inni yn awgrymu nid yn unig y gellid cael 250,000, ond y gallasai hynny hyd yn oed fod ar yr ochr isel. Profodd yn anghywir, wrth gwrs y profodd yn anghywir, ond dyna'r dystiolaeth a oedd gennym i weithredu arni ar y pryd.

[251] **Alun Cairns:** Bearing in mind the answer that you have just given me, on what basis did you conclude that it was sensible to include as comparators those attractions which are integral parts of larger tourist attractions, such as—if we look at the Welsh options, keeping it local—the Royal Welch Fusiliers Regimental Museum at Caernarfon castle? In one of your early answers you said that Cardiff itself was an attraction, but is it not fair to analyse that Cardiff itself as a city was competition to the Centre for Visual Arts? If people came to Cardiff for the day, they would go to either or but, on the other hand, if someone went to Caernarfon castle, with the greatest respect to Caernarfon as a retail centre, that competition was not there between Caernarfon castle and the Royal Welch Fusiliers Regimental Museum.

[251] **Alun Cairns:** Yn wyneb yr ateb yr ydych newydd ei roi imi, ar ba sail y daethoch i'r casgliad ei bod yn ddoeth cynnwys i ddibenion cymharu yr atyniadau hynny sydd yn rhannau annatod o atyniadau mwy i ymwelwyr, megis—os edrychwn ar yr enghreifftiau yng Nghymru, a chadw pethau'n lleol—Amgueddfa Gatrodol y Ffiwsilwyr Cymreig Brenhinol yng nghastell Caernarfon? Yn un o'ch atebion cynnar dywedasoed fod Caerdydd ei hun yn atyniad, ond onid yw'n deg dadansoddi fod Caerdydd ei hun fel dinas yn gystadleuaeth i Ganolfan y Celfyddydau Gweledol? Os deuai pobl i Gaerdydd am y dydd, fe aent i'r naill neu'r llall, ond, ar y llaw arall, os âi rhywun i gastell Caernarfon, gyda phob parch i Gaernarfon fel canolfan siopa, ni cheid y gystadleuaeth honno rhwng castell Caernarfon ac Amgueddfa Gatrodol y Ffiwsilwyr Cymreig Brenhinol.

Mr Jenkins: Well, I think you could stand the argument on its head, and say that, if Caernarfon can attract 200,000, then a wonderful, world-famous art gallery in the centre of Cardiff should be able to match it. I do not know about you, Mr Cairns, but one of the things I do not like doing is shopping with

Mr Jenkins: Wel, yr wyf yn meddwl y gallech sefyll y ddadl honno ar ei phen, a dweud os gall Caernarfon ddenu 200,000, yna dylai oriel gelf fendigedig, fyd-enwog yng nghanol Caerdydd allu gwneud yr un modd. Ni wn amdanoch chi, Mr Cairns, ond un o'r pethau nad yw'n dda gennyf eu gwneud yw

my wife, and therefore if I had gone into the centre of Cardiff, and this had been there, I would have been delighted to go around it. The point I am trying to make is that there is the possibility of a lot of casual visiting in the centre of Cardiff, which was not available in Caernarfon.

siopa gyda fy ngwraig, ac felly pe bawn i wedi mynd i ganol Caerdydd, a bod hon yno, buaswn wrth fy modd yn mynd o'i chwmpas. Y pwynt yr wyf yn ceisio'i wneud yw bod posibilrwydd cael llawer o ymweliadau ar hap yng nghanol Caerdydd, nad oedd ar gael yng Nghaernarfon.

[252] **Alun Cairns:** On what basis would you make the statement that there was a lot of casual visiting?

[252] **Alun Cairns:** Ar ba sail y gwnaech y gosodiad fod llawer o ymweld ar hap?

Mr Jenkins: I am not making the statement that there was a lot, I am saying that the potential for casual visiting was far greater in the centre of Cardiff than it would have been for the Royal Welch Fusiliers Regimental Museum. May I just add one further point? You say that it was not part of a greater whole, as it were, in the way that the fusiliers museum was in Caernarfon, but that was exactly the concept that we were working on—that Cardiff itself was an attraction. This was within 200 yards of the museum, but it was across the road from St David's Hall, with all-day attractions. It was also complementary to the museum—that illustrates why we wanted the programme in the CVA to be complementary to the museum, because then people would go to both.

Mr Jenkins: Nid wyf yn gwneud y gosodiad fod yna lawer, dweud yr wyf fod y potensial ar gyfer ymweld ar hap yn llawer mwy yng nghanol Caerdydd nag y buasai i Amgueddfa Gatrodol y Ffiwsilwyr Cymreig Brenhinol. A gaf fi ychwanegu un pwynt arall? Dywedwch nad oedd yn rhan o gyfanrwydd mwy, fel petai, yn y ffordd yr oedd amgueddfa'r ffiwsilwyr yng Nghaernarfon, ond dyna'r union gysyniad yr oeddem yn gweithio arno—bod Caerdydd ei hun yn atyniad. Yr oedd hon o fewn 200 llath i'r amgueddfa, ond yr oedd dros y ffordd i Neuadd Dewi Sant, gydag atyniadau trwy'r dydd. Yr oedd hefyd yn ategol i'r amgueddfa—dyna pam yr oedd arnom eisiau i'r rhaglen yn y ganolfan fod yn ategol i'r amgueddfa, oherwydd wedyn byddai pobl yn mynd i'r ddwy.

[253] **Alun Cairns:** Okay, thank you for the answer. Can I move to the sensitivity analysis? What can you tell me about the sensitivity analysis?

[253] **Alun Cairns:** Iawn, diolch am yr ateb. A gaf fi symud ymlaen at y dadansoddiad sensitifrwydd? Beth allwch chi ei ddweud wrthyf am y dadansoddiad sensitifrwydd?

Mr Jenkins: May I transfer that across to Miss Weston?

Mr Jenkins: A gaf fi drosglwyddo hynny drosodd i Miss Weston?

Ms Weston: In the first estimate, the only sensitivity analysis that had been done was a 10 per cent variance. Hindsight tells us that it went wrong by more than 10 per cent, and I think that one of the lessons that we learnt very quickly was that, where things are

Ms Weston: Yn yr amcangyfrif cyntaf, yr unig ddadansoddiad sensitifrwydd a wnaethpwyd oedd amrywiad 10 y cant. Wrth edrych yn ôl gwelwn yr aeth o chwith fwy na 10 y cant, ac yr wyf yn meddwl mai un o'r gwersi a ddysgwyd gennym yn gyflym iawn

untried, you do need to test variance and sensitivity to a greater extent. However, the fact is that the sensitivity analysis had been done, but it had been limited to a 10 per cent variation.

[254] **Alun Cairns:** Why was it limited to 10 per cent?

Ms Weston: I am guessing, because I did not write the estimate myself, but I think that it is fairly standard practice in doing sensitivity analysis to test the big numbers by a 10 per cent variation.

[255] **Alun Cairns:** Therefore, bearing in mind the variance of which we have spoken, of 600,000 to 40,000, was 10 per cent a sensible figure?

Ms Weston: The application was not trying to make a case for the CVA attracting an average of those different venues. That would be meaningless.

[256] **Alun Cairns:** I am not suggesting that either.

Ms Weston: Right.

[257] **Alun Cairns:** What I am saying is that, if we are using comparators which have an attraction potential of 40,000 right the way up to 600,000, is a sensitivity test of 10 per cent sensible?

Ms Weston: As I said, with hindsight, it could have been bigger but you must remember that those comparators were illustrations of other types of attractions and

oedd, lle bo pethau heb eu profi, y mae angen profi amrywiad a sensitifrwydd yn fwy trylwyr. Fodd bynnag, y ffaith yw fod y dadansoddiad sensitifrwydd wedi'i wneud, ond ei fod wedi'i gyfyngu i amrywiad o 10 y cant.

[254] **Alun Cairns:** Pam y'i cyfyngwyd i 10 y cant?

Ms Weston: Yr wyf yn dyfalu, oherwydd nid ysgrifennais yr amcangyfrif fy hun, ond yr wyf yn meddwl ei bod yn arfer pur safonol wrth wneud dadansoddiad sensitifrwydd i brofi'r rhifau mawr yn ôl amrywiad o 10 y cant.

[255] **Alun Cairns:** Felly, o gofio'r amrywiad yr ydym wedi siarad amdano, sef 600,000 i 40,000, a oedd 10 y cant yn ffigur synhwyrol?

Ms Weston: Nid oedd y cais yn ceisio dadlau y byddai'r ganolfan yn denu cyfartaledd o ffigurau'r gwahanol ganolfannau hynny. Byddai hynny'n ddiystyr.

[256] **Alun Cairns:** Nid wyf finnu'n awgrymu hynny ychwaith.

Ms Weston: Iawn.

[257] **Alun Cairns:** Yr hyn yr wyf yn ei ddweud yw, os ydym yn defnyddio cymaryddion sydd â photensial i ddenu 40,000 yr holl ffordd i fyny i 600,000, a yw prawf sensitifrwydd o 10 y cant yn synhwyrol?

Ms Weston: Fel y dywedais, wrth edrych yn ôl, gallasai fod yn fwy, ond rhaid ichi gofio fod y cymaryddion hynny'n enghreifftiau o fathau eraill o atyniadau, ac mai'r bwriad ar gyfer y

what was planned for the CVA at the time was that it was going to be unique and, particularly with its emphasis on hands-on facilities for children, we felt and the trust felt that it was going to be more akin to Techniquest than to a standard contemporary art gallery. That did not turn out to be the case but that was the aim and that is why the figure of 250,000 was arrived at through demographic analysis of the potential rather than by saying this is exactly like the Tate Modern, the Albert Dock or the Grassmarket in Edinburgh. It was unique. There are plenty of instances, including Techniquest, of unique ventures being very, very successful and, therefore, there was never any expectation that these were direct comparisons or models.

ganolfan ar y pryd oedd y byddai'n unigryw ac, yn enwedig gyda'i phwyslais ar gyfleusterau cyffwrdd i blant, ein teimlad ni a'r ymddiriedolaeth oedd y byddai ganddi fwy'n gyffredin â Techniquest nag ag oriel gelf gyfoes safonol. Nid felly y bu, ond dyna oedd y nod, a dyna pam y daethpwyd at y ffigur o 250,000 drwy ddadansoddiad demograffig o'r potensial yn hytrach na thrwy ddweud fod hon yn union yr un peth â'r Tate Modern, yr Albert Dock neu'r Grassmarket yng Nghaeredin. Yr oedd yn unigryw. Mae digonedd o enghreifftiau, gan gynnwys Techniquest, o fentrau unigryw'n profi'n llwyddiannus iawn, iawn, ac felly nid oedd unrhyw ddisgwyliad erioed y byddai'r rhain yn fodolau neu'n gymariaethau uniongyrchol.

0 [258] **Alun Cairns:** Regarding this variance, was there an assessment in terms of the impact of the risk on the financial viability of the project?

[258] **Alun Cairns:** O ran yr amrywiad hwn, a wnaed asesiad yn nhermau effaith y risg ar ymarferoldeb ariannol y prosiect?

1

2 **Ms Weston:** There was. It was limited to 10 per cent and then, over the three or four years when plans were developing, the business plan was revisited by the management consultants who were working for the CVA and revised downwards, as you know. At each step, that was matched by an increase in income because it was well recognised between all of the partners that if you charge more, you will get fewer visitors.

0 **Ms Weston:** Do. Fe'i cyfyngwyd i 10 y cant ac wedyn, dros y tair neu bedair blynedd pan oedd y cynlluniau'n datblygu, ailedrychwyd ar y cynllun busnes gan yr ymgynghorwyr rheoli a weithiai i'r ganolfan a'i ddiwygio tuag i lawr, fel y gwyddoch. Ar bob cam, codwyd yr incwm i gyfateb i hynny oherwydd yr oedd y partneriaid i gyd yn sylweddoli os codwch dâl uwch, y cewch lai o ymwelwyr.

1

3 **Mr Jenkins:** Will you allow me to tail that off, Mr Cairns? You are quoting these figures as if they were part of the application; they were not. They were four-year-old figures that were not part of the application. They had been included in the feasibility study, but as a general illustration. Therefore, we

2 **Mr Jenkins:** A ganiatewch imi ychwanegu ar gwt hynny, Mr Cairns? Yr ydych yn dyfynnu'r ffigurau hyn fel pe baent yn rhan o'r cais; nid felly. Ffigurau pedair blwydd oed oeddent, nad oedd yn rhan o'r cais. Yr oeddent wedi'u cynnwys yn yr astudiaeth ymarferoldeb, ond fel enghraifft

had to go on demographic market research on the trust's estimate, which we saw at that time, and the advice that we had was that the figure of 250,000 was achievable. We went on the information that we were given by the trust in the application, not in the feasibility study.

gyffredinol. Felly, yr oedd yn rhaid inni ddibynnu ar ymchwil marchnad ddemograffig ar amcangyfrif yr ymddiriedolaeth, a welsom ni bryd hynny, a'r cyngor a gawsom oedd y gellid cyrraedd y ffigur o 250,000. Bu inni weithredu ar y wybodaeth a roddwyd inni gan yr ymddiriedolaeth yn y cais, nid yn yr astudiaeth ymarferoldeb.

3

4 [259] **Alun Cairns:** Working on those demographics that you have just highlighted, how did the arts council view comparisons with other attractions in the centre of Cardiff, such as the Oriel gallery and the Cardiff Old Library building itself, neither of which attracted more than around 70,000 visitors a year? There is a significant increase from 70,000 to 250,000.

4 [259] **Alun Cairns:** A gweithio ar y ddemograffeg honno yr ydych newydd ei thanlinellu, sut yr edrychodd cyngor y celfyddydau ar gymariaethau ag atyniadau eraill yng nghanol Caerdydd, megis yr Oriel ac adeilad Hen Lyfrgell Caerdydd ei hun, nad oedd y naill na'r llall wedi derbyn mwy na rhyw 70,000 o ymwelwyr y flwyddyn? Mae cryn gynydd o 70,000 i 250,000.

5

5 **Mr Jenkins:** If I may say, I think we may have touched on the Oriel gallery comparison. The Oriel gallery is not comparable—or was not; I am afraid that it is now closed. The Oriel gallery was a very, very small gallery. The whole exhibition space was, I would guess, about the size of this room. Therefore, one could argue, if a space the size of this room can attract 50,000 visitors then 250,000 for a huge building like the CVA was a distinct possibility. However, that is another matter. One could argue that. In terms of the 71,000 visitors to the Old Library, this was very much an effort that was being put together by a group of artists who were not working as a trust and who were putting on shows of their own work. It is remarkable that they were able to

6 **Mr Jenkins:** Os caf ddweud, yr wyf yn meddwl efallai ein bod wedi crybwyll y gymhariaeth â'r Oriel. Ni ellir cymharu'r Oriel—neu ni ellid; mae arnaf ofn ei bod wedi cau bellach. Oriel fechan iawn, iawn oedd yr Oriel. Yr oedd y cyfan o'r lle arddangos, mi dybiwn i, oddeutu maint yr ystafell hon. Felly, gellid dadlau, os gall lle o faint yr ystafell hon ddenu 50,000 o ymwelwyr yna yr oedd 250,000 i adeilad enfawr fel y ganolfan yn bosibilrwydd clir. Fodd bynnag, mater arall yw hwnnw. Gellid dadlau hynny. Yn nhermau'r 71,000 o ymwelwyr i'r Hen Lyfrgell, yr oedd hyn i raddau helaeth iawn yn gyd-ymdrech gan griw o artistiaid nad oedd yn gweithio fel ymddiriedolaeth ac a oedd yn arddangos eu gwaith eu hunain. Mae'n hynod iddynt lwyddo i ddenu 71,000

attract 71,000 visitors and they are to be congratulated on that. However, it was not a direct comparator at all with the CVA and the operation that we envisaged in the centre.

o ymwelwyr a rhaid eu llongyfarch ar hynny. Fodd bynnag, nid oedd yn gystadleuydd uniongyrchol o gwbl â'r ganolfan a'r gweithgaredd yr oeddem ni'n ei ragweld yn y ganolfan.

7

6 [260] **Alun Cairns:** Thank you. What can you tell me about the impact of charging? Were you aware of the experience of the National Museum of Wales where, upon introducing entrance fees in 1988, it experienced a 65 per cent fall in visitors?

8 [260] **Alun Cairns:** Diolch. Beth allwch chi ei ddweud wrthyf am effaith codi tâl? A oeddech yn ymwybodol o brofiad Amgueddfa Genedlaethol Cymru lle, pan gyflwynwyd tâl mynediad yn 1988, cafwyd cwmp o 65 y cant yn niferoedd ymwelwyr?

9

7 **Mr Jenkins:** Yes, we were very conscious of the impact of charging and are delighted that now, in 2000-01, the charges for going into the national museum have been lifted. However, at the time, the national museum was charging to go in. Therefore, the comparators that I mentioned to you were there after the charges had been imposed. Yes, there had been a reduction whenever the charges came in. However, the national museum, in the year that we were considering this application, was attracting 245,000 visitors. There was also a charge for going into St Fagans, and in the year that we were considering here, there were over 400,000 people going into St Fagans. So, yes, the charging did have an effect, and of course it would have been easier to have achieved 250,000 in the CVA if there was no charge, but that was not part of the business case.

10 **Mr Jenkins:** Oeddem, yr oeddem yn ymwybodol iawn o effaith codi tâl ac yr ydym wrth ein boddau yn awr, yn 2000-01, fod y taliadau am fynd i mewn i'r amgueddfa genedlaethol wedi'u dileu. Fodd bynnag, ar y pryd, yr oedd yr amgueddfa genedlaethol yn codi tâl mynediad. Felly, yr oedd y cymaryddion a grybwyllais wrthyf yno wedi i'r taliadau gael eu gosod. Oedd, yr oedd niferoedd wedi disgyn pryd bynnag y cyflwynwyd taliadau. Fodd bynnag, yr oedd yr amgueddfa genedlaethol, yn y flwyddyn yr oeddem ni'n ystyried y cais hwn, yn denu 245,000 o ymwelwyr. Codid tâl hefyd am fynd i mewn i Sain Ffagan, ac yn y flwyddyn yr ydym ni'n ei hystyried yma, aeth dros 400,000 o bobl i mewn i Sain Ffagan. Felly, do, fe gafodd y taliadau effaith, ac wrth gwrs buasai'n haws cyrraedd 250,000 yn y ganolfan pe na chodid tâl, ond nid oedd hynny'n rhan o'r achos busnes.

11

[261] **Alun Cairns:** I appreciate that, but is the common sense approach not that if there are going to be charges, then those comparators should be excluded from your

[261] **Alun Cairns:** Yr wyf yn sylweddoli hynny, ond onid yr ymagwedd synnwyr cyffredin yw os am godi tâl, yna na ddylid cynnwys y cymaryddion hynny yn eich

analysis? When Miss Weston earlier mentioned the lottery granted support projects like the Tate gallery, which had been enormously successful and had overshot the projected figures that were given at the time of the project, with the greatest respect, that was free. Bearing in mind the charging here, I cannot reconcile your comments with a common sense analysis in terms of the visitor projections.

Mr Jenkins: May I just say that the comparators that I have used this afternoon were comparators where there was charging. These comparators were part, again, of the feasibility study, not of the application. Therefore, we were not considering the feasibility study; we were considering the application that came before us in January 1995. I have tried to meet your point, because it is a valid point, by comparing like with like—in the sense that they were all being charged—in terms of St Fagans and the national museum. Those are the only comparators that I have used.

Sir Richard Lloyd Jones: I think that the impact of charging had a considerable impact on the management of the national museum. I am right out of my ground here, but I do remember that, after charging was introduced, the then directors of the museum spent a great deal of time reshaping the museum and marketing it. That is why I am sure that those visitor numbers that Mr Jenkins quoted earlier went up. So you are dealing with a dynamic situation, I think.

[262] **Janet Davies:** Thank you, Sir Richard. Eleanor, you wanted to look at the research of the local market?

[263] **Eleanor Burnham:** Yes, I will try to be brief, because I know it is going on a bit. Paragraph 2.16 on page 11 of the Auditor

dadansoddiad? Pan soniodd Miss Weston yn gynharach am y prosiectau a gâi gymorth grant loteri, fel oriel y Tate, a fu'n hynod lwyddiannus ac a aethai dros y ffigurau disgwylidig a roesid ar adeg y prosiect, gyda phob parch, yr oedd mynediad i honno am ddim. Gan fod codi tâl yn y fan yma, ni allaf gysoni'ch sylwadau gyda dadansoddiad synnwyr cyffredin yn nhermau'r rhagolygon ymwelwyr.

Mr Jenkins: A gaf i ddweud yn syml mai cymaryddion lle codid tâl oedd y cymaryddion a ddefnyddiais i y prynhawn yma. Eto, rhan o'r astudiaeth ymarferoldeb, nid o'r cais, oedd y cymaryddion hyn. Felly, nid oeddem ni'n ystyried yr astudiaeth ymarferoldeb; yr oeddem yn ystyried y cais a ddaeth ger ein bron yn Ionawr 1995. Yr wyf wedi ceisio ateb eich pwynt, oherwydd y mae'n bwynt dilys, drwy gymharu tebyg wrth ei debyg—yn yr ystyr y codid tâl ym mhob un—yn nhermau Sain Ffagan a'r amgueddfa genedlaethol. Dyna'r unig gymaryddion yr wyf fi wedi'u defnyddio.

Syr Richard Lloyd Jones: Yr wyf yn meddwl fod codi tâl wedi cael effaith sylweddol ar reolaeth yr amgueddfa genedlaethol. Yr wyf y tu allan i'm maes yn y fan hon, ond yr wyf yn cofio, ar ôl i daliadau gael eu cyflwyno, fod cyfarwyddwyr yr amgueddfa ar y pryd wedi treulio llawer iawn o amser yn ailwampio'r amgueddfa ac yn ei marchnata. Dyna pam mae'n siwr gennyf fi y cynyddodd y niferoedd ymwelwyr hynny a ddyfynnwyd gan Mr Jenkins yn gynharach. Felly yr ydych yn delio â sefyllfa ddeinamig, yr wyf yn meddwl.

[262] **Janet Davies:** Diolch, Syr Richard. Eleanor, yr oedd arnoch eisiau edrych ar yr ymchwil i'r farchnad leol?

[263] **Eleanor Burnham:** Oedd, mi geisiaf fod yn fyr, oherwydd gwn fod hyn yn rhygnu ymlaen braidd. Mae paragraff 2.16 ar dudalen

General's report lists a number of assumptions on which the potential visitor market was based. What was the basis of these assumptions, and how sure was the council that they were sound? That could be directed to both Mr Jenkins and Ms Weston.

11 yn adroddiad yr Archwilydd Cyffredinol yn rhestru nifer o ragdybiaethau y seiliwyd y ddarpar farchnad ymwelwyr arnynt. Beth oedd sail y rhagdybiaethau hyn, a pha mor sicr oedd y cyngor eu bod yn gadarn? Gellid cyfeirio hynny at Mr Jenkins a Ms Weston ill dau.

Ms Weston: I am sorry, you were asking what was the basis of the—?

Ms Weston: Mae'n ddrwg gennyf, yr oeddech yn holi beth oedd sail y—?

[264] **Eleanor Burnham:** The assumptions.

[264] **Eleanor Burnham:** Y rhagdybiaethau.

Ms Weston: I do not have access—

Ms Weston: Nid wyf yn gallu—

[265] **Eleanor Burnham:** For the potential visitor market.

[265] **Eleanor Burnham:** O ran y ddarpar farchnad ymwelwyr.

Ms Weston: Do you mean of it going up, or the original numbers that were estimated?

Ms Weston: A ydych yn golygu cynnydd ynddi, ynteu'r niferoedd gwreiddiol a amcangyfrifwyd?

[266] **Eleanor Burnham:** How did you research the potential visitor market, and on what was that research based?

[266] **Eleanor Burnham:** Sut y gwnaethoch ymchwilio i'r ddarpar farchnad ymwelwyr, ac ar beth y seiliwyd yr ymchwil honno?

Ms Weston: We did not research it directly ourselves. We are not a market research—sorry, when I say 'we', I mean that the arts council did not research it directly itself. That is why the arts council employed external assessors with various specialisms. The arts council did, during the time that I was there, employ a marketing expert, and the CVA's marketing plans, together with its reassessment, including its reassessment of visitor numbers, was examined in very close detail by that particular officer of the arts council. However, she would have been looking at work that had already been done and checking from her professional knowledge of market research that the assumptions that had been made were

Ms Weston: Ni wnaethom ymchwilio iddi'n uniongyrchol ein hunain. Nid cwmni ymchwil marchnad—mae'n flin gennyf, pan ddywedaf 'ni wnaethom', yr hyn a olygaf yw na wnaeth cyngor y celfyddydau ei hun ymchwilio'n uniongyrchol iddi. Dyna pam y cyflogodd cyngor y celfyddydau aseswyr allanol gydag amrywiol arbenigeddau. Fe fu i gyngor y celfyddydau, yn ystod fy amser yno, gyflogi arbenigwr marchnata, ac archwiliwyd cynlluniau marchnata'r ganolfan, ynghyd â'i ailasesiad, gan gynnwys ei ailasesiad o niferoedd ymwelwyr, yn fanwl iawn gan y swyddog arbennig honno yng nghyngor y celfyddydau. Fodd bynnag, buasai'n edrych ar waith a oedd eisoes wedi'i wneud ac yn gwirio ar sail ei gwybodaeth broffesiynol am

correct. It is not my speciality. I cannot take you any further than that, I am sorry.

ymchwil marchnad fod y rhagdybiaethau a wnaethpwyd yn gywir. Nid fy arbenigedd i yw hyn. Ni allaf fynd â chi ymhellach na hynny, mae'n ddrwg gennyf.

[267] **Eleanor Burnham:** Okay. We notice that the assessment of the local market did not involve any surveys of people living within or visiting the catchment area, to get a more informed view of the local population's propensity to visit, which you discussed earlier. Apparently, neither did it address the question of how much people might be prepared to pay. Do you now consider those to be fundamental weaknesses in that survey?

[267] **Eleanor Burnham:** Iawn. Sylwn nad oedd yr asesiad o'r farchnad leol yn cynnwys unrhyw arolygon o bobl yn byw o fewn y dalgylch neu'n ymweld â'r dalgylch, i gael barn fwy gwybodus am duedd y boblogaeth leol i ymweld, a drafodwyd gennych yn gynharach. Nid aeth i'r afael ychwaith, yn ôl pob tebyg, â chwestiwn faint y byddai pobl yn fodlon ei dalu. A ydych bellach yn ystyried fod y rheini'n wendidau sylfaenol yn yr arolwg hwnnw?

Ms Weston: Not really, because the point of the survey, which was commissioned by the CVA from Cardiff Arts Marketing, was attitudinal research. It was to look at how people felt about the building itself, about the planned use and so on. It was not designed to assess the market. The sample that it took was much too small to do that. It was qualitative research—like a focus group, but more so—to find out directly from people what their attitudes were. So I would not have thought that that ought to impact on the projected visitor numbers.

Ms Weston: Ddim mewn gwirionedd, oherwydd ymchwil i agweddau oedd pwynt yr arolwg, a gomisiynwyd gan y ganolfan o gwmmi Marchnata Celfyddydau Caerdydd. Yr oedd i edrych ar sut y teimlai pobl am yr adeilad ei hun, am y defnydd arfaethedig ac ati. Nid oedd wedi'i fwriadu i asesu'r farchnad. Yr oedd y sampl a gymerodd yn llawer rhy fach i wneud hynny. Ymchwil ansoddol ydoedd—fel grwp ffocws, ond yn fwy felly—i ganfod yn uniongyrchol gan bobl beth oedd eu hagweddau. Felly ni fuaswn wedi meddwl y dylasai hynny effeithio ar y niferoedd ymwelwyr a ragwelid.

One of the assessor's reports on the whole marketing plan remarked that that attitudinal research had thrown up some very useful points for the CVA and shown an encouraging—I cannot remember the exact words used—it was encouraged by the attitude to what was planned to happen in the building. Therefore, I do not think that the two are directly comparable.

Yn ôl un o adroddiadau'r asesydd ar y cynllun marchnata yn ei gyfanrwydd, yr oedd yr ymchwil agweddol hwnnw wedi codi ambell bwynt defnyddiol iawn i'r ganolfan ac wedi bod yn galonogol—ni allaf gofio'r union eiriau a ddefnyddiwyd—yr oedd wedi'i galonogi gan yr agwedd tuag at yr hyn oedd ar y gweill yn yr adeilad. Felly, nid wyf yn meddwl y gellir cymharu'r ddau'n uniongyrchol.

Sorry, you asked about charging as well. You are right that it did not address charging, but the places that were mentioned in the research, apart from shops, were all charging at the time. So you could say that you could

Mae'n ddrwg gennyf, holasoch ynghylch codi tâl hefyd. Yr ydych yn iawn nad aethpwyd i'r afael â chodi tâl, ond yr oedd y lleoedd a grybwyllwyd yn yr ymchwil, ar wahân i siopau, i gyd yn codi tâl ar y pryd. Felly

take that as read.

gallech ddweud y gellid cymryd hynny'n ganiataol.

[268] **Eleanor Burnham:** I do not know whether Mr Jenkins has anything else to add?

[268] **Eleanor Burnham:** Ni wn a oes gan Mr Jenkins unrhyw beth arall i'w ychwanegu?

Mr Jenkins: I do not have anything to add to that.

Mr Jenkins: Nid oes gennyf ddim i'w ychwanegu at hynny.

[269] **Eleanor Burnham:** Okay. In light of the concerns raised and the questions that I have just asked, do you feel that there was sufficient guidance and experience available to the Arts Council of Wales to deal with an application of this magnitude?

[269] **Eleanor Burnham:** Iawn. Yn wyneb y pryderon a leisiwyd a'r cwestiynau yr wyf newydd eu gofyn, a ydych yn teimlo bod digon o arweiniad a phrofiad ar gael i Gyngor Celfyddydau Cymru ar y pryd i ddelio â chais o'r maint hwn?

Ms Weston: We all know that, now, the application would not have been dealt with at that stage. We moved very quickly after the first few rounds of lottery funding. I am sorry to come back to the report, but it does, on first reading to somebody who does not know the details, give the impression that these improvements in the process have been made lately. In fact, the key improvements that have been made to the lottery application system—that is, the three-stage application process of feasibility, then development, then full application, and the monthly monitoring and the withholding of payments if the arts council did not get the information it needed—were already in place while Richard Lloyd Jones was chairman, Emyr Jenkins was chief executive and I was lottery director. We put those in place because we could see, from this application and from a few others, that we were just going too fast, along with all the other lottery distributors. We were moving at exactly the same pace, in responding to guidance from the Department of National Heritage and from the NAO, and revising our systems, and that happened very quickly. So, no, I am not saying that the system with the CVA was perfect, but I would say that we handled a difficult situation. By the end of the capital project, we had come back to what

Ms Weston: Gwyddom i gyd na fuasid bellach wedi delio â'r cais bryd hynny. Symudasom yn gyflym iawn ar ôl yr ychydig gylchoedd cyntaf o ddyrannu arian loteri. Mae'n ddrwg gennyf ddod yn ôl at yr adroddiad, ond y mae, ar y darlleniad cyntaf i rywun nad yw'n gwybod y manylion, yn rhoi'r argraff bod y gwelliannau hyn yn y broses wedi'u gwneud yn ddiweddar. Mewn gwirionedd, yr oedd y gwelliannau allweddol sydd wedi'u gwneud i'r system geisiadau loteri—hynny yw, proses y cais tri cham sef astudiaeth ymarferoldeb, wedyn datblygu, wedyn cais llawn, a'r monitro misol a chadw taliadau'n ôl os na châi cyngor y celfyddydau y wybodaeth yr oedd arno'i angen—eisoes wedi digwydd tra'r oedd Richard Lloyd Jones yn gadeirydd, Emyr Jenkins yn brif weithredwr a minnau'n gyfarwyddwr loteri. Gwnaethom y gwelliannau hynny oherwydd y gallem weld, o'r cais hwn ac ychydig o rai eraill, ein bod yn mynd yn rhy gyflym, fel y dosbarthwyr loteri eraill i gyd. Yr oeddem i gyd yn symud ar yr un cyflymdra'n union, wrth ymateb i ganllawiau gan yr Adran Dreftadaeth Genedlaethol a'r Swyddfa Archwilio Genedlaethol, a diwygio'n systemau, a digwyddodd hynny'n gyflym iawn. Felly, na, nid wyf yn dweud bod y system gyda'r ganolfan yn berffaith, ond

was almost as if we had gone through that three-stage process.

buaswn yn dweud ein bod wedi trin sefyllfa anodd. Erbyn diwedd y prosiect cyfalaf, yr oeddem wedi dod yn ôl at rywbeth a oedd bron fel pe baem wedi mynd drwy'r broses dri cham honno.

[270] **Eleanor Burnham:** I am quite new to the whole scenario because I am not a regular member of this Committee. I am just concerned really. Perhaps it makes it even more of a failure if you say that those procedures were already in motion. I assumed from what we have heard that the three-stage procedure was fairly new—

[270] **Eleanor Burnham:** Yr wyf fi'n eithaf newydd i'r holl beth oherwydd nid wyf yn aelod rheolaidd o'r Pwyllgor hwn. Dim ond pryderu yr wyf, mewn gwirionedd. Efallai ei fod yn ei wneud yn fwy o fethiant fyth os dywedwch chi fod y gweithdrefnau hynny eisoes yn eu lle. Yr oeddwn i wedi tybio o'r hyn a glywsom fod y drefn dri cham yn weddol newydd—

Ms Weston: I am sorry, I did not explain it. Could I just correct that? I am saying that it was not in place at the point where we made the first grant to the CVA. We are clear on that. However, it was put in place very quickly after the first few rounds of lottery funding, in about 1997.

Ms Weston: Mae'n ddrwg gennyf, nid esboniais y peth. A gaf fi gywiro hynny? Dweud yr wyf nad oedd yn ei le ar y pwynt pryd y rhoesom y grant cyntaf i'r ganolfan. Yr ydym yn glir ar hynny. Fodd bynnag, fe'i sefydlwyd yn fuan iawn ar ôl yr ychydig gylchoedd cyntaf o ddyrannu arian loteri, oddeutu 1997.

[271] **Eleanor Burnham:** We are talking about huge amounts of money. I have a note here: £1.5 million and £550,000 respectively; £723,000 was approved in March 1997 and £550,000 in 1998. These are just mind-boggling figures for somebody like me because, during this time, the projection for visitors kept falling.

[271] **Eleanor Burnham:** Yr ydym yn sôn am symiau anferth o arian. Mae gennyf nodyn yn y fan yma: £1.5 miliwn a £550,000 yn eu trefn; cymeradwywyd £723,000 ym Mawrth 1997 a £550,000 yn 1998. Mae'r rheini'n ffigurau anhygoel i rywun fel fi, oherwydd, yn ystod yr amser hwn, dal i gwmpo wnâi'r rhagolwg ymwelwyr.

Ms Weston: It was revised in line with the difficulties in balancing the budget and the acknowledgement that, if you charged more in order to raise the income, then you would attract fewer people. There is one external factor that we have not mentioned yet, and that is the intention that was announced by the Government both in Westminster and here to remove admission charges to museums and galleries. Of course, in general terms, everybody in the arts council welcomed that very much, but it did cause consternation relating to the CVA and it was one of the

Ms Weston: Fe'i diwygiwyd yn unol â'r anawsterau i fantoli'r gyllideb a chan gydnabod, pe codid tâl uwch er mwyn cynyddu'r incwm, yna y denid llai o bobl. Mae un ffactor allanol nad ydym wedi ei grybwyll eto, sef y bwriad a gyhoeddwyd gan y Llywodraeth yn San Steffan ac yma i ddileu taliadau mynediad i amgueddfeydd ac orielau. Wrth gwrs, mewn termau cyffredinol, croesawyd hynny'n fawr iawn gan bawb yng nghyngor y celfyddydau, ond fe achosodd bryder ynghylch y ganolfan ac yr oedd yn un o'r ffactorau a gymerwyd i ystyriaeth pan

factors that was taken into account when the CVA did its last revision of projected visitor numbers down to 182,000.

[272] **Eleanor Burnham:** I will address Mr Jenkins with the next question. At key stages in the project, the projected number of visitors was reduced from 282,000 progressively to 182,000. Why was there no corresponding reduction in the forecast admission income and why did you not raise this with the trust or even require a reduced forecast of revenues to be reflected in a revised business plan?

Mr Jenkins: Can I first of all dispute the start point on that? I think that I have said that we were not considering the feasibility study at the time, therefore the 282,000 is not part of our discussion at all. Our base point was the 250,000 that was coming through when the first application came to us, and therefore, forgive me, but I do believe that the table shows minus 11 per cent. I do not think that you can start any baseline at minus 11 per cent as shown in figure 9. Really, our start point was that first lottery application in January 1995 which said 252,000. Therefore, it follows from that that the first intimation that we got that the visitor figures were going down was the second lottery application, where you see the figure 205,000. The business case took this into account. We have documentary evidence that the business case was taken into account. The entrance fee went up to balance the figures coming down, and at no stage were we given to understand that the business plan, the income and expenditure of the CVA was not covered and gave us a balanced budget. As you say, as the figures came down—although I would dispute the start point—there is no denying that they came down in the next two applications, but the income was going up because the entrance fee was going up. Which is cause and which is effect, I am not sure, I cannot tell you. Whether the entrance fee was going up and therefore the visitor numbers were coming down, or was it because the visitor numbers were coming down that it had to raise the entrance fee, I

addasodd y ganolfan ei rhagolygon niferoedd ymwelwyr am y tro olaf i lawr i 182,000.

[272] **Eleanor Burnham:** Cyfeiriaf y cwestiwn nesaf at Mr Jenkins. Ar gamau allweddol yn y prosiect, lleihawyd y nifer o ymwelwyr a ragwelid o 282,000 fesul tipyn i 182,000. Pam na fu lleihad cyfatebol yn yr incwm mynediad a ragwelid a pham na chodasoch hyn gyda'r ymddiriedolaeth neu hyd yn oed fynnu bod rhagolwg refeniw llai'n cael ei adlewyrchu mewn cynllun busnes diwygiedig?

Mr Jenkins: A gaf fi yn gyntaf herio'r man cychwyn ar hynny? Yr wyf yn meddwl fy mod wedi dweud nad oeddem yn ystyried yr astudiaeth ymarferoldeb ar y pryd, felly nid yw'r 282,000 yn rhan o'n trafodaeth ni o gwbl. Ein pwynt gwaelodol ni oedd y 250,000 a ddaeth drwodd pan ddaeth y cais cyntaf atom, ac felly, maddeuwch imi, ond yr wyf yn credu fod y tabl yn dangos minws 11 y cant. Nid wyf yn meddwl y gallwch ddechrau unrhyw linell waelod ar finws 11 y cant fel a ddangosir yn ffigur 9. Mewn gwirionedd, ein man cychwyn ni oedd y cais loteri cyntaf hwnnw yn Ionawr 1995 a ddywedodd 252,000. Felly, mae'n dilyn o hynny mai'r arwydd cyntaf a gawsom ni fod y ffigurau ymwelwyr yn mynd i lawr oedd yr ail gais loteri, lle gwelwch y ffigur 205,000. Cymerwyd hyn i ystyriaeth yn yr achos busnes. Mae gennym dystiolaeth ddogfennol y cymerwyd yr achos busnes i ystyriaeth. Aeth y tâl mynediad i fyny i fantoli'r ffigurau a oedd yn dod i lawr, ac ni roddwyd ar ddeall inni ar unrhyw adeg nad oedd y cynllun busnes, incwm a gwariant y ganolfan, wedi'i ofalu amdano ac yn rhoi cyllideb gytbwys inni. Fel y dywedwch, wrth i'r ffigurau ddod i lawr—er y byddwn i'n herio'r man cychwyn—nid oes gwadu y daethant i lawr yn y ddau gais nesaf, ond yr oedd yr incwm yn mynd i fyny am fod y tâl mynediad yn mynd i fyny. Pa un yw'r achos a pha un yw'r effaith, nid wyf yn siwr, ni allaf ddweud wrthyhch. Ai y tâl mynediad oedd yn mynd i fyny ac felly bod y niferoedd ymwelwyr yn dod i lawr, ai oherwydd bod y niferoedd

do not know.

ymwelwyr yn dod i lawr yr oedd yn rhaid cynyddu'r tâl mynediad, ni wn.

[273] **Alun Cairns:** Cadeirydd, could I come in with one very small supplementary?

[273] **Alun Cairns:** Gadeirydd, a gaf fi ddod i mewn ag un cwestiwn atodol bach iawn?

[274] **Janet Davies:** Very quickly.

[274] **Janet Davies:** Yn sydyn iawn.

[275] **Alun Cairns:** Bearing in the mind the record of the applicant for support then—it projected at the outset, say, 252,000, and then it fell down to 182,000 by the third application—at the second and third application, did you ever consider the feasibility of it actually achieving those figures, bearing in mind its record, and did you not want to test its projections at that time?

[275] **Alun Cairns:** O gofio record yr ymgeisydd am gymorth bryd hynny—rhagwelodd ar y dechrau, dyweder, 252,000, ac wedyn cwmpodd i lawr i 182,000 erbyn y trydydd cais—ar yr ail a'r trydydd cais, a fu ichi ystyried erioed pa mor ymarferol ydoedd y byddai byth yn cyrraedd y ffigurau hynny mewn gwirionedd, o gofio'i record, ac onid oeddech yn awyddus i brofi'i ragolygon bryd hynny?

Mr Jenkins: I am afraid I can only answer for the second application. Perhaps Jo would like to come in on the whole question.

Mr Jenkins: Mae arnaf ofn na allaf ond ateb dros yr ail gais. Efallai yr hoffai Jo ddod i mewn ar y cwestiwn cyfan.

Ms Weston: On the third application, we were getting close to the point where the centre was close to opening but had not yet opened. The marketing plan was assessed by the arts council's marketing officer, who is an expert in market research and projecting visitor numbers, and so it was flagged up in the assessor's report that we should assess the revised visitor numbers, and we did that with our own staff. Also, as I have already mentioned, the CVA itself reappointed Deloitte and Touche to look at the whole business plan. Therefore, we were challenging the revised figures at every stage, and we were using a combination of external assessors and our own staff throughout the whole process. There was monthly monitoring going on, there was monitoring of the whole marketing plan. One of the things that this report misses altogether is the fact that the arts council as an organisation includes the lottery department, or whatever, but it also

Ms Weston: Ar y trydydd cais, yr oeddem yn nesáu at y pwynt lle'r oedd y ganolfan yn agos at agor ond nad oedd eto wedi agor. Aseswyd y cynllun marchnata gan swyddog marchnata cyngor y celfyddydau, sydd yn arbenigwr mewn ymchwil marchnad a rhagweld niferoedd ymwelwyr, felly tanlinellwyd yn adroddiad yr asesydd y dylem asesu'r niferoedd ymwelwyr diwygiedig, a gwnaethom hynny gyda'n staff ein hunain. Hefyd, fel y crybwyllais eisoes, ailbenododd y ganolfan ei hun Deloitte and Touche i edrych ar y cynllun busnes yn ei gyfanrwydd. Felly, yr oeddem yn herio'r ffigurau diwygiedig ar bob cam, ac yr oeddem yn defnyddio cyfuniad o aseswyr allanol a'n staff ein hunain drwy gydol y broses. Yr oedd monitro misol yn digwydd, yr oedd monitro ar y cynllun marchnata cyfan. Un o'r pethau y mae'r adroddiad hwn yn ei golli'n llwyr yw'r ffaith fod cyngor y celfyddydau fel corff yn cynnwys adran y loteri, neu beth bynnag, ond

includes the art form department and the access division, as they are known. Those divisions have experts in their own right—one is in marketing, and one is in visual arts—and those people were monitoring the marketing side and the visual arts programme as well. Therefore, there was a very, very active relationship of monitoring and challenge going on, and we were reassured at key stages, right up until the building opened, and then we could see—everybody could see—because there was no way of testing it before that.

[276] **Eleanor Burnham:** My penultimate question is to Ms Weston, Mr Edge and Mr Jenkins—whoever wants to answer. In response to the third application, the project monitor reported in March 1998 that the application still had to be assessed against such criteria as the long-term effect of the organisation's financial stability, the amount of partnership funding and the quality of design and construction. With concerns as serious as the financial stability of the project, was it prudent to recommend the third award?

Mr Jenkins: Can I hand this over to Mr Edge? That was after my retirement, I am afraid.

Mr Edge: I suggest that this, I am afraid, seems to be a misinterpretation of what the project assessor was asked to do at the third stage. The third grant was a grant that was made as a response to an application for equipment and fit-out of the building. The assessment that was made was made by an architect who had been following the project through; he had been the external project monitor throughout. He may have been under the impression that other people were going to look afresh at other parts of the business plan, or whatever, because we were using standard forms. However, at that stage, the refurbishment work had already started, the builders were on site and the application was

ei fod hefyd yn cynnwys yr adran ffurfiau celf a'r adran fynediad, fel y'u hadwaenir. Mae gan yr adrannau hynny arbenigwyr—mae un ym maes marchnata, a'r llall yn y celfyddydau gweledol—ac yr oedd y bobl hynny'n monitro'r ochr farchnata a'r rhaglen gelfyddydau gweledol hefyd. Felly, yr oedd perthynas weithredol iawn, iawn o fonitro a herio yn mynd rhagddi, ac yr oeddem yn cael sicrwydd ar gamau allweddol, hyd at agoriad yr adeilad, ac wedyn gallem weld—gallai pawb weld—oherwydd nid oedd unrhyw ffordd o'i brofi cyn hynny.

[276] **Eleanor Burnham:** Mae fy nghwestiwn olaf ond un i Ms Weston, Mr Edge a Mr Jenkins—pwy bynnag sydd eisiau ateb. Mewn ymateb i'r trydydd cais, adroddodd monitor y prosiect ym Mawrth 1998 fod y cais yn dal heb ei asesu yn erbyn meini prawf megis effaith hirdymor sefydlogrwydd ariannol y sefydliad, swm yr arian partneriaeth ac ansawdd y gwaith dylunio ac adeiladu. Gyda phryderon mor ddifrifol â sefydlogrwydd ariannol y prosiect, a oedd argymhell y trydydd dyfarniad yn gam doeth?

Mr Jenkins: A gaf fi drosglwyddo hwn i Mr Edge? Yr oedd hynny ar ôl fy ymddeoliad, mae arnaf ofn.

Mr Edge: Awgrymaf ei bod yn ymddangos bod hyn, mae gennyf ofn, yn gamddehongliad o'r hyn y gofynnwyd i asesydd y prosiect ei wneud ar y trydydd cam. Grant oedd y trydydd grant a roddwyd fel ymateb i gais am offer a ffitiadau i'r adeilad. Cafodd yr asesiad a wnaethpwyd ei wneud gan bensaer a fu'n dilyn y prosiect drwodd; ef fu monitor allanol y prosiect drwy gydol y broses. Efallai iddo fod dan yr argraff y byddai pobl eraill yn edrych o'r newydd ar rannau eraill o'r cynllun busnes, neu beth bynnag, oherwydd yr oeddem yn defnyddio ffurflenni safonol. Fodd bynnag, erbyn hynny, yr oedd y gwaith adnewyddu eisoes wedi dechrau, yr oedd yr adeiladwyr ar y safle ac yr oedd a wnelo'r

just concerned with the equipment and fit-out. cais â'r offer a'r ffitiadau'n unig.

[277] **Eleanor Burnham:** I am not sure that I am competent enough to continue with a supplementary to that. Perhaps you have one, Chair. Shall I ask my final question to Sir Richard? Is that okay?

[277] **Eleanor Burnham:** Nid wyf yn siwr fy mod yn ddigon cymwys i fynd ymlaen â chwestiwn atodol i hynny. Efallai fod un gennyh chi, Gadeirydd. A wna'f fi ofyn fy nghwestiwn olaf i Syr Richard? A ydyw hynny'n iawn?

[278] **Janet Davies:** Yes, quickly.

[278] **Janet Davies:** Ydyw, yn gyflym.

[279] **Eleanor Burnham:** Did council members and you, as chairman, receive advice from officials in relation to the changes in forecast visitor numbers and concerns about the financial viability of the project? If so, what action, if any, was taken? If none, why not?

[279] **Eleanor Burnham:** A gafodd aelodau'r cyngor a chi, fel cadeirydd, gyngor gan swyddogion ynglyn â'r newidiadau yn y rhagolygon niferoedd ymwelwyr a phryderon ynghylch ymarferoldeb ariannol y prosiect? Os do, beth a wnaethpwyd, os gwnaethpwyd rhywbeth? Os na wnaethpwyd dim, pam ddim?

Sir Richard Lloyd Jones: I cannot recall exactly. I have not looked at the minutes of council meetings, I am afraid. The preparation has been done by the officers who knew the files, but I am pretty sure that what would have happened is that the lottery board would have taken regular reports on this and that we, as council members, would have relied heavily on the lottery board's discussions. I may say that I would have taken comfort from that, because I did not take part in lottery board discussions. I did not think that to be really proper. My role as chairman—there has to be some sort of court of appeal, does there not, in an organisation like the arts council? However, I did go to two or three lottery boards and I was impressed with the rigour with which they went through, not only the projects that they were asked to approve, but also the monitoring.

Syr Richard Lloyd Jones: Ni allaf gofio'n union. Nid wyf wedi edrych ar gofnodion cyfarfodydd y cyngor, mae gennyf ofn. Gwnaethpwyd y gwaith paratoi gan y swyddogion a adwaenai'r ffeiliau, ond yr wyf yn eithaf siwr mai'r hyn a fyddai wedi digwydd yw y buasai bwrdd y loteri wedi derbyn adroddiadau rheolaidd ar hyn ac y buasem ni, aelodau'r cyngor, wedi dibynnu'n drwm ar drafodaethau bwrdd y loteri. Gallaf ddweud y buaswn i wedi ymgysuro am hynny, gan na chymerais i ran yn nhrafodaethau bwrdd y loteri. Ni feddylw'n y byddai hynny'n briodol iawn. Fy rôl fel cadeirydd—mae'n rhaid cael rhyw fath o lys apêl, onid oes, mewn corff fel cyngor y celfyddydau? Fodd bynnag, fe fynychais ddau neu dri bwrdd loteri a gwerthfawrogi mor drylwyr yr aent drwy, nid yn unig y prosiectau y gofynnid iddynt eu cymeradwyo, ond y monitro hefyd.

[280] **Eleanor Burnham:** So you would not have been directly involved and you would not have been aware of all these concerns?

[280] **Eleanor Burnham:** Felly ni fuasech chi wedi ymhél yn uniongyrchol ac ni fuasech yn ymwybodol o'r holl bryderon hyn?

Sir Richard Lloyd Jones: I might not have been directly involved, but that is no answer, is it? I was the chairman of the council. I take responsibility. That is why I have come here today.

[281] **Alison Halford:** Chair, I know that we are pushed for time but may I please ask a quick question? Sir Richard, you said a ‘court of appeal’? In your opening remarks, you gave us the indication that you had an enormous amount of hands-on responsibility as chair. What are you saying now, with your court-of-appeal hat?

Sir Richard Lloyd Jones: That was probably a misstatement, was it not? I had better withdraw it. What I mean is that the council was a place where there should be room for debate about things that the council members were worried about. It was not an executive body, incidentally; it did not manage the business of the council in the way, I think, that you and I would think of management. Our job was to approve policy, set policy, to act as trustees and discharge the fiduciary responsibility of trustees, because we were a board of trustees. That was our main job. What I simply mean is that, very often—if you look at the composition of the council at the time, you will see that there are some pretty strong-minded people on it. If they were not happy with the decisions that were being taken, they were perfectly free to bring them to council, and then I had to resolve it. It was in that sense that I meant that I did not go hands-on.

[282] **Alison Halford:** But you indicated—forgive me, I know that we are pressed for time, but it is an important point; there is no point in you coming here and sitting through this if we do not assess the information—did you not just say that you really left the lottery board situation to the lottery people? You did

Syr Richard Lloyd Jones: Efallai na fuaswn wedi ymhél â’r peth yn uniongyrchol, ond nid yw hynny’n ateb o gwbl, nac ydyw? Fi oedd cadeirydd y cyngor. Cymeraf gyfrifoldeb. Dyna pam y deuthum yma heddiw.

[281] **Alison Halford:** Gadeirydd, gwn ein bod yn brin o amser ond a gaf fi ofyn cwestiwn sydyn, os gwelwch yn dda? Syr Richard, dywedasoch ‘llys apêl’? Yn eich sylwadau agoriadol, rhoesoch yr argraff inni fod gennych beth wmbredd o gyfrifoldeb gweithredol fel cadeirydd. Beth ydych chi’n ei ddweud yn awr, gyda’ch het llys apêl?

Syr Richard Lloyd Jones: Mae’n debyg mai camosodiad oedd hwnnw, onid e? Byddai’n well imi ei dynnu’n ôl. Yr hyn a olygaf yw fod y cyngor yn fan lle dylai fod lle i drafod pethau yr oedd aelodau’r cyngor yn poeni amdanynt. Nid oedd yn gorff gweithredol, gyda llaw; ni reolai fusnes y cyngor yn y ffordd y byddech chi a mi, dybiaf i, yn meddwl am reoli. Ein gwaith oedd cymeradwyo polisi, pennu polisi, gweithredu fel ymddiriedolwyr a chyflawni cyfrifoldeb ymddiriedol ymddiriedolwyr, am mai bwrdd o ymddiriedolwyr oeddem. Dyna oedd ein priod waith. Yr hyn a olygaf yn syml yw, yn aml iawn—os edrychwch ar gyfansoddiad y cyngor ar y pryd, fe welwch fod rhai pobl eithaf penderfynol arno. Os nad oeddent yn hapus gyda’r penderfyniadau a wneid, yr oeddent yn berffaith rhydd i ddod â hwy i’r cyngor, ac wedyn byddai’n rhaid i mi eu datrys. Yn yr ystyr hwnnw y golygwn nad oeddwn yn gadeirydd gweithredol.

[282] **Alison Halford:** Ond rhoesoch yr argraff—maddeuwch imi, gwn fod amser yn brin, ond mae’n bwynt pwysig; nid oes diben ichi ddod yma ac eistedd drwy hyn os nad aseswn y wybodaeth—onid ydych newydd ddweud eich bod mewn gwirionedd wedi gadael sefyllfa bwrdd y loteri i bobl y loteri?

not actually say that, did you—?

Nid dyna a ddywedaso ch mewn gwirionedd, nage—?

Sir Richard Lloyd Jones: No, not entirely.

Syr Richard Lloyd Jones: Na, ddim yn hollol.

[283] **Alison Halford:**—because that would rather have abdicated your responsibility as the chair, I would suggest.

[283] **Alison Halford:**—oherwydd buasai hynny wedi golygu braidd eich bod yn gwrthod eich cyfrifoldeb fel cadeirydd, fe awgrymwn i.

Sir Richard Lloyd Jones: I think that if you are chairman of a body like the arts council, you simply cannot be hands-on everywhere: you have a chief executive. I had every confidence in him and the lottery director, for one thing. There is no room for two people to manage, in that sense. However, I fully accept that I had to take responsibility and I was assisted in that by the other council members. This is not a good answer, but you know what I am after.

Syr Richard Lloyd Jones: Yr wyf yn meddwl os ydych yn gadeirydd corff fel cyngor y celfyddydau, na allwch fod yn weithredol ymarferol ym mhobman: mae gennych brif weithredwr. Yr oedd gennyf bob hyder ynddo ef a chyfarwyddwr y loteri, yn un peth. Nid oes lle i ddau berson reoli, yn yr ystyr hwnnw. Fodd bynnag, derbyniaf yn llawn fod yn rhaid imi gymryd cyfrifoldeb a chefais gymorth yn hynny o beth gan aelodau eraill y cyngor. Nid yw hwn yn ateb da, ond gwyddoch beth sydd gennyf.

[284] **Alison Halford:** So the buck stops where, Sir Richard? With you or Mr Jenkins?

[284] **Alison Halford:** Felly ym mhle mae'r cyfrifoldeb yn y pen draw, Syr Richard? Gyda chi ynteu Mr Jenkins?

0 **Sir Richard Lloyd Jones:** Well, I think that that depends. The buck stops with me for the overall conduct of the council. I was responsible to the Secretary of State throughout my time as arts council chairman. The buck stopped with me. However, I would not go to the Public Accounts Committee to account.

0 **Syr Richard Lloyd Jones:** Wel, yr wyf yn meddwl fod hynny'n dibynnu. Gyda mi y mae'r cyfrifoldeb am ymddygiad cyffredinol y cyngor. Yr oeddwn yn gyfrifol i'r Ysgrifennydd Gwladol drwy gydol fy nghyfnod fel cadeirydd cyngor y celfyddydau. Gyda mi yr oedd y cyfrifoldeb. Fodd bynnag, ni fyddwn yn mynd gerbron y Pwyllgor Cyfrifon Cyhoeddus i roi cyfrif.

1

1 **Mr Jenkins:** The buck stops with me for the Public Accounts Committee

2 **Mr Jenkins:** Gyda mi y mae'r cyfrifoldeb am y Pwyllgor Cyfrifon

and then with Ms Weston, who was my successor.

Cyhoeddus, ac wedyn gyda Ms Weston, sef fy olynydd.

3

2 [285] **Alison Halford:** I will not fight with the buck any more.

4 [285] **Alison Halford:** Ni wnaf ymrafael gyda chwestiwn y cyfrifoldeb mwyach.

5

3 [286] **Janet Davies:** Dai, you want to look at some key changes that took place to the project?

6 [286] **Janet Davies:** Dai, mae arnoch chi eisiau edrych ar rai newidiadau allweddol a ddigwyddodd i'r prosiect?

7

4 [287] **David Lloyd:** Yes. We have touched on these issues to a degree already. I have a short preamble and then one question. Whoever feels confident to reply can reply. We have heard that the proposed charging regime changed significantly during the life of the project. The initial plan was to charge £2 for full admission, but this was revised to £3.50 and so on. We have also heard about the realities of the programming, whether it was a planned change or not—obviously, Picasso cannot materialise at the drop of a hat, as we have heard. Did council members receive advice from officials in relation to these changes—both the changes in planned admission fees and the changes in the programming—given that both those aspects were critical in attracting the visitor targets? Did the council members receive advice from officials? We have heard about the monitoring and the challenging, but did any advice go further than that? In particular, why did the council not take action to investigate and freeze lottery grant payments if it was not happy?

8 [287] **David Lloyd:** Oes. Yr ydym wedi crybwyll y materion hyn i ryw raddau eisoes. Mae gennyf ragymadrodd byr ac wedyn un cwestiwn. Caiff pwy bynnag sydd yn teimlo'n hyderus i ateb, ateb. Clywsom fod y drefn arfaethedig ar gyfer codi tâl wedi newid yn sylweddol yn ystod oes y prosiect. Y cynllun ar y dechrau oedd codi £2 am fynediad llawn, ond codwyd hynny i £3.50 ac yn y blaen. Clywsom hefyd am realiti'r rhaglennu, boed hynny'n newid a gynlluniwyd ai peidio—yn amlwg, ni all Picasso ymddangos ar amrantiad, fel y clywsom. A gafodd aelodau'r cyngor gyngor gan swyddogion ynglyn â'r newidiadau hyn—sef y newidiadau yn y taliadau mynediad a fwriedid a'r newidiadau yn y rhaglen—o gofio bod y ddwy agwedd honno'n allweddol i ddenu'r ymwelwyr a dargedwyd? A gafodd aelodau'r cyngor gyngor gan swyddogion? Clywsom am y monitro a'r herio, ond a aeth unrhyw gyngor ymhellach na hynny? Yn enwedig, pam na weithredodd y cyngor i ymchwilio i daliadau grant loteri a'u rhewi os nad oedd yn hapus?

5 **Mr Jenkins:** Can I address the first—

6 **Sir Richard Lloyd Jones:** Sorry, Chair. I think that we need to come to the basic dilemma here, which is that that project was not going to happen unless the building was refurbished. So the money had to be spent. I read the advice in the auditor's report that the arts council had a duty to protect the investment. However, it is very debatable whether you protect an investment when you are in the middle of building or refurbishing a building by saying that you will not give any more grant out. It is a big, big decision to take. The other side of this, of course, is that this project was not only underpinned by a lottery investment, it was underpinned by a promise of revenue funding of £200,000 a year, which we had earmarked for the Centre for Visual Arts. In a sense, it was the prospect of having to increase that revenue funding that was the risk element. I believe my colleagues would argue that, although there were serious changes in the building costs, after allowing for inflation they might be the sort of increases you might expect when you refurbish an old building. You open it up and you find things that are unexpected.

7 However—no, perhaps, I do not want to take the Committee down this road—but there is a fundamental conflict of interest really here between the arts council's two purposes when it comes to protecting lottery investments. Obviously, when the thing failed, the arts council took the decision that it could not put its

10 **Mr Jenkins:** A gaf fi ateb y cyntaf—

11

Syr Richard Lloyd Jones: Mae'n ddrwg gennyf, Gadeirydd. Yr wyf yn meddwl fod angen inni ddod at y cyfyng-gyngor sylfaenol yma, sef nad oedd y prosiect hwn yn mynd i ddigwydd os na châi'r adeilad ei ailwampio. Felly yr oedd rhaid gwario'r arian. Darllenais y gosodiad yn adroddiad yr archwilydd fod gan gyngor y celfyddydau ddyletswydd i warchod y buddsoddiad. Fodd bynnag, mae'n amheus iawn ai gwarchod buddsoddiad a wnewch pan ydych ar ganol codi neu ailwampio adeilad drwy ddweud na roddwch ychwaneg o grant at y gwaith. Mae'n benderfyniad mawr, mawr i'w wneud. Yr ochr arall i hyn, wrth gwrs, yw fod y prosiect hwn wedi'i gynnal nid yn unig gan fuddsoddiad loteri, yr oedd wedi'i gynnal gan addewid o gyllid refeniw o £200,000 y flwyddyn, a glustnodwyd gennym ar gyfer Canolfan y Celfyddydau Gweledol. Mewn un ystyr, y rhagolwg o orfod cynyddu'r cyllid refeniw hwnnw oedd yr elfen o risg. Credaf y dadleuai fy nghyd-aelodau, er bod newidiadau difrifol yng nghostau'r adeilad, wedi ichi ganiatáu am chwyddiant y gallent fod y math o godiadau a ddisgwylicch wrth ailwampio hen adeilad. Byddwch yn agor ei berfedd ac yn dod o hyd i bethau annisgwyl.

0

1 Fodd bynnag—na, efallai nad oes arnaf eisiau mynd â'r Pwyllgor i lawr y ffordd hon—ond y mae gwrthdaro buddiannau sylfaenol yma mewn gwirionedd rhwng dau bwrpas cyngor y celfyddydau o safbwynt gwarchod buddsoddiadau loteri. Yn amlwg, pan aeth yr hwch drwy'r siop, penderfynodd cyngor y celfyddydau

	revenue grant programme at risk to the extent necessary to fund the centre. So it was not able to protect the investment.		na allai beryglu ei raglen grantiau refeniw i'r graddau angenrheidiol i ariannu'r ganolfan. Felly nid oedd yn gallu gwarchod y buddsoddiad.
		2	
8	Ms Weston: Can I comment on the issue of withholding payments? The report says in paragraph 3.10:	3	Ms Weston: A gaf i wneud sylw ar fater cadw taliadau yn ôl? Dywed yr adroddiad ym mharagraff 3.10:
		4	
9	'The Arts Council of Wales has told us that it will in the future withhold the monthly draw down of funds'.	5	'Mae Cyngor Celfyddydau Cymru wedi dweud wrthym ni y bydd, yn y dyfodol, yn cadw'r arian misol'.
10		6	
11	I have in my file letters from February 1997 to the CVA saying that	7	Yn fy ffeil mae gennyf lythyrau o Chwefror 1997 at Ganolfan y Celfyddydau Gweledol yn dweud
		8	
12	'to date we have not received cash flows. We would reiterate that we are unable to release any further payments until they have been received'.	9	'hyd yma nid ydym wedi derbyn cofnodion llif arian. Ailadroddwn na allwn ryddhau unrhyw daliadau pellach hyd nes byddant wedi dod i law'.
		10	
13	A letter from November 1998:	11	Dyma lythyr o Dachwedd 1998:
		12	
14	'receipt by the arts council of the full pre-opening programme will be necessary before the 1999-2000 revenue grant can be released'.	13	'bydd angen i gyngor y celfyddydau dderbyn y rhaglen gyn-agor lawn cyn y gellir rhyddhau grant refeniw 1999-2000'.
15		14	
16	There is a file note to a meeting in January 1999, where information requirements were specified before capital draw down was possible. Then, in December 1999, a letter from the access division, not the lottery	15	Ceir nodyn ffeil i gyfarfod yn Ionawr 1999, lle pennwyd y gofynion gwybodaeth cyn y byddai'n bosibl caniatáu tynnu cyfalaf i lawr. Wedyn, yn Rhagfyr 1999, llythyr gan yr adran fynediad, nid adran y loteri, yn dweud

division, saying that

16

17

18 'the lottery division will not authorise any further capital payments until balance revenue budget proposals have been agreed.'

'ni wnaiff adran y loteri awdurdodi unrhyw daliadau cyfalaf pellach hyd nes byddir wedi cytuno ar gynigion cyllideb refeniw balans.'

0

19 As I said, we were constantly monitoring and the whole arts council was working together. I should not speculate, but I think that that is why a great deal of the monitoring activity was missed in this report.

1 Fel y dywedais, yr oeddem yn monitro'n gyson ac yr oedd cyngor y celfyddydau yn ei gyfanrwydd yn cydweithio. Ni ddylwn ddyfalu, ond yr wyf yn meddwl mai dyna pam y methwyd llawer iawn o'r gweithgaredd monitro yn yr adroddiad hwn.

2

[288] **Janet Davies:** This question is for Mr Jenkins and possibly Miss Weston, and it has already been touched upon. Sir Richard made the point that, halfway through work on a building of that sort, it is very difficult to pull out and leave it in that condition. Knowing the building, that is fair enough. Nevertheless, there was this big increase in costs. Did you consider the first estimate to be reliable given a building of that nature? Should the lottery application have been processed and grant approval given before you reached the technically termed Royal Institute of British Architects stage D?

[288] **Janet Davies:** Cwestiwn yw hwn i Mr Jenkins ac o bosib Miss Weston, ac mae wedi'i grybwyll eisoes. Gwnaeth Syr Richard y pwynt ei bod, hanner ffordd drwy waith ar adeilad o'r fath, yn anodd iawn tynnu allan a'i adael yn y cyflwr hwnnw. O adnabod yr adeilad, mae hynny'n ddigon teg. Serch hynny, cafwyd y cynnydd mawr hwn yn y costau. A wnaethoch farnu fod yr amcanbris cyntaf yn ddibynadwy ar gyfer adeilad o'r natur hwn? A ddylasid bod wedi prosesu'r cais loteri a rhoi cymeradwyaeth grant cyn ichi gyrraedd cam D Sefydliad Brenhinol Penseiri Prydain (RIBA), a'i roi mewn termau technegol?

Ms Weston: We discovered, along with the other 10 lottery distributors, that it was better to offer development funding to reach RIBA stage D before offering the full amount for the full development. We acknowledged that, and that is why we moved quickly to that point where we did go to the three-stage process. So, yes, if we were granting this application today, it would not have been funded at that stage but, given the support and the positive assessor's reports that we had, I think that it is fair to guess that we would have offered development funding. At that point, presumably, we would have had more

Ms Weston: Darganfuom, ynghyd â'r 10 dosbarthwr loteri arall, ei bod yn well cynnig arian datblygu i gyrraedd cam D RIBA cyn cynnig y swm llawn ar gyfer y datblygiad llawn. Yr oeddem yn cydnabod hynny, a dyna pam y symudasom yn gyflym i'r pwynt hwnnw lle yr aethom i'r broses dri cham. Felly, ie, pe baem yn caniatáu'r cais hwn heddiw, ni fuasai wedi cael arian ar y cam hwnnw ond, gyda'r gefnogaeth a'r adroddiadau asesydd cadarnhaol a oedd gennym, yr wyf yn meddwl ei bod yn deg tybio y buasem wedi cynnig arian datblygu. Ar y pwynt hwnnw, gellir tybio, buasem wedi

accurate costs and then, all the signals still being positive, we could well have gone on to fund the whole thing. In this case, looking back, that sort of process was included within the development of the building itself.

[289] **Janet Davies:** Thank you. Val has some questions on the building.

[290] **Val Lloyd:** I will move on from the Chair's questioning to a similar arena, particularly relating to paragraph 23.2 on page 14. It mentions the upgrading of fixtures and fittings, internal doors, a glass lobby and so on. Do you consider that to have been fully justified and essential? Perhaps Mr Jenkins could answer that, or Miss Weston.

Mr Jenkins: The second application? Forgive me, I am not absolutely familiar with that. You are right, there was a cost, but the second application—and I can only speak about the second application—there was an application for £1.5 million. The majority of that was refused, simply because the arts council felt that yes, there was a case for meeting unforeseen costs, but that extra costs, such as nugatory fees and everything else, were not permissible for grant. Therefore, less than half of the original application, or about half of the second application, was accepted; the rest was refused.

[291] **Val Lloyd:** Therefore, table 10 on page 14 indicating that the cost of demolition and alterations rose three and a half times is incorrect then?

Mr Jenkins: Forgive me, I am not a building expert.

cael costau cywirach ac wedyn, a bod yr arwyddion i gyd yn dal yn gadarnhaol, gallasem yn wir fod wedi mynd ymlaen i ariannu'r holl beth. Yn yr achos hwn, o edrych yn ôl, yr oedd y math hwnnw o broses wedi'i gynnwys o fewn datblygiad yr adeilad ei hun.

[289] **Janet Davies:** Diolch. Mae gan Val gwestiynau ar yr adeilad.

[290] **Val Lloyd:** Symudaf ymlaen oddi wrth gwestiynau'r Cadeirydd at faes tebyg, yn enwedig o ran paragraff 23.2 ar dudalen 14. Mae'n sôn am uwchraddio gosodion a ffitiadau, drysau mewnol, cyntedd gwydr ac ati. A ydych o'r farn fod cyfiawnhad llawn dros y rheini a'u bod yn hanfodol? Efallai y gallai Mr Jenkins ateb hynny, neu Miss Weston.

Mr Jenkins: Yr ail gais? Maddeuwch imi, nid wyf yn gwbl gyfarwydd â hwnnw. Yr ydych yn gywir, yr oedd cost, ond yr ail gais—a dim ond am yr ail gais y gallaf fi siarad—yr oedd cais am £1.5 miliwn. Gwrthodwyd y rhan fwyaf o hynny, yn syml oherwydd y teimlai cyngor y celfyddydau bod yna achos, oedd, dros dalu costau na ragwelwyd, ond nad oedd costau ychwanegol, fel ffioedd pitw a phopeth arall, yn gymwys am grant. Felly, derbyniwyd llai na hanner y cais gwreiddiol, neu oddeutu hanner yr ail gais; gwrthodwyd y gweddill.

[291] **Val Lloyd:** Felly, mae tabl 10 ar dudalen 14, yn dangos fod cost dymchwel ac addasiadau wedi codi dair gwaith a hanner yn anghywir?

Mr Jenkins: Maddeuwch imi, nid wyf yn arbenigwr ar adeiladu.

[292] **Val Lloyd:** No, I do not claim to be either.

[292] **Val Lloyd:** Na, nid wyf innau'n honni bod ychwaith.

Mr Jenkins: However, my memory is—and perhaps Miss Weston will correct me—that the increase in the demolition costs could well have come under the category of unforeseen costs, which we would then consider. However, the extra costs, the piling on of the costs, and fees for change of architects and all the rest of it, we rejected.

Mr Jenkins: Fodd bynnag, fy nghof i yw—ac efallai y gwnaiff Miss Weston fy nghywiro—y gallai'r cynnydd yn y costau dymchwel yn wir fod wedi dod dan gategori costau na ragwelwyd, y byddem wedyn yn eu hystyried. Fodd bynnag, y costau ychwanegol, y pentyrru costau, a'r ffioedd am newid penseiri a'r gweddill i gyd, bu inni wrthod y rheini.

[293] **Val Lloyd:** I will ask just a little bit more on that. I notice again in paragraph 2.32 that what I would have considered to be an essential item, such as information technology, had been completely omitted from the budget. Given that the application was made in March 1995, I would have thought that IT was an essential component. Perhaps it was not in 1985 but, by 1995, even those of us who are Luddites might accept that IT was essential.

[293] **Val Lloyd:** Holaf ychydig bach mwy am hynny. Sylwaf eto ym mharagraff 2.32 fod yr hyn y buaswn i'n ystyried yn eitem hanfodol, fel technoleg gwybodaeth, wedi'i hepgor yn llwyr o'r gyllideb. Gan mai ym Mawrth 1995 y gwnaethpwyd y cais, buaswn wedi meddwl fod TG yn gydran hanfodol. Efallai nad oedd felly yn 1985, ond erbyn 1995, efallai y byddai hyd yn oed y Ludiaid yn ein plith yn derbyn fod TG yn hanfodol.

Mr Edge: Sorry, I did think that the question was going the other way to ask about the difference between the second and the third applications, because it was in the third application that we did talk about IT. I am afraid I cannot answer the earlier one because it was before my time. In 1995, I was elsewhere.

Mr Edge: Mae'n ddrwg gennyf, yr oeddwn yn meddwl fod y cwestiwn yn mynd y ffordd arall i holi am y gwahaniaeth rhwng yr ail gais a'r trydydd, oherwydd yn y trydydd cais y soniasom am TG. Mae arnaf ofn na allaf ateb yr un cynharach oherwydd yr oedd cyn fy amser i. Yn 1995, yr oeddwn i yn rhywle arall.

Ms Weston: I will comment then that I think that you are quite right that it might have been possible to see IT as essential in 1995, but it was not nearly so obvious and clear that an enterprise like this would have to have an IT infrastructure as it would be now. Therefore, if it was something that was omitted from the plans, which clearly it was, we had to take the decision that either we say, 'Well, hard luck, it was not in the original plan therefore it is not going to be funded' or we could take a more pragmatic view and say, 'Yes, times have

Ms Weston: Fe ddywedaf felly fy mod yn meddwl efallai eich bod yn llygad eich lle y gallasai fod yn bosibl gweld fod TG yn hanfodol yn 1995, ond nid oedd yn agos at fod mor amlwg a chlir y byddai'n rhaid i fenter fel hon gael isadeiledd TG ag y byddai yn awr. Felly, os oedd yn rhywbeth a hepgorwyd o'r cynlluniau, sydd yn amlwg yn wir, yr oedd yn rhaid i ni benderfynu naill ai ein bod yn dweud 'Wel, hen dro, nid oedd yn y cynllun gwreiddiol felly ni fydd yn cael arian' neu y gallem gymryd golwg fwy pragmataidd a

moved on; it is essential' and fund that part of the development. I think it is a fair comment.

dweud, 'Do, symudodd amser ymlaen; mae'n hanfodol,' ac ariannu'r rhan honno o'r datblygiad. Mae'n sylw teg yn fy marn i.

[294] **Val Lloyd:** Sir Richard, if I could just ask you one question. I believe that Eleanor asked this question, but in relation to a different arena, so your answer may very well be similar. Did council members receive advice from officials in relation to the increase in building costs?

[294] **Val Lloyd:** Syr Richard, os caf ofyn dim ond un cwestiwn ichi. Credaf fod Eleanor wedi gofyn y cwestiwn hwn, ond mewn perthynas â maes arall, felly gallai'ch ateb chi yn wir fod yn debyg. A gafodd aelodau'r cyngor gyngor gan swyddogion mewn perthynas â'r cynnydd mewn costau adeiladu?

Sir Richard Lloyd Jones: I cannot remember, I am afraid.

Syr Richard Lloyd Jones: Ni allaf gofio, mae arnaf ofn.

Mr Jenkins: Would it help if I just explained very quickly what the procedure was? The application came in to the lottery division—and I am only speaking of the time that I was there—the lottery division would then examine it, would give it out for assessment, would assemble, therefore, a report, which would go, first of all, to the lottery advisory board. That board consisted of some very high-powered individuals; people with expertise in this field. They would examine it again and question the officials very rigorously in that board and would put a report together with a recommendation, which would then go to council. The whole dossier would then appear before council, plus the members of the lottery advisory board would be present, because they were members of council. Therefore, for the third time, this lottery application would be examined in council. I cannot, I am afraid, remember the exact details, but I would be very, very surprised if these aspects—the charging aspect is an important aspect; the visitor numbers is an important aspect—I cannot believe that these were not in the report that went through the lottery advisory board and through to council. Perhaps Miss Weston would concur.

Mr Jenkins: A fyddai'n helpu pe eglurwn i'n sydyn iawn beth oedd y drefn? Daeth y cais i mewn i adran y loteri—a dim ond am y cyfnod yr oeddwn i yno yr wyf yn siarad—byddai adran y loteri wedyn yn ei archwilio, yn ei roi allan i'w asesu, yn llunio, felly, adroddiad a fyddai'n mynd, yn gyntaf oll, i fwrdd cynghori'r loteri. Yr oedd y bwrdd hwnnw'n cynnwys unigolion grymus iawn; pobl ag arbenigedd yn y maes hwn. Byddent yn ei archwilio eto ac yn holi'r swyddogion yn galed iawn yn y bwrdd hwnnw cyn llunio adroddiad gydag argymhelliad, a fyddai'n mynd i'r cyngor wedyn. Wedyn byddai'r ffeil gyfan yn ymddangos gerbron y cyngor, ac yn ogystal byddai aelodau bwrdd cynghori'r loteri'n bresennol, am eu bod yn aelodau o'r cyngor. Felly, am y trydydd tro, câi'r cais loteri hwn ei archwilio yn y cyngor. Ni allaf, mae gennyf ofn, gofio'r union fanylion, ond byddwn yn synnu'n fawr iawn pe na bai'r agweddau hyn—mae'r agwedd godi tâl yn agwedd bwysig; mae niferoedd ymwelwyr yn agwedd bwysig—ni allaf gredu nad oedd y rhain yn yr adroddiad a aeth drwy fwrdd cynghori'r loteri a thrwodd i'r cyngor. Efallai y byddai Miss Weston yn cyd-fynd.

Ms Weston: Certainly. That is a pretty

Ms Weston: Yn sicr. Mae hynny'n

thorough description of the process.

ddisgrifiad eithaf trwyadl o'r broses.

[295] **Val Lloyd:** Is it possible for you to remember what action was taken then?

[295] **Val Lloyd:** A allwch chi gofio beth ddigwyddai wedyn?

Ms Weston: Yes. At each of the different stages—each of the different applications—there was an external assessor of the application itself appointed. Incidentally, I did read that, in the last Committee meeting, there was a criticism that there were only five assessor's reports. The arts council does not appoint a project monitor to see it all the way through. This was always intended to be a one-off assessment of the application itself and then monitoring, as I have explained, is done by a mixture of external and arts council staff. After each assessment, the assessment was sent to the applicant for comment and, at each stage, the applicant took action. I have described already the various actions, but one was to appoint Deloitte and Touche in order to review the estimates and review the business plan itself. Another was to do a complete review of the marketing strategy, which itself was appraised by our in-house marketing expert. The third one was subject to both external assessment and reappointment of the CVA's management consultants. So, yes, action was taken at every stage.

Ms Weston: Gallaf. Ym mhob un cam unigol—pob un o'r ceisiadau gwahanol—penodwyd asesydd allanol ar y cais ei hun. Gyda llaw, fe ddarllenais fod beirniadaeth yn y cyfarfod Pwyllgor diwethaf mai dim ond pum adroddiad asesydd a gafwyd. Nid yw cyngor y celfyddydau yn penodi monitor prosiect i gadw llygad arno o'r dechrau i'r diwedd. Bwriadwyd hyn erioed i fod yn asesiad unwaith-ac-am-byth o'r cais ei hun ac wedyn gwneir y monitro, fel yr esboniais, gan gymysgedd o staff allanol a staff cyngor y celfyddydau. Ar ôl pob asesiad, anfonwyd yr asesiad at yr ymgeisydd am sylwadau ac, ar bob cam, gweithredodd yr ymgeisydd. Yr wyf eisoes wedi disgrifio'r camau a gymerwyd, ond un oedd penodi Deloitte and Touche i adolygu'r amcangyfrifon ac adolygu'r cynllun busnes ei hun. Un arall oedd gwneud adolygiad cyflawn o'r strategaeth farchnata, adolygiad a gafodd ei werthuso gan ein harbenigwr mewnol ni ar farchnata. Yr oedd y trydydd yn amodol ar asesiad allanol ac ar ailbenodi ymgynghorwyr rheoli'r ganolfan. Felly, do, fe weithredwyd ar bob cam.

[296] **Val Lloyd:** I am sorry, I obviously did not make myself quite sharp enough on that. I intended to ask what action was taken when the report went to council.

[296] **Val Lloyd:** Mae'n ddrwg gennyf, yn amlwg ni eiriais fy nghwestiwn yn ddigon clir. Bwriadais ofyn pa weithredu a ddigwyddodd pan aeth yr adroddiad i'r cyngor.

Ms Weston: I see. I beg your pardon. When reports went to council, they had already been through very detailed discussion at the lottery board. Usually, the chairman of the lottery board would summarise the issues, in addition to the full written report that was sent to council. Certainly, with a project of this size, there would have been debate. There was always a debate at council because council members were very, very interested in what

Ms Weston: Gwelaf fi. Maddeuwch imi. Pan âi adroddiadau i'r cyngor, yr oeddent eisoes wedi bod drwy drafodaeth fanwl iawn ar fwrdd y loteri. Fel arfer, byddai cadeirydd bwrdd y loteri'n crynhoi'r prif bwyntiau, yn ychwanegol at yr adroddiad ysgrifenedig llawn a anfonid i'r cyngor. Yn sicr, gyda phrosiect o'r maint hwn, byddai dadl wedi digwydd. Yr oedd dadl bob amser yn y cyngor gan fod gan aelodau'r cyngor ddiddordeb mawr iawn yn yr hyn oedd yn

was happening.

digwydd.

Mr Jenkins: May I add a supplement to that? As chief executive, it was my aim to have got the bugs out of the system before it went to council. I am sure that every chief executive has the same aim. However, I was very often set back on my heels by the questioning in council and the referral back, either from the lottery board or from council itself, with instructions to modify or to amend the advice or to look at different aspects of the thing. As the chairman has said, the council members were very, very keen in examining every one in great detail and, of course, this application got very intense scrutiny because of its size.

Mr Jenkins: A gaf fi ychwanegu atodiad i hynny? Fel prif weithredwr, fy nod i oedd cael gwared ar y brychau yn y system cyn iddo fynd at y cyngor. Yr wyf yn siwr bod pob prif weithredwr yn rhannu'r un nod. Fodd bynnag, yn aml cawn fy nharo'n ôl ar fy sodlau gan yr holi yn y cyngor a'r cyfeirio'n ôl, un ai gan fwrdd y loteri neu gan y cyngor ei hun, gyda chyfarwyddiadau i addasu neu ddiwygio'r cyngor a roddwn neu i edrych ar wahanol agweddau'r peth. Fel y dywedodd y cadeirydd, yr oedd aelodau'r cyngor yn frwd iawn, iawn wrth archwilio pob cais yn fanwl dros ben ac, wrth gwrs, daeth y cais hwn dan chwyddwydr manwl iawn oherwydd ei faint.

[297] **Janet Davies:** Jocelyn, do you want to look at the assessment process?

[297] **Janet Davies:** Jocelyn, oes arnoch chi eisiau edrych ar y broses asesu?

[298] **Jocelyn Davies:** Yes, thank you. When you were looking at the applications from the centre, was there intense lobbying for an early decision from other parties? If there was, what impact did that have upon the assessment processes?

[298] **Jocelyn Davies:** Oes, diolch. Pan oeddech yn edrych ar y ceisiadau gan y ganolfan, a gafwyd lobiö dwys dros benderfyniad sydyn gan bartïon eraill? Os do, pa effaith a gafodd hynny ar y prosesau asesu?

Mr Jenkins: Are you asking about the first application now—the first decision to fund it?

Mr Jenkins: Ai holi am y cais cyntaf yr ydych yn awr—y penderfyniad cyntaf i'w noddi?

[299] **Jocelyn Davies:** Well, all of them, but when you were considering the applications.

[299] **Jocelyn Davies:** Wel, pob un ohonynt, pan oeddech chi'n ystyried y ceisiadau.

Mr Jenkins: The urgency, of course, was with the first application, for reasons that I have already explained. No, there was, to my mind, no intense lobbying. I cannot remember any lobbying at all, except to say that all parties involved in this were in favour of the principle. It was up to us to get the details right and it was up to us to get the assessment done meticulously. I would venture to suggest

Mr Jenkins: Gyda'r cais cyntaf yr oedd y brys, wrth gwrs, am resymau a eglurais eisoes. Na, ni chafwyd, i'm meddwl i, unrhyw lobiö dwys. Ni allaf gofio unrhyw lobiö o gwbl, ac eithrio dweud fod pob parti a oedd yn ymwneud â hyn o blaid yr egwyddor. Mater i ni oedd cael y manylion yn iawn a mater i ni oedd sicrhau y gwneid yr asesiad yn fanwl gywir. Mentraf awgrymu y'i

that it was done meticulously. However, I cannot remember any huge lobbying about this in any way. Once the application was in, we would not have countenanced any lobbying, simply because we had a huge number of applications coming in and to have countenanced lobbying would have laid us open to immense pressure from so many different directions. I am not aware of any lobbying in regard to this application. I do not remember any.

Sir Richard Lloyd Jones: Madam Chairman, I am now trying to rack my memory. I took over as chairman in 1994 and, of course, I had hand-over briefing from the previous chairman. It is inconceivable that he did not mention this project to me at that stage. It is inconceivable. However, by that stage, we did not have a lottery unit so there was nothing I could say other than we have to get the systems in place first. I do not recall subsequent events. I am afraid that, if there had been any lobbying, I would certainly have said, 'no, with the applications in, I cannot take a view on it until the lottery board has looked at it and made recommendations and, indeed, I cannot take a view on it until council has taken a view on it'.

[300] **Jocelyn Davies:** Yes, and that would have been perfectly proper. As decision makers ourselves, we are often used to the nature of lobbying, but there was no lobbying even though, as you told us earlier, this had been acknowledged by people and that the absence of a centre like this was a gaping hole for us for about 10 years. People had been talking about—

Mr Jenkins: That was the arts council's view, not any lobbyist's view. The arts council's view was that this was a desirable project, or at least the principle of trying to fulfil this spectrum of provision in Cardiff was. So, yes, in terms of the principle, but this was a time before Miss Weston joined the

gwnaethpwyd yn fanwl gywir. Fodd bynnag, ni allaf gofio unrhyw lobïo mawr am hyn mewn unrhyw fodd. Unwaith yr oedd y cais i mewn, ni fuasem wedi cymeradwyo unrhyw lobïo, yn syml am fod gennym nifer enfawr o geisiadau'n dod i mewn a buasai caniatáu lobïo wedi'n gadael yn agored i bwysau aruthrol o gymaint o wahanol gyfeiriadau. Nid wyf yn ymwybodol o unrhyw lobïo ynglyn â'r cais hwn. Ni chofiaf ddim.

Syr Richard Lloyd Jones: Madam Cadeirydd, yr wyf yn awr yn ceisio tyrchu i'm cof. Cymerais y gadair yn 1994 ac wrth gwrs, cefais gyfarwyddiadau wrth drosglwyddo oddi wrth y cadeirydd blaenorol. Anodd credu na soniodd am y prosiect hwn wrthyf bryd hynny. Mae'n anodd credu. Fodd bynnag, erbyn hynny nid oedd gennym uned loteri, felly nid oedd dim y gallwn ei ddweud ond bod yn rhaid inni gael y systemau yn eu lle yn gyntaf. Ni chofiaf beth ddigwyddodd wedyn. Mae arnaf ofn, pe bai lobïo wedi digwydd, y buaswn yn sicr wedi dweud 'na, gyda'r ceisiadau i mewn, ni allaf lunio barn arno nes bydd bwrdd y loteri wedi edrych arno a gwneud argymhellion ac, yn wir, ni allaf lunio barn arno nes bod y cyngor wedi llunio barn arno.'

[300] **Jocelyn Davies:** Ie, a buasai hynny'n berffaith briodol. Fel penderfynwyr ein hunain, yr ydym wedi arfer yn aml â natur lobïo, ond ni fu dim lobïo er, fel y dywedasoeh wrthym yn gynharach, bod hyn wedi'i gydnabod gan bobl a bod absenoldeb canolfan fel hon yn agendor mawr inni am ryw 10 mlynedd. Yr oedd pobl wedi bod yn siarad am—

Mr Jenkins: Barn cyngor y celfyddydau oedd hynny, nid barn unrhyw lobïwr. Barn cyngor y celfyddydau oedd fod hwn, neu o leiaf yr egwyddor o geisio cyflawni'r sbectrwm hwn o ddarpariaeth yng Nghaerdydd, yn brosiect i'w ddeisyfu. Felly, ie, yn nhermau'r egwyddor, ond adeg oedd

council. It was a time before I joined the council. This was a long-term wish to get a project like this up and running.

hwn cyn i Miss Weston ymuno â'r cyngor. Yr oedd yn adeg cyn i mi ymuno â'r cyngor. Dymuniad tymor hir oedd hwn i sefydlu a rhedeg prosiect fel hwn.

[301] **Jocelyn Davies:** Of the arts council, but not of the arts world?

[301] **Jocelyn Davies:** Dymuniad cyngor y celfyddydau, ond nid byd y celfyddydau?

Mr Jenkins: Yes, there was great enthusiasm in the visual arts sector in Wales for this kind of development.

Mr Jenkins: Oedd, yr oedd brwdfrydedd mawr yn sector y celfyddydau gweledol yng Nghymru dros y math hwn o ddatblygiad.

[302] **Jocelyn Davies:** But that did not result in any lobbying from the arts world once this application had come in, that you recall?

[302] **Jocelyn Davies:** Ond ni wnaeth hynny esgor ar unrhyw lobio o fyd y celfyddydau unwaith yr oedd y cais hwn wedi dod i law, i chi ei gofio?

Mr Jenkins: No, I would hope that you accept that once the application was in, the process then took over, and there was no interference from outside at all.

Mr Jenkins: Na, gobeithio y derbyniwch, unwaith yr oedd y cais i mewn, yna cymerodd y broses drosodd, ac ni fu dim ymyrraeth o'r tu allan o gwbl.

[303] **Jocelyn Davies:** I accept that, if you say to me you resisted that, and you—

[303] **Jocelyn Davies:** Yr wyf yn derbyn hynny, os y dywedwch wrthyf eich bod wedi gwrthsefyll hynny, a'ch bod—

Mr Jenkins: No, I am not saying that—we would have resisted it had it been there. I am not aware that it ever was there.

Mr Jenkins: Na, nid wyf yn dweud hynny— buasem wedi'i wrthsefyll pe bai wedi bod yno. Nid wyf yn ymwybodol y bu yno erioed.

[304] **Jocelyn Davies:** Right, okay. The current chief executive of the arts council felt obliged to carry out an investigation into the possible conflict of interest between the council and the trust. As the chief executive at the time that the key decisions were made about this project, can you confirm whether you were aware of any conflicts of interest?

[304] **Jocelyn Davies:** Reit, iawn. Teimlai prif weithredwr cyfredol cyngor y celfyddydau fod yn rhaid iddo gynnal ymchwiliad i'r gwrthdaro buddiannau posibl rhwng y cyngor a'r ymddiriedolaeth. Fel y prif weithredwr ar yr adeg y gwnaethpwyd y penderfyniadau allweddol ynglyn â'r prosiect hwn, a allwch gadarnhau a oeddech yn ymwybodol o unrhyw wrthdaro buddiannau?

Mr Jenkins: No, I was not aware of any.

Mr Jenkins: Na, nid oeddwn yn ymwybodol

There is a paragraph here that talks about Mr Mathew Prichard's role as the chair. As I have explained, he was the chair when I joined the arts council, but he was not my employer, because I was employed by the Arts Council of Great Britain, not by the Welsh Arts Council, as it was then. It suggests here that Mr Mathew Prichard was concurrently the president of the national museum. He did not become president of the national museum until the end of 1996, two and a half years after he left the council. I have had very little contact with Mr Prichard since he left the council, and I cannot recall any instance where there was a conflict. We did have a regime, as every body has—and I know that the Assembly has—of declaring interests when there are friendships, and it happened at the last meeting. We had all that regime in place, and I was very glad to see that my successor but two could find no evidence of any conflict. I am not aware of any conflict either.

o hynny. Mae paragraff yma sydd yn sôn am rôl Mr Mathew Prichard fel cadeirydd. Fel yr esboniais, ef oedd y cadeirydd pan ymunais i â chyngor y celfyddydau, ond nid ef oedd fy nghyflogwr, oherwydd fe'm cyflogwyd gan Gyngor Celfyddydau Prydain Fawr, nid gan Gyngor Celfyddydau Cymru. Awgrymir yma fod Mr Mathew Prichard yn llywydd yr amgueddfa genedlaethol ar yr un pryd. Nid aeth yn llywydd yr amgueddfa genedlaethol tan ddiwedd 1996, ddwy flynedd a hanner wedi iddo adael y cyngor. Ychydig iawn o gysylltiad yr wyf wedi'i gael gyda Mr Prichard er iddo adael y cyngor, ac ni allaf gofio unrhyw achlysur lle bu gwrthdaro. Yr oedd gennym drefn, fel sydd gan bob corff—a gwn fod gan y Cynulliad—o ddatgan buddiant pan fo cyfeillgarwch, ac fe ddigwyddodd yn y cyfarfod diwethaf. Yr oedd gennym yr holl drefn honno yn ei lle, ac yr oeddwn yn falch iawn o weld na allai fy olynydd namyn dau ganfod unrhyw dystiolaeth o wrthdaro o gwbl. Nid wyf innau'n ymwybodol o unrhyw wrthdaro ychwaith.

[305] **Jocelyn Davies:** No. He did say that he concluded that there was not a conflict, but he did feel moved to carry out the investigation. You did not?

[305] **Jocelyn Davies:** Na. Fe ddywedodd iddo ddod i'r casgliad na fu gwrthdaro, ond fe gafodd ei ysgogi i gynnal yr ymchwiliad. Oni wnaethoch chi?

Mr Jenkins: Of course I did. I mean—

Mr Jenkins: Wrth gwrs y gwneuthum. Hynny yw—

[306] **Jocelyn Davies:** You carried out an investigation?

[306] **Jocelyn Davies:** Gwnaethoch gynnal ymchwiliad?

Mr Jenkins: I was there at the time. It was not an investigation. I was monitoring it all the time.

Mr Jenkins: Yr oeddwn yno ar y pryd. Nid ymchwiliad ydoedd. Yr oeddwn yn ei fonitro drwy'r amser.

[307] **Jocelyn Davies:** But you did an assessment of whether there could possibly be a conflict?

[307] **Jocelyn Davies:** Ond fe wnaethoch asesiad i weld a ellid o bosibl gael gwrthdaro?

Mr Jenkins: I was very conscious of it in every application. Wales is a small place—it is a very small place. There were thousands of applications coming in. I was very conscious of this factor with every application, and it did not occur, as far as I am aware, in my time. I was not directing. I was not in the receipt of any grant or anything like that. There was no conflict at all as far as I could see, with this application nor, if I may say so, with any other application during my time there.

[308] **Jocelyn Davies:** Sir Richard, do you have any comment on that?

Sir Richard Lloyd Jones: Not really, except to repeat the dilemma that I laid before the Committee earlier. There is a conflict of objective, if you like, between taking the risk involved in this assessment, which turned out to be wrong obviously, and then protecting it on the one hand, and having to fund the subsidised running costs of the Centre for Visual Arts when it had opened. The project could not, I think—you will correct me if I am wrong—have gone ahead had we not committed £200,000 a year by way of subsidy after the centre opened. Therefore, that is the conflict that worries me. I am not aware of conflicts of interest between individuals and, as Mr Jenkins says, we were pretty rigorous on the council in declaring any interests that we had and leaving the room while the matter was discussed.

[309] **Janet Davies:** We are all aware that improvements have been made more recently to improve the rigour of the Arts Council of Wales's assessment procedures, and Peter Tyndall, the current accounting officer, raised this. Mr Jenkins, do you feel that the staff in post that handled the early lottery projects had the skills and expertise to assess applications? Were they given training, or did you recruit the expertise necessary, particularly perhaps

Mr Jenkins: Yr oeddwn yn ymwybodol iawn ohono ym mhob cyd-destun. Lle bach yw Cymru—lle bach iawn. Yr oedd miloedd o geisiadau'n dod i mewn. Yr oeddwn yn ymwybodol iawn o'r ffactor hwn gyda phob cais, ac ni ddigwyddodd, hyd y gwn i, yn ystod fy amser i. Nid oeddwn i yn cyfarwyddo. Nid oeddwn i yn derbyn grant na dim felly. Nid oedd dim gwrthdaro o gwbl hyd y gwelwn i, gyda'r cais hwn nac, os caf ddweud, gydag unrhyw gais arall yn ystod fy amser i yno.

[308] **Jocelyn Davies:** Syr Richard, a oes gennych unrhyw sylw ar hynny?

Syr Richard Lloyd Jones: Ddim yn wir, ac eithrio ailadrodd y cyfyng-gyngor a osodais ger bron y Pwyllgor yn gynharach. Y mae gwrthdrawiad amcan, os hoffwch, rhwng cymryd y risg a oedd ynghlwm wrth yr asesiad hwn, a oedd yn anghywir yn y diwedd yn amlwg, ac wedyn ei warchod ar y naill law, a gorfod talu costau rhedeg cymorthdaledig Canolfan y Celfyddydau Gweledol wedi iddi agor. Ni allasai'r prosiect, dybiaf fi—cywirwch fi os wyf yn anghywir—fynd yn ei flaen pe na baem wedi ymrwymo £200,000 y flwyddyn o gymhorthdal wedi i'r ganolfan agor. Felly, dyna'r gwrthdrawiad sydd yn fy mhoeni i. Nid wyf yn ymwybodol o wrthdrawiadau buddiannau rhwng unigolion ac, fel y dywed Mr Jenkins, yr oeddem yn eithaf trwyadl ar y cyngor o ran datgan unrhyw fuddiannau a oedd gennym a gadael yr ystafell tra trafodid y mater.

[309] **Janet Davies:** Yr ydym i gyd yn ymwybodol fod gwelliannau wedi'u gwneud yn ddiweddar i wella trylwyredd gweithdrefnau asesu Cyngor Celfyddydau Cymru, a chodwyd hyn gan Peter Tyndall, y swyddog cyfrifo cyfredol. Mr Jenkins, a deimlwch fod y staff yn y swyddi a ddeliai â'r prosiectau loteri cynnar yn meddu ar y sgiliau a'r arbenigedd i asesu ceisiadau? A roddwyd hyfforddiant iddynt, neu a wnaethoch

in the finance and project management?

recriwtio'r arbenigedd angenrheidiol, yn enwedig efallai ym maes rheoli cyllid a phrosiectau?

Mr Jenkins: I think that your general point, Madam Chair, is a valid one—that the procedures and the directions have all developed over the last eight years. After all, we are seven or eight years down the track. I would be perfectly happy to concede the charge of inexperience. Inexperience was common to all lottery distributors. I would, however, strongly refute any charge of incompetence. We operated exactly the procedures and the regime that were being imposed on us at the time. That, as I think Sir John Bourn has said, has now changed considerably and been tightened up and I am very grateful. If we were doing the same thing now, we might not be doing it the same way because we are under a different regime. Therefore, yes, I would strongly support the changes that have taken place. They are sensible and I would hope that they could prevent this kind of problem arising in future. However, I would also strongly defend what we were doing in 1995 almost as pioneers in Wales, as they were in Scotland and in the Arts Council of England and in Northern Ireland. We were going in parallel. We were comparing with them. I was having monthly meetings with my opposite numbers in the other national regions. We were working together. Yes, the regime may have been deficient at the time. I am not disputing that. What I am claiming is that we complied exactly with the regime that we had.

Mr Jenkins: Credaf fod eich pwynt cyffredinol, Fadam Gadeirydd, yn un dilys—bod y gweithdrefnau a'r cyfarwyddiadau oll wedi datblygu dros yr wyth mlynedd diwethaf. Wedi'r cyfan, yr ydym saith neu wyth mlynedd i lawr y lein. Byddwn yn berffaith hapus derbyn y cyhuddiad o ddiffyg profiad. Yr oedd diffyg profiad yn gyffredin i bob dosbarthwr loteri. Byddwn, fodd bynnag, yn gwadu'n gryf unrhyw gyhuddiad o ddiffyg cymhwysedd. Bu inni weithredu'n union y gweithdrefnau a'r drefn a osodid arnom ar y pryd. Mae hynny, fel y dywedodd Syr John Bourn, yr wyf yn meddwl, bellach wedi newid yn sylweddol ac wedi'i dynhau ac yr wyf yn ddiolchgar iawn. Pe baem yn gwneud yr un peth yn awr, efallai na fyddem yn ei wneud yn yr un ffordd oherwydd yr ydym dan drefn wahanol. Felly, byddwn, mi fyddwn yn cefnogi'n gryf y newidiadau sydd wedi digwydd. Maent yn synhwyrol a gobeithiaf y gallant atal y math yma o broblem rhag codi yn y dyfodol. Fodd bynnag, byddwn hefyd yn amddiffyn yn gryf yr hyn yr oeddem ni'n ei wneud yn 1995 bron fel arloeswyr yng Nghymru, fel yr oeddent yn yr Alban ac yng Nghyngor Celfyddydau Lloegr ac yng Ngogledd Iwerddon. Yr oeddem yn mynd ochr yn ochr. Yr oeddem yn cymharu â hwy. Yr oeddwn i'n cael cyfarfodydd misol gyda'm cyd-gyfarwyddwyr yn y rhanbarthau cenedlaethol eraill. Yr oeddem yn cydweithio. Oedd, efallai fod y drefn yn ddiffygiol ar y pryd. Nid wyf yn gwadu hynny. Yr hyn yr wyf yn ei haeru yw ein bod wedi cydymffurfio'n union gyda'r drefn a oedd gennym.

[310] **Janet Davies:** Thank you. I want now to consider the way the investment during the construction and operation of the project and on the closure of the centre was handled. Again, I will ask the question to Mr Jenkins and perhaps Miss Weston also. It appears that a full risk assessment of the project was not undertaken and that there were no

[310] **Janet Davies:** Diolch. Yn awr hoffwn ystyried y modd yr ymdriniwyd â'r buddsoddiad yn ystod adeiladu a gweithredu'r prosiect a phan gaewyd y ganolfan. Eto, gofynnaf y cwestiwn i Mr Jenkins ac efallai i Miss Weston hefyd. Mae'n ymddangos na wnaethpwyd asesiad risg llawn o'r prosiect ac nad oedd unrhyw gynlluniau wrth gefn yn

contingency plans in place. Do you think, with hindsight, that that should have happened?

Ms Weston: I think that it is something similar to the previous issue about learning and going to a three-stage application process. We did feel that having the external assessment and the constant monitoring was a way of managing risk. However, you are quite right that we did not carry out a specific formal risk assessment and we quickly moved to the point where we did. With hindsight, it would have been more useful if we had done that in this case. After we had been operating for, I do not know how long—six months or a year; I could find out—we received guidance from the Department of National Heritage at that time on risk assessment and we acted on it swiftly. We undertook the staff training that was supplied and recommended and we adapted our systems to take into account the need for a proper risk assessment at the appraisal stage.

[311] **Janet Davies:** Thank you. I would like to ask you another question before I go back to Dai. It was quite a big lottery grant. Why was no charge put on the building? That would have safeguarded the arts council's investment, would it not?

Ms Weston: Yes, it would have done. A charge was not put on the building, first, because it was not something that we were geared up to do at that time. If you say that we should have been, I would agree with you. However, it was not done. I do understand that those things are being done retrospectively now. I think that, at the time, everybody involved took some comfort from the fact that it was on a 99-year lease. We did always insist on a minimum 25-year lease in the case of any work on a building. We also took some comfort from the fact that it was a 99-year-lease and that it was owned by the local authority, which shared our aims and aspirations for the building.

eu lle. A ydych yn meddwl, wrth edrych yn ôl, y dylasai hynny fod wedi digwydd?

Ms Weston: Yr wyf yn meddwl ei fod rywbeth yn debyg i'r pwynt diwethaf ynghylch dysgu a symud at broses geisiadau tri cham. Yr oeddem yn teimlo fod cael yr asesiad allanol a'r monitro parhaus yn ffordd o reoli risg. Fodd bynnag, yr ydych yn llygad eich lle na wnaethom gyflawni asesiad risg ffurfiol penodol ac fe symudasom yn gyflym i bwynt lle'r oeddem yn gwneud hynny. Gydag ôl-welediad, buasai'n fwy buddiol pe baem wedi gwneud hynny yn yr achos hwn. Wedi inni fod yn gweithredu am, ni wn ba hyd—chwe mis neu flwyddyn; gallwn ganfod faint—cawsom arweiniad gan Adran y Dreftadaeth Genedlaethol ar y pryd ar asesu risg a gweithredasom ar hynny'n ddi-oed. Ymgymerasom â'r hyfforddi staff a ddarperid ac a argymhellid, ac addasu'n systemau i gymryd i ystyriaeth yr angen am asesiad risg priodol yn y cam gwerthuso.

[311] **Janet Davies:** Diolch. Hoffwn ofyn cwestiwn arall ichi cyn mynd yn ôl at Dai. Yr oedd yn grant loteri eithaf mawr. Pam na osodwyd pridiant ar yr adeilad? Buasai hynny wedi diogelu buddsoddiad cyngor y celfyddydau, oni fuasai?

Ms Weston: Buasai. Ni osodwyd pridiant ar yr adeilad, yn gyntaf, am nad oedd yn rhywbeth yr oeddem wedi'n paratoi i'w wneud ar y pryd. Os dywedwch y dylasem fod, cytunaf â chi. Fodd bynnag, ni ddigwyddodd. Yr wyf yn deall fod y pethau hynny'n cael eu gwneud yn ôl-weithredol yn awr. Yr wyf yn meddwl, ar y pryd, fod pawb a oedd yn ymwneud â'r peth yn cymryd rhywfaint o gysur o'r ffaith ei fod ar brydles 99 mlynedd. Byddem bob amser yn mynnu prydles o 25 mlynedd o leiaf yn achos unrhyw waith ar adeilad. Cymerasom rywfaint o gysur hefyd o'r ffaith ei fod yn brydles 99 mlynedd a'i fod yn eiddo'r awdurdod lleol, a oedd yn rhannu'n hamcanion a'n dyheadau ni ar gyfer yr adeilad.

[312] **Janet Davies:** Thank you. Dai?

[312] **Janet Davies:** Diolch. Dai?

[313] **David Lloyd:** I now turn to the selection of the project monitor. I have a couple of quick questions to Ms Weston as regards the selection process for the project monitor. How was the project monitor selected in the first place? Was there a tender evaluation panel to select the project monitor or was this the decision of one individual? How much was the project monitor paid? What was the basis for pricing? Did the contract provide for financial redress if the advice was unsound?

[313] **David Lloyd:** Trof yn awr at y modd y dewiswyd monitor y prosiect. Mae gennyf ychydig o gwestiynau byr i Ms Weston ynglyn â'r broses ar gyfer dewis monitor y prosiect. Sut y dewiswyd monitor y prosiect yn y lle cyntaf? A gafwyd panel arfarnu tendrau i ddewis monitor y prosiect ynteu ai penderfyniad un unigolyn oedd hyn? Faint a dalwyd i fonitor y prosiect? Beth oedd sail y prisio? A ddarparai'r contract iawndal ariannol pe roddwyd cyngor cyfeiliornus?

Ms Weston: The project monitors were all appointed as a group, as a pool that was sort of segregated into various types of expertise. From that point, where we had the pool in place—and that process was being carried out by PricewaterhouseCoopers—the project officer in question would appoint the assessor. It was not normal practice to appoint a project monitor, if by a monitor you mean somebody who sees the project right the way through. However, in this case, the senior capital officer took the decision, having consulted me and possibly other people, that it would be a good idea to have a monitor to monitor monthly. That person would have been picked from the pool of assessors that already existed, according to their expertise, but also according to availability.

Ms Weston: Penodwyd y monitoriaid prosiectau i gyd fel grwp, fel cronfa a oedd wedi'i lled wahanu'n wahanol fathau o arbenigedd. O'r pwynt hwnnw, lle'r oedd y gronfa yn ei lle gennym—a chyflawnid y broses honno gan PricewaterhouseCoopers—byddai'r swyddog prosiect perthnasol yn penodi'r asesydd. Nid oedd yn arferol penodi monitor prosiect, os mai'r hyn a olygwch wrth fonitor yw rhywun sydd yn cadw llygad ar brosiect o'r dechrau i'r diwedd. Fodd bynnag, yn yr achos hwn, penderfynodd yr uwch swyddog cyfalaf, wedi ymgynghori â mi ac efallai â phobl eraill, y byddai'n syniad da cael monitor i fonitro'n fisol. Byddai'r person hwnnw wedi'i ddewis o'r gronfa aseswyr a fodolai eisoes, yn ôl eu harbenigedd, ond hefyd yn ôl pwy oedd ar gael.

[314] **David Lloyd:** Okay. How much was the project monitor paid? Do we know that aspect of it?

[314] **David Lloyd:** Iawn. Faint a dalwyd i fonitor y prosiect? A wyddom ni'r agwedd honno ohoni?

Ms Weston: No, I do not know that. There was a standard rate that was paid by all of the arts councils in the early days that seemed like a lot at the time. It was £300 a day, but you have to remember within that that most assessments were two or three days' work. Therefore, whether that was varied for the

Ms Weston: Na, ni wn i hynny. Yr oedd cyfradd safonol a delid gan bob cyngor celfyddydau yn y dyddiau cynnar a ymddangosai'n swm mawr ar y pryd. £300 y dydd ydoedd, ond rhaid cofio o fewn hynny mai deuddydd neu dri o waith oedd y rhan fwyaf o asesiadau. Felly, a amrywiwyd hynny

longer term monitoring situation, I do not know I am afraid.

ar gyfer y sefyllfa fonitro dros dymor hwy, ni wn, mae arnaf ofn.

[315] **David Lloyd:** Do you know then if the contract provided for financial redress if any advice from the project monitor was unsound?

[315] **David Lloyd:** A wyddoch felly a oedd y contract yn darparu ar gyfer iawndal ariannol pe roddai monitor y prosiect unrhyw gyngor cyfeiliornus?

Ms Weston: Yes, in that it was part of the process that was undertaken by PricewaterhouseCoopers to check that everybody that it had confirmed as assessors had professional indemnity insurance.

Ms Weston: Oedd, o ran ei fod yn rhan o'r broses yr ymgwymerwyd â hi gan PricewaterhouseCoopers i wirio fod gan bawb yr oedd wedi'u cadarnhau fel aseswyr yswiriant indemniad proffesiynol.

[316] **David Lloyd:** Okay.

[316] **David Lloyd:** Iawn.

[317] **Janet Davies:** Lorraine, you have sat there very patiently—

[317] **Janet Davies:** Lorraine, yr ydych chi wedi eistedd yno'n amyneddgar iawn—

[318] **Lorraine Barrett:** I know. You are going to wonder why I am here today. You will soon find out. I have a question for Miss Weston, on the failure to act on various problems and concerns. I am looking at paragraph 3.13 in the Auditor General's report. The monitor that Dai Lloyd has just asked you about alerted you to problems in early 1998, and recommended that the council require the applicant to undertake a sensitivity analysis, and to consider a worst-case scenario. I just wondered why you did not do that. This was the advice that you paid for, yet apparently it was not followed up.

[318] **Lorraine Barrett:** Mi wn. Yr ydych yn mynd i feddwl tybed pam yr wyf fi yma heddiw. Cewch wybod toc. Mae gennyf gwestiwn i Miss Weston, ar y methiant i weithredu ar amryfal broblemau a phryderon. Yr wyf yn edrych ar baragraff 3.13 adroddiad yr Archwilydd Cyffredinol. Bu i'r monitor y mae Dai Lloyd newydd eich holi amdano eich rhybuddio am broblemau yn gynnar yn 1998, gan argymhell y dylai'r cyngor fynnu bod yr ymgeisydd yn gwneud dadansoddiad sensitifrwydd, ac ystyried y senario waethaf bosibl. Dim ond meddwl yr oeddwn tybed pam na wnaethoch hynny. Dyma'r cyngor yr oeddech wedi talu amdano, eto yn ôl pob tebyg ni ddilynwyd ef.

Ms Weston: The arts council did act on that advice. In 1998, there was the appraisal of the third application. There was appraisal of the business plan by officers internal to the arts council. The response of the CVA to the assessor's report was to tell us that it would reappoint Deloitte and Touche in order to review the business plan and assess the

Ms Weston: Fe weithredodd cyngor y celfyddydau ar y cyngor hwnnw. Yn 1998, cafwyd y gwerthusiad ar y trydydd cais. Gwerthuswyd y cynllun busnes gan swyddogion mewnol cyngor y celfyddydau. Ymateb y ganolfan i adroddiad yr asesydd oedd dweud wrthym y byddai'n ailbenodi Deloitte and Touche i adolygu'r cynllun

impact of a much later than planned opening. I do have documentary evidence for that. Therefore, as I think I have said before, at each stage, we did act on the advice that we were given.

busnes ac asesu effaith agor llawer yn hwyrach nag a gynlluniwyd. Mae gennyf dystiolaeth ddogfennol dros hynny. Felly, fel y dywedais o'r blaen, yr wyf yn meddwl, ar bob cam, bu inni weithredu ar y cyngor a roddwyd inni.

[319] **Lorraine Barrett:** Okay. Are we happy with that? I am not sure that I can take that one much further, but I do not know if anyone else wants to pursue it.

[319] **Lorraine Barrett:** Iawn. A ydym yn hapus gyda hynny? Nid wyf yn siwr a allaf fynd â honno lawer ymhellach, ond ni wn a oes unrhyw un arall eisiau ei dilyn.

[320] **Janet Davies:** I think that Jocelyn would like to come in just for a moment.

[320] **Janet Davies:** Yr wyf yn meddwl yr hoffai Jocelyn ddod i mewn am funud.

[321] **Jocelyn Davies:** Yes, because this is something that I touched on earlier. I will read to you what Mr Tyndall said to us in response to that exact same question. He said that he would read to us from the original assessment report, in the files that he now has available to him.

[321] **Jocelyn Davies:** Hoffwn, oherwydd dyma rywbeth y cyffyrddais arno'n gynharach. Darllenaf ichi beth ddywedodd Mr Tyndall wrthym wrth ateb yr union gwestiwn hwnnw. Dywedodd y byddai'n darllen inni o adroddiad yr asesiad gwreiddiol, yn y ffeiliau sydd bellach ar gael iddo.

'I read to you from the original assessment report the list of checkpoints going on a scale from one to five. On the viability box, in a subsequent file, rather than being marked one to five, it was marked n/a—not applicable—and reference was made to a separate assessment. So I have sought to find details of that separate assessment, which is precisely what you are referring to, and I have not been able to do so.'

'Darllenaf ichi o'r adroddiad asesu gwreiddiol y rhestr o bwyntiau gwirio yn mynd ar raddfa o un i bump. Ar y blwch i farcio hyfywdra y cynllun mewn ffeil ddiweddarach, yn hytrach na chael marc un i bump, fe'i marciwyd n/a—*not applicable*—a chyfeiriwyd at asesiad ar wahân. Felly yr wyf wedi ceisio dod o hyd i fanylion yr asesiad arall hwnnw, sef yr union beth yr ydych yn cyfeirio ato, ac nid wyf wedi llwyddo i wneud hynny.'

Why can the current chief executive not find anything in the files about that assessment? Why has he been unable to do so?

0 Pam na all y prif weithredwr cyfredol ddod o hyd i unrhyw beth yn y ffeiliau am yr asesiad hwnnw? Pam y mae wedi methu â gwneud hynny?

Ms Weston: I do not know that. However, I can tell you that, at the point we got that assessment, an assessment had already been carried out two or three months earlier—

Ms Weston: Ni wn hynny. Fodd bynnag, gallaf ddweud wrthy, pan gawsom yr asesiad hwnnw, fod asesiad eisoes wedi'i wneud ddau neu dri mis yn gynharach—nad

which the assessor may not have been aware of—by McCann Matthews Millman, which was looking at the business and marketing side. We had been in discussion with the CVA about responding to that assessment. That was around the time that it was applying for revenue funding for the following year, as well as the capital involvement. Two things happened as a result of that recommendation. One was that arts council officers assessed the revised marketing plan, and the CVA appointed Deloitte and Touche in order to assess the whole of its business plan.

oedd yr aseswr efallai'n ymwybodol ohono—gan McCann Matthews Millman, a oedd yn edrych ar yr ochr fusnes a marchnata. Buom mewn trafodaeth gyda'r ganolfan ynglyn ag ymateb i'r asesiad hwnnw. Yr oedd hynny oddeutu'r amser yr oedd yn gwneud cais am gyllid refeniw ar gyfer y flwyddyn ganlynol, yn ogystal â'r cyfranogiad cyfalaf. Digwyddodd dau beth o ganlyniad i'r argymhelliad hwnnw. Un oedd bod swyddogion cyngor y celfyddydau wedi asesu'r cynllun marchnata diwygiedig, a phenododd y ganolfan Deloitte and Touche i asesu'i chynllun busnes cyfan.

[322] **Jocelyn Davies:** Yes, but why can the current chief executive not find that stuff in the files? He came here and said,

[322] **Jocelyn Davies:** Ie, ond pam na all y prif weithredwr cyfredol ganfod y pethau hyn yn y ffeiliau? Daeth yma a dywedodd,

'I have no evidence at all as to what happened as a consequence.'

'Nid oes gennyf dystiolaeth o gwbl ynghylch beth a ddigwyddodd o ganlyniad.'

He repeated it to us three or four times. He was quite definite on it.

0 Ailadroddodd hynny wrthym dair neu bedair gwaith. Yr oedd yn eithaf pendant.

Ms Weston: I would be happy to supply you with my evidence.

Ms Weston: Byddwn i'n hapus i roi fy nhystiolaeth i ichi.

[323] **Jocelyn Davies:** Does he have it though?

[323] **Jocelyn Davies:** Ond a ydyw ganddo ef?

Ms Weston: I do not know.

Ms Weston: Ni wn i ddim.

Sir Richard Lloyd Jones: Personally, I am very anxious that we do not get drawn into contradicting any evidence given previously, because we were not here to hear it.

Syr Richard Lloyd Jones: Yn bersonol, yr wyf yn awyddus iawn inni beidio â chael ein tynnu i mewn i wrth-ddweud unrhyw dystiolaeth a roddwyd yn flaenorol, oherwydd nid oeddem yma i'w chlywed.

[324] **Janet Davies:** I accept that.

[324] **Janet Davies:** Yr wyf yn derbyn hynny.

Sir Richard Lloyd Jones: He is an accounting officer, and he was therefore before you, I submit, in a different situation to us.

Syr Richard Lloyd Jones: Swyddog cyfrifo ydyw ef, ac felly yr oedd ger eich bron, awgrymaf, mewn sefyllfa wahanol i ni.

[325] **Janet Davies:** I think we do have to accept that. We cannot really take that any further.

[325] **Janet Davies:** Yr wyf yn meddwl fod yr rhaid inni dderbyn hynny. Ni allwn yn wir fynd â hynny ddim pellach.

[326] **Lorraine Barrett:** Shall I go on?

[326] **Lorraine Barrett:** A af fi ymlaen?

[327] **Janet Davies:** Yes, please.

[327] **Janet Davies:** Ie, os gwelwch yn dda.

[328] **Lorraine Barrett:** I have a question for Mr Jenkins. Looking at paragraph 3.9 in the Auditor General's report, it says that much of the council's monitoring of the project comprised informal discussions with the project monitor, and over a period of nearly six years, only five written reports were provided. Do you feel that this is an adequate level of monitoring, given the £3.2 million of lottery money? Do you feel that the reports provided value for money?

[328] **Lorraine Barrett:** Mae gennyf gwestiwn i Mr Jenkins. Ym mharagraff 3.9 adroddiad yr Archwilydd Cyffredinol, dywedir fod llawer o waith monitro'r cyngor ar y prosiect yn golygu trafodaethau anffurfiol gyda monitor y prosiect, a thros gyfnod o bron chwe blynedd, mai dim ond pum adroddiad ysgrifenedig a ddarparwyd. A ydych yn teimlo fod hyn yn lefel ddigonol o fonitro, o gofio'r £3.2 miliwn o arian loteri? A ydych yn teimlo fod yr adroddiadau wedi darparu gwerth am arian?

Mr Jenkins: May I just comment that I was only present for two of the four years. There are five formal full reports. However, there is a letter on file between the grant supervision officer and the monitor agreeing monthly contact between the monitor, so it may be the case—and I cannot speak on the second half, but I think that I am right on this one—that there were only five formal monitoring reports. However, the monitor was involved on a monthly basis, and we have a letter on file agreeing to that arrangement.

Mr Jenkins: A gaf fi wneud y sylw mai dim ond am ddwy o'r pedair blynedd yr oeddwn i'n bresennol. Mae pum adroddiad llawn ffurfiol. Fodd bynnag, mae llythyr ar y ffeil rhwng y swyddog goruchwylio grantiau a'r monitor yn cytuno ar gyswllt misol rhwng y monitor, felly efallai ei bod yn wir—ac ni allaf siarad am yr ail hanner, ond yr wyf yn meddwl fy mod yn iawn ar hyn—mai dim ond pum adroddiad monitro ffurfiol a gafwyd. Fodd bynnag, yr oedd y monitor yn ymwneud â'r peth yn fisol, ac mae gennym lythyr ar y ffeil yn cytuno i'r trefniant hwnnw.

[329] **Lorraine Barrett:** I wonder if Ms Weston can fill in those two years?

[329] **Lorraine Barrett:** Tybed a all Ms Weston lanw'r ddwy flynedd hynny i mewn?

Ms Weston: I think that there is a basic misunderstanding about what a project monitor is. The five reports that are referred to are assessments of applications, and we would normally expect to have one assessment or a group of assessments of a single application, so it is no surprise that there are five assessments. The arrangement about monitoring was that the capital project should be monitored monthly, and it was. There was also monitoring, on the revenue side, of marketing plans and business plans, and the different divisions within the arts council were supporting the work of the other.

Ms Weston: Yr wyf yn meddwl fod yma gamddealltwriaeth sylfaenol ynghylch beth yw monitor prosiect. Aseidiadau o geisiadau yw'r pum adroddiad y cyfeirir atynt, a byddem fel arfer yn disgwyl cael un asesiad neu grwp o aseidiadau ar gais unigol, felly nid yw'n syndod mai pum asesiad sydd. Y trefniant ynghylch monitro oedd y dylid monitro'r prosiect cyfalaf yn fisol, a gwnaethpwyd hynny. Ar yr ochr referniw, cafwyd monitro hefyd ar gynlluniau marchnata a chynlluniau busnes, ac yr oedd y gwahanol adrannau o fewn cyngor y celfyddydau'n cefnogi gwaith ei gilydd.

Mr Jenkins: Yes, forgive me, may I come back on that? I think I have probably dropped into the same trap of confusing assessments and monitoring. An assessment is a dipping in to assess a particular application. Monitoring is a constant process and happens monthly, as we have both said.

Mr Jenkins: Ie, maddeuwch imi, a gaf fi ddod yn ôl ar hynny? Yr wyf yn meddwl fy mod, mae'n debyg, wedi syrthio i'r un fagl o ddrysu aseidiadau a monitro. Golyga asesiad alw i mewn i asesu cymhwysiad arbennig. Mae monitro'n broses barhaus ac yn digwydd yn fisol, fel y dywedasom ein dau.

[330] **Lorraine Barrett:** Yes, that is actually mentioned in the report. Do you want us to examine the monitoring as opposed to just the assessment of the applications, or are we happy with that?

[330] **Lorraine Barrett:** Ie, crybwyllir hynny yn yr adroddiad mewn gwirionedd. A oes arnoch eisiau inni archwilio'r monitro yn hytrach na dim ond yr asesu ar y ceisiadau, ynteu a ydym yn hapus â hynny?

[331] **Janet Davies:** I will leave it to you, Lorraine.

[331] **Janet Davies:** Fe'i gadawaf i chi, Lorraine.

[332] **Lorraine Barrett:** Yes, I think we can look back at the answers.

[332] **Lorraine Barrett:** Ie, yr wyf yn meddwl y gallwn ni edrych yn ôl ar yr atebion.

Ms Weston: Could I just mention one more thing? If you would like, I have a list here of 35 key meetings and documents that were part of the monitoring process as the project

Ms Weston: A gaf i sôn am un peth arall? Os hoffech, mae gennyf restr yma o 35 cyfarfod a dogfennau allweddol a oedd yn rhan o'r broses fonitro wrth i'r prosiect

developed.

ddatblygu.

[333] **Janet Davies:** You will let us have a copy of that?

[333] **Janet Davies:** Fe adewch inni gael copi o honno?

Ms Weston: If you would like it, yes.

Ms Weston: Os hoffech, gwnaf.

[334] **Janet Davies:** Thank you very much.

[334] **Janet Davies:** Diolch yn fawr.

[335] **Lorraine Barrett:** Looking at paragraph 3.11 of the Auditor General's report, it states that the staff of the arts council had difficulty obtaining financial information from the trust during the construction phase and also when the centre was opened. Consequently, the arts council was perhaps unsighted when the centre was experiencing those financial difficulties. Can you tell us why this was, and do you think that you could have done more to obtain the information that you needed? I think that that is probably for Miss Weston, and possibly Mr Edge afterwards.

[335] **Lorraine Barrett:** Ym mharagraff 3.11 yn adroddiad yr Archwilydd Cyffredinol, dywedir i staff cyngor y celfyddydau gael anhawster cael gwybodaeth ariannol gan yr ymddiriedolaeth yn ystod y cyfnod adeiladu a hefyd pan oedd y ganolfan yn agored. O ganlyniad, efallai nad oedd cyngor y celfyddydau yn gweld y darlun llawn pan oedd y ganolfan yn wynebu'r anawsterau ariannol hynny. A allwch ddweud wrthym pam yr oedd hyn, ac a ydych yn meddwl y gallasech wneud mwy i gael y wybodaeth yr oedd ei hangen arnoch? Yr wyf yn meddwl mae'n debyg mai cwestiwn i Miss Weston yw hynny, ac efallai Mr Edge wedyn.

Ms Weston: I have acknowledged that it was difficult at times to get information but, again, I doubt whether you want me to go through the full list. I do have a long list of budgets, estimates, cash flows, designs and plans that were obtained as part of our information gathering process. There is something in the report saying that, in January 2000, the most up-to-date figures we had were for August 1999. As it happens, the following month, in February 2000, we had figures through to December 1999. Therefore, for any organisation to produce monthly management accounts up to that point is acceptable. I cannot tell you why we had difficulty, but we did not relax and sit back. Officers worked extremely hard to obtain the information that we needed throughout the project. Eventually, we got the information that we needed and we acted on

Ms Weston: Yr wyf wedi cydnabod ei bod yn anodd cael gwybodaeth ar adegau ond, eto, yr wyf yn amau a oes arnoch eisiau imi fynd drwy'r rhestr lawn. Y mae gennyf restr hir o gyllidebau, amcangyfrifon, ffigurau llif arian, dyluniadau a chynlluniau a gafwyd fel rhan o'n proses gasglu gwybodaeth. Y mae rhywbeth yn yr adroddiad sydd yn dweud mai'r ffigurau diweddaraf a oedd gennym, yn Ionawr 2000, oedd ffigurau Awst 1999. Fel y mae'n digwydd, erbyn y mis nesaf, Chwefror 2000, yr oedd gennym ffigurau drwodd i Ragfyr 1999. Felly, mae i unrhyw gorff ddarparu cyfrifon rheoli misol hyd at y pwynt hwnnw yn dderbyniol. Ni allaf ddweud wrthyhch pam y cawsom anhawster, ond ni wnaethom ymlacio ac eistedd yn ôl. Gweithiodd swyddogion yn eithriadol o galed i gael y wybodaeth yr oedd ei hangen arnom drwy gydol y prosiect. Yn y diwedd, cawsom

it.

y wybodaeth yr oedd ei hangen arnom a gweithredasom arni.

Sir Richard Lloyd Jones: Chairman, are we covered by privilege, because we are talking about a third party now? It worries me slightly now that I do not have any protection.

Syr Richard Lloyd Jones: Gadeirydd, a oes braint yn ein gwarchod, oherwydd yr ydym yn siarad am drydydd parti yn awr? Mae'n fy mhoeni ychydig yn awr nad oes gennyf unrhyw warchodaeth.

[336] **Janet Davies:** I believe that we are, but I will check with Miss Parkes.

[336] **Janet Davies:** Credaf fod, ond gofynnaf i Miss Parkes am sicrwydd.

Miss Parkes: Certainly. Things that are said here are covered by absolute privilege.

Miss Parkes: Yn sicr. Gwarchodir pethau a ddywedir yn y fan hon gan ffraint absoliwt.

[337] **Janet Davies:** Thank you. That is advice from the Office of the Counsel General.

[337] **Janet Davies:** Diolch. Dyna gyngor gan Swyddfa'r Cwnsler Cyffredinol.

Sir Richard Lloyd Jones: Thanks very much. I just wanted to clear that up.

Syr Richard Lloyd Jones: Diolch yn fawr. Dim ond eisiau bod yn glir ar hynny yr oeddwn i.

[338] **Lorraine Barrett:** May I follow on from that? The Committee received a letter, as written evidence, from Mr Mathew Prichard, who was chairman of the trustees at the time. He told us that at no stage was the centre asked by the arts council to address the problems regarding the lack of information. Is this your recollection? There seems to be a bit of a conflict here. You answered this in part. If you had difficulty in obtaining that information, which hampered your monitoring, why did you not raise it directly with the Centre for Visual Arts?

[338] **Lorraine Barrett:** A gaf i ddilyn ymlaen oddi ar hynny? Derbyniodd y Pwyllgor lythyr, fel tystiolaeth ysgrifenedig, oddi wrth Mr Mathew Prichard, sef cadeirydd yr ymddiriedolwyr ar y pryd. Dywedodd ef wrthym na ofynnwyd i'r ganolfan ar unrhyw adeg gan gyngor y celfyddydau i ddelio â'r problemau parthed y diffyg gwybodaeth. Ai dyma a gofiwch chi? Mae'n ymddangos bod ychydig o wrthdaro yma. Atebasoch hyn yn rhannol. Os cawsoch anhawster i gael y wybodaeth honno, a hynny'n llyffetheirio'ch gwaith monitro, pam na wnaethoch godi hyn yn uniongyrchol gyda Chanolfan y Celfyddydau Gweledol?

Ms Weston: I do not think that it hampered the monitoring to the extent that we were unable to monitor. It was difficult and hard work and officers did deal with the difficulties

Ms Weston: Nid wyf yn meddwl y llyffetheiriodd y monitro i'r graddau ein bod yn methu monitro. Yr oedd yn waith anodd a chaled ac fe ddeliodd swyddogion gyda'r

and, as an officer of the arts council, I would not go to the chairman of an organisation to resolve a difficulty that could be resolved by officers on both sides.

anawsterau ac, fel un o swyddogion cyngor y celfyddydau, nid awn i at gadeirydd corff i ddatrys anhawster y gellid ei ddatrys gan swyddogion ar y ddwy ochr.

[339] **Lorraine Barrett:** I do not know whether Mr Edge wants to come in on this.

[339] **Lorraine Barrett:** Nid wyf yn gwybod a hoffai Mr Edge ddod i mewn ar hyn.

Mr Edge: I can add a little to that, particularly about the final period shortly before closure. There are a number of letters on file asking for financial information towards the end of the period when it was actually open and it did take a letter and reminders before we were getting the management accounts.

Mr Edge: Ychydig a allaf ei ychwanegu at hynny, yn enwedig am y cyfnod olaf ychydig cyn cau. Mae nifer o lythyrau ar y ffeil yn gofyn am wybodaeth ariannol tua diwedd y cyfnod pan oedd yn agored ac fe gymerodd lythyr a sawl nodyn atgoffa cyn inni gael y cyfrifon rheoli.

[340] **Lorraine Barrett:** Sir Richard, were council members aware of the difficulties that staff had in obtaining up-to-date financial information from the applicant? Was any action taken?

[340] **Lorraine Barrett:** Syr Richard, a oedd aelodau'r cyngor yn ymwybodol o'r anhawsterau a gâi staff i gael y wybodaeth ariannol ddiweddaraf oddi wrth y cleient? A wnaethpwyd unrhyw beth?

Sir Richard Lloyd Jones: After 1999 I was not there, and I suspect that this is quite largely to do with the closing stages of the project. I do not know if Jo Weston can throw any light on this. I do not recall it being brought as an issue to council. I suspect that the ethos of the workers, if I might put it that way, would be that they saw their duty to council as being to try to resolve these difficulties themselves and not perhaps to make a meal of them at full council level.

Syr Richard Lloyd Jones: Ar ôl 1999 nid oeddwn i yno, ac yr wyf yn amau fod a wnelo hyn i raddau helaeth iawn a chyfnod olaf y prosiect. Ni wn a all Jo Weston fwrw goleuni ar hyn o gwbl. Ni chofiaf iddo gael ei gyflwyno fel pwnc i'r cyngor. Yr wyf yn amau mai ethos y gweithwyr, os caf ei roi fel yna, fyddai eu bod yn gweld mai eu dyletswydd hwy i'r cyngor oedd ceisio datrys y trafferthion hyn eu hunain ac efallai peidio â gwneud môr a mynydd ohonynt ar lefel y cyngor llawn.

[341] **Lorraine Barrett:** Before Miss Weston comes in on that, looking back with hindsight is always easier, but I understand that it is not standard practice to put in a legally binding agreement to require the applicant to provide that financial information. Looking back, would it have been a sensible thing to do?

[341] **Lorraine Barrett:** Cyn i Miss Weston ddod i mewn ar hynny, mae edrych yn ôl gydag ôl-welediad bob amser yn haws, ond deallaf nad yw'n arfer safonol cynnwys cytundeb cyfreithiol sydd yn rhwymo'r ymgeisydd i ddarparu'r wybodaeth ariannol honno. O edrych yn ôl, a fuasai hynny'n beth synhwyrol i'w wneud?

Ms Weston: I do not think it would have made any difference, because there was an agreement as part of the conditions of grant that the applicant needed to supply the financial information that we needed. It just arises sometimes that it is difficult to get hold of information and I would not report that to council or ask the council to intervene, unless it was such a huge difficulty that our involvement with the project was being seriously jeopardised.

Ms Weston: Nid wyf yn meddwl y buasai wedi gwneud unrhyw wahaniaeth, oherwydd yr oedd cytundeb yn bodoli fel rhan o amodau'r grant fod angen i'r ymgeisydd roi'r wybodaeth ariannol yr oedd ei hangen arnom. Weithiau mae'n digwydd ei bod yn anodd cael gafael ar wybodaeth ac ni fyddwn yn adrodd hynny i'r cyngor nac yn gofyn i'r cyngor ymyrryd, oni bai ei fod yn broblem mor fawr nes peryglu'n ddifrifol ein cyfranogiad ni yn y prosiect.

[342] **Lorraine Barrett:** Thank you. Did Mr Edge want to come in on this at all?

[342] **Lorraine Barrett:** Diolch. A oedd ar Mr Edge eisiau dod i mewn ar hyn o gwbl?

Mr Edge: All I wanted to say was that the basic terms of agreement, which was the letter of acceptance to standard conditions, always said 'you must provide us with regular information'. When we brought in the 'bible', as I used to call it—the thick agreements for all grants over £1 million—that just elaborated on that basic fact.

Mr Edge: Y cwbl yr oedd arnaf eisiau'i ddweud oedd bod y telerau cytundeb sylfaenol, sef y llythyr derbyn amodau safonol, bob amser yn dweud 'rhaid ichi ddarparu gwybodaeth reolaidd inni'. Pan ddaethom i mewn â'r 'beibl', fel yr arferwn i ei alw—y cytundebau tew ar gyfer pob grant dros £1 filiwn—dim ond ymhelaethu ar y ffaith sylfaenol honno a wnaeth hynny.

[343] **Janet Davies:** Alison, you will have a total of 10 minutes for anything you want to ask, including any questions about the closure of the centre.

[343] **Janet Davies:** Alison, cewch gyfanswm o 10 munud ar gyfer unrhyw beth y bydd arnoch eisiau ei ofyn, gan gynnwys unrhyw gwestiynau ynghylch cau'r ganolfan.

[344] **Alison Halford:** Following on from Lorraine Barrett's questions, the issue of whether the CVA was sharing information with you is important. Mr Tyndall told us that, from his reading of the files, the information was just not passing over to you. It is regretted that Mathew Prichard's letter has only just been given to you. However, I will read it so that all of you can comment on it. It says,

[344] **Alison Halford:** Yn dilyn ymlaen oddi ar gwestiynau Lorraine Barrett, mae'r cwestiwn a oedd y ganolfan yn rhannu gwybodaeth gyda chi yn bwysig. Dywedodd Mr Tyndall wrthym nad oedd y wybodaeth yn trosglwyddo i chi, yn ôl ei ddarlleniad ef o'r ffeiliau. Gresyn mai dim ond newydd gael copi o lythyr Mathew Prichard yr ydych. Fodd bynnag, fe'i darllenaf fel y gallwch i gyd roi sylwadau arno. Mae'n dweud,

‘the first issue concerns the accusation that the CVA in some way withheld information from the ACW. ACW is entitled to attend all formal ordinary and special meetings of the trust, and received all papers connected with these meetings. My chief executive and I pleaded at all times with ACW to be represented by senior officials at these meetings but they almost never came.’

Does anyone have a comment on Mathew Prichard’s comments in that letter?

A oes gan unrhyw un sylw ar sylwadau Mathew Prichard yn y llythyr hwnnw?

Ms Weston: Could I say, first of all, that I am not aware that anybody here today has made an accusation, and so I cannot answer that point. I think that he must be referring to another meeting.

Ms Weston: A gaf fi ddweud, yn gyntaf oll, nad wyf yn ymwybodol fod neb yma heddiw wedi gwneud cyhuddiad, felly ni allaf ateb y pwynt hwnnw. Yr wyf yn meddwl mae’n rhaid ei fod yn cyfeirio at gyfarfod arall.

On the issue of attendance at meetings of the CVA, it was, and probably remains, normal practice for the officer of the arts council who was closest to the particular art form or discipline to be the link officer who would go regularly to meetings. That is what happened in the case of the CVA. There was always—I will not say ‘always’ because I am not certain enough—but most of the time the art form officer and, occasionally, the marketing officer, was present at meetings of the CVA. I have not reviewed minutes of board meetings, but I can assure you that that is the case.

Ar fater presenoldeb yng nghyfarfodydd y ganolfan, yr oedd, ac mae’n debyg ei fod o hyd, yn arferiad cyffredin i’r swyddog o gyngor y celfyddydau a oedd agosaf at y ddisgyblaeth neu ffurf gelfyddydol arbennig fod yn swyddog cyswllt a fyddai’n mynychu cyfarfodydd yn rheolaidd. Dyna a ddigwyddodd yn achos y ganolfan. Yr oedd bob tro—ni ddywedaf ‘bob tro’ oherwydd nid wyf yn ddigon sicr—ond y rhan fwyaf o’r amser yr oedd swyddog y ffurf gelfyddydol ac, weithiau, y swyddog marchnata, yn bresennol yng nghyfarfodydd y ganolfan. Nid wyf wedi adolygu cofnodion cyfarfodydd y bwrdd, ond gallaf eich sicrhau mai dyna’r gwir.

[345] **Alison Halford:** Sir Richard, can you help us out, in your overarching responsibility?

[345] **Alison Halford:** Syr Richard, a allwch chi ein helpu, yn eich cyfrifoldeb trosfwaol chi?

Sir Richard Lloyd Jones: I do not know. I am just trying to recall whether there was ever any approach to me from the Centre for Visual Arts, saying ‘we do not like the way that you are running the council; why do you not send Mr Jenkins or someone to our meetings?’ I do not remember any such representation. However, I am afraid that I might have been a bit of a villain in this story

Syr Richard Lloyd Jones: Ni wn i ddim. Yr wyf wrthi’n ceisio cofio a gysylltodd Canolfan y Celfyddydau Gweledol erioed â mi, yn dweud ‘nid ydym yn hoffi’r ffordd yr ydych yn rhedeg y cyngor; pam nad anfonwch Mr Jenkins neu rywun i’n cyfarfodydd?’ Nid wyf yn cofio unrhyw neges o’r fath. Fodd bynnag, mae gennyf ofn efallai fy mod i wedi bod yn dipyn o ddihiryn yn y stori hon os digwyddodd,

if it had, because I hold the view pretty strongly that senior people in Government departments and quangos should not go to management meetings. It blurs the line. All your questions have been rightly focused on the issue of are the procedures right and are we insisting on the right things. It may be fine for a junior member of staff to go to report what is happening. However, I must make my view clear that I do not think that sending a council member, for example, as a regular matter to a board like the CVA trust, is a good thing.

oherwydd yr wyf fi'n weddol gryf o'r farn na ddylai pobl uchel yn adrannau'r Llywodraeth a chwangos fynd i gyfarfodydd rheoli. Mae'n cymylu'r llinell. Mae'ch holl gwestiynau chi wedi canolbwyntio'n gwbl briodol ar fater a ydyw'r gweithdrefnau'n iawn ac a ydym yn mynnu'r pethau iawn. Fe all fod yn iawn i aelod is o'r staff fynd i adrodd ar beth sydd yn digwydd. Fodd bynnag, rhaid imi fynegi fy safbwynt yn glir nad wyf yn meddwl bod anfon aelod o'r cyngor, er enghraifft, fel mater rheolaidd i fwrdd fel ymddiriedolaeth y ganolfan, yn beth da.

[346] **Alison Halford:** We do not want to dwell on this point because there are still one or two more issues to discuss. However, Mr Tyndall seemed to indicate that there was a communications problem, and we were exploring this. You are indicating that you do not recollect any communications problem.

[346] **Alison Halford:** Nid oes arnom eisiau ymdroi ar y pwynt hwn oherwydd mae un neu ddau o faterion eto i'w trafod. Fodd bynnag, yr oedd Mr Tyndall fel petai'n dweud fod yno broblem gyfathrebu, ac yr ydym yn ymchwilio i hyn. Yr ydych chi'n dweud nad ydych yn cofio unrhyw broblem gyfathrebu.

Sir Richard Lloyd Jones: It was not brought to me. I suppose what I am saying is that, if it had been—it could well have been brought to me—

Syr Richard Lloyd Jones: Ni ddaethpwyd â hi ataf fi. Mae'n debyg mai'r hyn yr wyf yn ei ddweud yw, petasai wedi—fe ellid yn hawdd fod wedi dod â hi ataf fi—

[347] **Alison Halford:** Because your chief executive will obviously top and tail things before they get to your very august level. Would you be able to comment—

[347] **Alison Halford:** Oherwydd bydd eich prif weithredwr yn amlwg yn tocio ac yn cywain pethau cyn iddynt gyrraedd eich lefel aruchel iawn chi. A allech roi sylwadau—

Sir Richard Lloyd Jones: It was not very august, I am afraid. However, I would expect to be advised by the chief executive if there was a serious problem, which he or she felt they could not resolve. As chairman, I was there to go and, if necessary, be unpleasant to people who were not doing as we required. That was one of the few things I could really offer the council.

Syr Richard Lloyd Jones: Nid oedd yn aruchel iawn, mae gennyf ofn. Fodd bynnag, byddwn yn disgwyl cael gwybod gan y prif weithredwr petai problem ddifrifol, y teimlai ef neu hi na allai ei datrys. Fel cadeirydd, yr oeddwn i yno i fynd ac, os oedd angen, bod yn annifyr wrth bobl nad oedd yn gwneud fel y gofynnem. Dyna un o'r ychydig bethau y gallwn mewn gwirionedd ei gynnig i'r cyngor.

Mr Jenkins: Since you mentioned me, Miss Halford, I am not aware—during my time, which is the early part of the project—of any

Mr Jenkins: Gan ichi gyfeirio ataf fi, Miss Halford, nid wyf yn ymwybodol—yn ystod fy nghyfnod i, sef rhan gynnar y prosiect—o

such difficulty. May I also point out that, as the papers point out, I was present myself at the steering committee meetings leading up to this. However, immediately the trust was formed, I formed exactly the same view as Sir Richard; that it was not for a senior official, and certainly not for the chief executive, to be party to the trust's decisions. There is the arm's length principle that works from Government to a sponsored body, but there is also the arm's length principle that works from a sponsored body to a trust. It was a matter for the trust to manage this affair, not the arts council. Therefore, I withdrew. However, my information, my knowledge and memory of the period that I was there is that there was an arts council observer, from the art form department mainly, at every trust meeting.

unrhyw anhawster o'r fath. A gaf fi nodi hefyd, fel y noda'r papurau, fy mod i'n bresennol fy hun yng nghyfarfodydd y pwyllgor llywio yn arwain at hyn. Fodd bynnag, unwaith y ffurfiwyd yr ymddiriedolaeth, ffurfiais i yr un farn yn union â Syr Richard; sef nad oedd yn weddus i uwch swyddog, ac yn sicr nid i'r prif weithredwr, fod yn gyfrannog ym mhenderfyniadau'r ymddiriedolaeth. Ceir yr egwyddor hyd braich sydd yn gweithio o gyfeiriad y Llywodraeth at gorff sydd yn derbyn nawdd, ond mae egwyddor hyd braich hefyd yn gweithio o gorff sydd yn derbyn nawdd at ymddiriedolaeth. Mater i'r ymddiriedolaeth oedd rheoli'r mater hwn, nid cyngor y celfyddydau. Felly, mi dynnais yn ôl. Fodd bynnag, fy ngwybodaeth a'm cof i o'r cyfnod yr oeddwn i yno yw fod arsylllydd o gyngor y celfyddydau, o'r adran ffurfiau celf yn bennaf, ym mhob cyfarfod o'r ymddiriedolaeth.

[348] **Alison Halford:** Fine. My final questions are for Mr Shortridge; it would be completely improper to waste the Permanent Secretary's time all afternoon for no apparent reason. Mr Shortridge, would it be wrong for me to say that there could have been a conflict of interest in your roles? You had to take over from Miss Weston and yet you were still the Permanent Secretary.

[348] **Alison Halford:** Iawn. Mae fy nghwestiynau olaf i Mr Shortridge; byddai'n gwbl amhriodol gwastraffu amser yr Ysgrifennydd Parhaol drwy'r prynhawn heb reswm ymddangosiadol. Mr Shortridge, a fyddai'n anghywir i mi ddweud y gallasai fod gwrthdaro buddiannau yn eich rolau chi? Yr oedd yn rhaid i chi gymryd yr awenau oddi wrth Miss Weston ac eto yr oeddech yn dal i fod yn Ysgrifennydd Parhaol.

Mr Shortridge: No, I do not see any conflict of interest at all. In effect, because of the relationship that exists between me as the departmental accounting officer and the sponsored body accounting officer, in the absence of the sponsored body accounting officer, in effect, I subsumed the delegated responsibility that I would normally have given to an accounting officer if one had been in post.

Mr Shortridge: Na, ni welaf unrhyw wrthdaro buddiannau o gwbl. Mewn effaith, oherwydd y berthynas sydd yn bodoli rhyngof fi fel y swyddog cyfrifo adrannol a swyddog cyfrifo y corff sydd yn derbyn nawdd, yn absenoldeb swyddog cyfrifo y corff sydd yn derbyn nawdd, mewn effaith, ymgynhwysais y cyfrifoldeb dirprwyedig y buaswn fel arfer wedi'i roi i swyddog cyfrifo petasai un yn y swydd.

[349] **Alison Halford:** But we would then have had no Permanent Secretary with overarching responsibility for that particular

[349] **Alison Halford:** Ond wedyn ni fuasai gennym Ysgrifennydd Parhaol gyda chyfrifoldeb trosfwaol dros y corff arbennig

organisation, if you had subsumed it, as you say?

hwnnw, os oeddech chi wedi'i ymgynnwys, fel y dywedwch?

Mr Shortridge: But the nature of the arrangements are such that I can exercise both of them satisfactorily.

Mr Shortridge: Ond mae natur y trefniadau yn gyfryw fel y gallaf ymarfer y ddau ohonynt yn foddhaol.

[350] **Alison Halford:** You can drop one off and pick it back up again.

[350] **Alison Halford:** Gallwch ollwng un a'i godi eto.

Mr Shortridge: The two are complementary and I do not think it is right to use a conflictive model. I think that the other thing that you just need to bear in mind was the question 'if not me, who?' Under the circumstances, I think that there was a shared view that I was the most appropriate person to take on these responsibilities.

Mr Shortridge: Mae'r ddau'n cyd-fynd ac nid wyf yn meddwl ei bod yn iawn defnyddio model sydd yn gwrthdaro. Credaf mai'r peth arall y mae angen ichi ei gadw mewn cof oedd y cwestiwn 'os nad fi, pwy?' Dan yr amgylchiadau, yr wyf yn meddwl y rhennid y farn mai fi oedd y person mwyaf priodol i ymgymryd â'r cyfrifoldebau hyn.

[351] **Alison Halford:** As regards the recovery of the funds and equipment on the closure of the Centre for Visual Arts, you had obviously been told that £20,000 has not been accounted for, and that £87,000 is still left in the body of the building. Could you tell us what involvement you had in the decision-making process at that time?

[351] **Alison Halford:** O ran cael yr arian a'r offer yn ôl wedi cau Canolfan y Celfyddydau Gweledol, yn amlwg dywedwyd wrthyhych chi fod £20,000 heb gyfrif amdano, a bod £87,000 yn dal ar ôl yng nghorff yr adeilad. A allech ddweud wrthym pa ran fu gennych chi yn y broses benderfynu ar y pryd hwnnw?

Mr Shortridge: It was certainly my decision that the arts council should not seek to recover grant immediately and that what the arts council should seek to do was to make the assets available so that they could be used by other organisations for the purposes for which the grant had originally been made. It was also on my behalf that the Assembly made clear that it wanted to have an appropriate closure plan in place and for the assets to be secured. I think that the officials of the arts council would have done that themselves, but I certainly sought to ensure that that was the case.

Mr Shortridge: Fy mhenderfyniad i yn sicr oedd na ddylai cyngor y celfyddydau geisio adennill grant yn syth ac mai beth y dylai cyngor y celfyddydau geisio'i wneud oedd cynnig yr asedau i'w defnyddio gan gyrff eraill i'r dibenion y gwnaethpwyd y grant ar eu cyfer yn wreiddiol. Ar fy rhan i hefyd y cyhoeddodd y Cynulliad fod arno eisiau gweld bod cynllun cau priodol yn ei le a bod yr asedau wedi'u sicrhau. Yr wyf yn meddwl y buasai swyddogion cyngor y celfyddydau wedi gwneud hynny eu hunain, ond yn sicr ceisiais i sicrhau mai dyna a ddigwyddai.

[352] **Alison Halford:** Therefore, you did

[352] **Alison Halford:** Felly, fe gytunasoch

agree that the arts council was right not to recover £3.2 million of public funding? Many lottery tickets have been sold.

fod cyngor y celfyddydau yn iawn i beidio ag adennill £3.2 miliwn o arian cyhoeddus? Mae llawer o docynnau loteri wedi'u gwerthu.

Mr Shortridge: If the decision had been made to seek recovery, the trust would have had to go into liquidation and there would have been a fire sale of comparatively few saleable assets. The judgment that I took and others shared was that, under all the circumstances, the best thing to do was to ensure that these assets could continue to be used for the purposes that they were originally acquired for.

Mr Shortridge: Pe buasid wedi penderfynu ceisio adennill, buasai'n rhaid i'r ymddiriedolaeth ymddiddymu a chawsid arwerthiant brys o gymharol ychydig asedau gwerthadwy. Y farn a gymerais i ac a rennid gan eraill oedd mai'r peth gorau i'w wneud, dan yr amgylchiadau i gyd, oedd sicrhau y gallai'r asedau hyn barhau i gael eu defnyddio i'r dibenion y'u prynwyd ar eu cyfer yn wreiddiol.

[353] **Alison Halford:** Is it acceptable in the public sector, in these circumstances, to sell off assets such as the information technology equipment? Are you aware how much the IT equipment cost originally to the taxpayer?

[353] **Alison Halford:** A ydyw'n dderbyniol yn y sector cyhoeddus, yn yr amgylchiadau hyn, i werthu asedau megis yr offer technoleg gwybodaeth? A ydych yn ymwybodol faint gostiodd yr offer TG yn wreiddiol i'r trethdalwr?

Mr Shortridge: That is a matter that the arts council is currently pursuing.

Mr Shortridge: Dyna fater y mae cyngor y celfyddydau yn mynd ar ei ôl ar hyn o bryd.

[354] **Alison Halford:** I am sorry but I do not understand that.

[354] **Alison Halford:** Mae'n ddrwg gennyf ond nid wyf yn deall hynny.

Mr Shortridge: I think that there are issues arising from figure 11 about the equipment—the assets which have not been found, and the terms upon which the IT equipment was sold to staff—that need further examination, and that is happening.

Mr Shortridge: Yr wyf yn meddwl fod yna faterion yn codi o ffigur 11 ynglyn â'r offer—yr asedau na chafwyd hyd iddynt, a'r telerau y gwerthwyd yr offer TG i staff arnynt—sydd angen eu harchwilio ymhellach, ac mae hynny'n digwydd.

[355] **Alison Halford:** I understand—and we have been given quite a wodge of papers—that £250,000 went into IT equipment, and to only claw back £7,000 does not give the taxpayer very good value for money, you might consider.

[355] **Alison Halford:** Deallaf—a chawsom gryn bentwr o bapurau—fod £250,000 wedi mynd i mewn i offer TG, ac nid yw crafu dim ond £7,000 yn ôl ddim yn rhoi gwerth da iawn i'r trethdalwr am ei arian, gallech feddwl.

Mr Shortridge: I do not want to challenge your point, but all I would say is that the IT

Mr Shortridge: Nid oes arnaf eisiau herio'ch pwynt, ond y cyfan a ddywedwn yw

equipment not found and the IT equipment purchased by staff is not all the IT equipment that we are talking about.

nad yr offer TG na chafwyd hyd iddo a'r offer TG a brynwyd gan staff yw'r cyfan o'r offer TG yr ydym yn siarad amdano.

[356] **Alison Halford:** I do not know about that. While I gather momentum again, Alun, would you like to take over this particular point?

[356] **Alison Halford:** Ni wn i ddim am hynny. Tra byddaf yn hel momentwm eto, Alun, a hoffech chi gymryd tro ar y pwynt arbennig hwn?

[357] **Alun Cairns:** I would like to pursue the point in a different way. We have heard about the independent advice that has been received, in terms of the same advisers—the three Ms, here they are, McCann Matthews Millman—from the outset at the concept stage right the way through in terms of their visionary advice. Mr Shortridge, do you feel that there is any recourse against the advice that they gave, considering that it was such bad advice?

[357] **Alun Cairns:** Hoffwn fynd ar ôl y pwynt mewn ffordd wahanol. Clywsom am y cyngor annibynnol a gafwyd, yn nhermau'r un ymgynghorwyr—y tair M, dyma nhw, McCann Matthews Millman—o ddechrau'r cysyniad yr holl ffordd drwodd yn nhermau eu cyngor a'u gweledigaeth. Mr Shortridge, a deimlwch fod unrhyw hawl digolledu yn erbyn y cyngor a roesant, o ystyried ei fod yn gyngor mor wael?

Mr Shortridge: That is something on which I will reflect in the light of this hearing, but I think that a lot of the evidence that you have received this afternoon is indicating that, certainly in the view of those people who were involved at the time, they have not been telling you that, in their judgment, this was bad advice.

Mr Shortridge: Dyna rywbeth y byddaf yn myfyrio amdano yng ngoleuni'r gwrandawriad hwn, ond yr wyf yn meddwl bod llawer o'r dystiolaeth a gawsoch y prynhawn yma'n dangos, yn sicr ym marn y bobl hynny a oedd yno ar y pryd, nad ydynt hwy wedi bod yn dweud wrthynt mai cyngor gwael, yn eu barn hwy, oedd hyn.

[358] **Alun Cairns:** Do you think, in terms of preventing this sort of situation arising in the future—because we always need to be looking forward—do you accept that, whenever the public sector contracts private sector consultants to offer advice, a policy should be looked at in terms of stating the potential recourse against poor advice?

[358] **Alun Cairns:** A ydych yn meddwl, o ran atal y math hwn o sefyllfa rhag codi yn y dyfodol—oherwydd y mae angen inni edrych ymlaen o hyd—a ydych yn derbyn, pryd bynnag y bydd y sector cyhoeddus yn contractio ymgynghorwyr o'r sector preifat i gynnig cyngor, y dylid edrych ar bolisi yn nhermau datgan yr hawl digolledu potensial yn erbyn cyngor gwael?

Mr Shortridge: That is a consideration, but I imagine that, whether or not you make it an explicit term of the contract, professional advisers are under a duty of care to the people to whom they are providing their

Mr Shortridge: Mae hynny'n ystyriaeth, ond fe dybiwn, p'run ai y gwnewch hynny'n un o delerau penodol y contract ai peidio, fod ymgynghorwyr proffesiynol dan ddyletswydd gofal i'r bobl y maent yn darparu'u

services, so that course should be available in normal circumstances, I would say.

gwasanaethau iddynt, felly y dylai'r llwybr hwnnw fod ar gael mewn amgylchiadau arferol, ddywedwn i.

[359] **Alun Cairns:** There are wider themes that such consultants and advisers give the Assembly in relation to a whole range of projects and issues. This is just one of them on which we could reflect. I am trying to draw out a themed approach in terms of the recommendation that the Committee could make to the administration.

[359] **Alun Cairns:** Mae themâu ehangach a roddir gan y cyfryw ymgynghorwyr a chynghorwyr i'r Cynulliad yn ymwneud ag amrediad llawn o brosiectau a materion. Dim ond un ohonynt y gallem feddwl amdani yw hyn. Yr wyf yn ceisio meddwl yn nhermau thema am yr argymhelliad y gallai'r Pwyllgor ei wneud i'r weinyddiaeth.

Mr Shortridge: There clearly is an issue around the body satisfying itself that it has adequate arrangements in place to recover from its professional advisers if they have not advised satisfactorily, so I accept that as an issue, but I think that one has to be careful. I would think that for recovery—proving that advice has not met the professional standards—I think that some very high standards of proof would normally be required. However, I accept the principle that you are making as one which is well worth considering.

Mr Shortridge: Yn amlwg mae'n fater i'r corff ei fodloni ei hun fod ganddo drefniadau digonol i adennill oddi wrth ei ymgynghorwyr proffesiynol os nad ydynt wedi rhoi cyngor boddhaol, felly derbyniaf hynny fel pwynt, ond yr wyf yn meddwl bod yn rhaid bod yn ofalus. Byddwn i'n meddwl er mwyn adennill—profi bod cyngor heb gwrdd â'r safonau proffesiynol—yr wyf yn meddwl y byddai angen safonau uchel iawn o brawf fel arfer. Fodd bynnag, derbyniaf yr egwyddor a wnaethoch fel un y mae'n werth ei ystyried.

[360] **Alison Halford:** Two last—

[360] **Alison Halford:** Dau gwestiwn olaf—

[361] **Janet Davies:** I am sorry Alison, you have not only had your 10 minutes, you have had 14.

[361] **Janet Davies:** Mae'n ddrwg gennyf Alison, yr ydych nid yn unig wedi cael eich 10 munud, cawsoch 14.

[362] **Alison Halford:** Just two.

[362] **Alison Halford:** Dim ond dau.

[363] **Janet Davies:** No, I am sorry, that is the end. We have come to the end of the session because it finishes at 5 p.m. and, although perhaps there were one or two questions we would like to have pursued, I think that we have run out of time. I know that Sir John Bourn wishes to make a brief comment.

[363] **Janet Davies:** Na, mae'n ddrwg gennyf, dyna ddiwedd. Yr ydym wedi dod i ddiwedd y sesiwn oherwydd mae'n gorffen am 5 p.m. ac, er efallai fod un neu ddau o gwestiynau y buasem wedi hoffi mynd ar eu hôl, yr wyf yn meddwl ein bod wedi rhedeg allan o amser. Gwn yr hoffai Syr John Bourn wneud sylw byr.

Sir John Bourn: I would just like to repeat the point that I made, which I know is accepted, that the report that is before the Committee was one agreed by myself and the accounting officer as to both facts and interpretation, and we can, of course, file evidence for everything that was in this report, and that is the basis on which it was done, as is the convention. The witnesses have spoken, as they were asked to do, and have every right to do, and it is quite right that they were not speaking as accounting officers, and I accept that everything that they said was said in good faith. However, they did make reservations about aspects of the report which cast some doubt on the professionalism and competence of the National Audit Office staff, and I ought to say on the behalf of my people that, in the nature of today's proceedings, they have not had the opportunity to examine these reservations, and they would not necessarily accept them all. I would just like to place that on the record, Chair.

[364] **Janet Davies:** Right. Thank you very much.

Mr Jenkins: Chair, just a quick response to that, accepting that point by Sir John. Mr Cairns asked us whether we would be willing to submit a list of other reservations that we have. We have not covered them all this afternoon. With your permission, we would like to submit a list of other reservations which Sir John and his staff may like to consider.

[365] **Janet Davies:** I think that, if that list comes in, clearly, Sir John's staff should be able to comment as well.

Mr Shortridge: Just as a point of clarification for the Committee, as accounting officer for the Assembly, and as the accounting officer who had responsibility for the arts council for one year, I and my

Syr John Bourn: Hoffwn ailadrodd y pwynt a wneuthum, sydd wedi'i dderbyn, mi wn, fod yr adroddiad sydd gerbron y Pwyllgor yn un a gytunwyd gennyf fi a'r swyddog cyfrifo o ran ffeithiau a dehongliad ill dau, a gallwn, wrth gwrs, ffeilio tystiolaeth dros bopeth a oedd yn yr adroddiad hwn, a dyna'r sail y gweithredwyd arni, yn unol â'r confensiwn. Mae'r tystion wedi siarad, fel y gofynnwyd iddynt wneud, ac y mae ganddynt bob hawl i wneud, ac mae'n berffaith iawn nad oeddent yn siarad fel swyddogion cyfrifo, a derbynïaf fod popeth a ddywedasant wedi'i ddweud yn ddidwyll. Fodd bynnag, fe fynegasant amheuan ynghylch agweddau o'r adroddiad a fwriodd beth amheuaeth ar broffesiynoldeb a chymhwysedd staff y Swyddfa Archwilio Genedlaethol, a dylwn ddweud, ar ran fy mhobl, nad ydynt, yn natur gweithrediadau heddiw, wedi cael y cyfle i archwilio'r amheuan hyn, ac na fyddent o reidrwydd yn eu derbyn i gyd. Hoffwn gofnodi hynny, dyna'r oll, Gadeirydd.

[364] **Janet Davies:** Iawn. Diolch yn fawr iawn.

Mr Jenkins: Gadeirydd, dim ond ymateb sydyn i hynny, â derbyn y pwynt hwnnw gan Syr John. Gofynnodd Mr Cairns inni a fyddem yn fodlon cyflwyno rhestr o amheuan eraill sydd gennym. Nid ydym wedi'u trafod i gyd y prynhawn yma. Gyda'ch caniatâd chi, hoffem gyflwyno rhestr o amheuan eraill yr hoffai Syr John a'i staff eu hystyried efallai.

[365] **Janet Davies:** Yr wyf yn meddwl, os daw'r rhestr honno i law, yn amlwg, dylai staff Syr John allu rhoi sylwadau hefyd.

Mr Shortridge: Dim ond fel pwynt o eglurhad i'r Pwyllgor, fel swyddog cyfrifo ar ran y Cynulliad, ac fel y swyddog cyfrifo a oedd â chyfrifoldeb dros gyngor y celfyddydau am flwyddyn, edrychais i a'm

colleagues looked very carefully at the report and gave the assurance to the Auditor General in the normal terms. I am not aware of any factual inaccuracy relating to the matters for which I had personal responsibility.

cydweithwyr yn ofalus iawn ar yr adroddiad, a rhoesom y sicrwydd i'r Archwilydd Cyffredinol yn y termau arferol. Nid wyf yn ymwybodol o unrhyw anghywirdeb ffeithiol ynghylch y materion yr oedd gennyf fi gyfrifoldeb personol drostynt.

[366] **Janet Davies:** Thank you very much.

[366] **Janet Davies:** Diolch yn fawr.

Sir Richard Lloyd Jones: I ought to respond as well to Sir John.

Syr Richard Lloyd Jones: Dylwn innau ymateb i Syr John.

[367] **Janet Davies:** I am sorry, Sir Richard, but this is going on and on. I do not want to get into a situation where we are having it batted back and forth.

[367] **Janet Davies:** Mae'n ddrwg gennyf, Syr Richard, ond mae hyn yn mynd ymlaen ac ymlaen. Nid oes arnaf eisiau mynd i mewn i sefyllfa lle caiff hyn ei fatio yn ôl a blaen.

Sir Richard Lloyd Jones: I simply wanted to say that we have not meant to traduce NAO staff, but I believe that this situation could have been avoided if it was clear that we were going to be asked to attend this meeting, and had had a chance to see the report before it was published. The other question I would like to ask, please, is about the status of this hearing. I think that it is possible that we shall be faced with press inquiries afterwards, and if you have any guidance to us as to what we should say, that would help.

Syr Richard Lloyd Jones: Dim ond eisiau dweud yr oeddwn nad ydym wedi bwriadu pardduo staff y Swyddfa Archwilio Genedlaethol, ond credaf y gallesid osgoi'r sefyllfa hon pe bai'n glir y byddai'n ofynnol inni ddod i'r cyfarfod hwn, a phe baem wedi cael cyfle i weld yr adroddiad cyn ei gyhoeddi. Y cwestiwn arall yr hoffwn ei ofyn, os gwelwch yn dda, yw ynghylch statws y gwrandawriad hwn. Yr wyf yn meddwl ei bod yn bosibl yr wynebwn ymholiadau gan y wasg wedyn, ac os oes gennych unrhyw arweiniad inni ynghylch beth y dylem ei ddweud, byddai hynny'n gymorth.

[368] **Janet Davies:** I do not think that I can give you guidance. All I can say, as far as status is concerned, is that it is a normal Audit Committee hearing. I also need to thank you for your great efforts in giving us full and helpful answers in what was a rather unusual situation. However, I can assure you that you will receive a draft transcript, so if you feel that there are any factual inaccuracies, you can come back and point them out. That will be published as part of the minutes, and you need to be aware of that. When we publish our report, it will be included as an annex to

[368] **Janet Davies:** Nid wyf yn meddwl y gallaf roi arweiniad ichi. Y cyfan y gallaf ei ddweud, cyn belled ag y bo statws yn y cwestiwn, yw mai gwrandawriad arferol gan y Pwyllgor Archwilio ydyw. Mae angen imi ddiolch ichi hefyd am eich ymdrechion mawr i roi atebion llawn a buddiol inni mewn sefyllfa a oedd braidd yn anarferol. Fodd bynnag, gallaf eich sicrhau chi yr anfonir trawsgrïpt drafft atoch, felly os teimlwch fod unrhyw wallau ffeithiol, gallwch ddod yn ôl a'u nodi. Cyhoeddir hynny fel rhan o'r cofnodion, ac mae angen ichi fod yn ymwybodol o hynny.

the report. Certainly, I cannot give you any advice on what you say to the press.

Pan gyhoeddwn ein hadroddiad, fe'i cynhwysir fel atodiad i'r adroddiad. Yn sicr, ni allaf roi unrhyw gyngor ichi ar beth a ddywedwch wrth y wasg.

The only other business that we have this afternoon is to note some papers and approve the minutes of the last hearing. You are free to leave. I do not want to suggest actions to you, but I think that you may wish to leave. Thank you.

Yr unig fusnes arall sydd gennym y prynhawn yma yw nodi rhai papurau a chymeradwyo cofnodion y gwrandawriad diwethaf. Yr ydych yn rhydd i fynd. Nid oes arnaf eisiau awgrymu ichi beth i'w wneud, ond yr wyf yn meddwl efallai y byddwch yn dymuno mynd. Diolch i chi.

*Daeth y sesiwn gymryd tystiolaeth i ben am 5.03 p.m.
The evidence-taking session ended at 5.03 p.m.*

(1) Hoffai'r tyst ei gwneud yn glir nad oedd y cyfarfod hwn yn agored i'r cyhoedd, ond i'r aseswyr a benodwyd yn unig.

(1) The witness wishes to clarify that this meeting was not open to the public, but to the appointed assessors only.

Dim ond copi caled Saeneg sydd ar gael

Nid oes copi Cymraeg ar gael

From: ' .

Annex D

Mathew Prichard, C.B.E., D.L

29 November 2001

Janet Davies

Chair, Audit Committee

National Assembly for Wales

Cardiff day.

Cardiff CF99 INA

Dear Janet Davies

CENTRE FOR VISUAL ARTS

Please accept what follows as written evidence towards your enquiry into the Arts Council of Wales' handling of the Centre for Visual Arts. I am giving it in my capacity as Chairman of the Trustees of CVA and as a Trustee of my family, charity, the Colwinston Charitable Trust. I do rest

think there is a significant divergence of interest between these two bodies in what I have to say below: This letter makes no attempt to deal ~ with the details of the evidence you have so far received on .the NAO report, but there are two important issues an which I and my fellow CVA trustees wish to comment. .

Before doing so, however, I personally wish to refute the ridiculous suggestion either that same deference was paid to me as, a past Chairman of the Arts Council in this matter, or that I used this position to lobby the Arts Council in the hope of influencing their decisions. Neither was the case and in fact I and my two colleagues, Michael Clarke and Robert Maskrey who were also past members of the Axis Council feel that if anything the reverse was the case. I would remind you that I did not serve an the Arts Council with Sir Richard Lloyd-Jones, Jo Weston, Sybil Crouch, Rhys Parry or Francis Medley.

The first issue concerns the accusation that the CVA in snare way withheld information from ACW. ACW vitas entitled to attend all formal ordinary and special meetings of the Trust and received all papers connected with these meetings. My chief executive and I pleaded at all times with ACW to be represented by senior officials at these meetings, but they almost never came. Indeed., our chief executive remembers proposing to senior Arts Council officers, shortly her we received a grant from the Heritage Lottery fund (who did have formal monitoring procedures) that there should be a formal monitoring procedure along HLF lines. This proposal was rejected. Also if our failure to produce information was really an. issue, where is the written evidence putting us on formal notice to produce it? I can remember no. serious pressure on us by senior ACW financial officers. Also, at the end of 1999 and the beginning of 2000 I made serious attempts to see the then, Minister for Culture, Tom Middlehurst, but access to him was refused. My communications with Jo Weston and Sybil Crouch were almost wholly unproductive, but at no stage were we asked to address problem of lack of information or mismanagement.

Janet Davies letter (cont.)

29 November 2001

Secondly and most importantly, my colleagues and I are anxious that you and your colleagues understand that, despite the agreed problems of unrealistic; business plans, it was foot inevitable that tile CVA should collapse. At a meeting on 31 March 2000, attended by Jo Weston, it was agreed to appoint an independent assessor (David Elford) to put forward options for the future of CVA at existing and increased levels of funding. On the basis of this our family charity agreed to .underwrite the centre for a further £250,000 of which nearly £180,000 was actually spent. The trouble was that subsequently ACW never really engaged with David Elford, stubbornly refused even to consider extra funding or to approach the National Assembly for it. The recommended option of the David Elford report would have lead to changes. in funding, management, staffing and charging policy as well as a revised exhibition programme with a closer synergy with Welsh culture and collaboration with the National Museums and Galleries of Wales. This option was broadly acceptable to our charity, Cardiff County Council but, so far as I know; was never seriously considered by ACV. If they never had any serious intention of listening, to an independent assessor, it would have been better, however painful, to have closed the centre at the end of March 2000, with a consequent saving of significant funds to ACW and our charity.

We were very surprised, in what was more or less a constant crisis for months on end that at no time did it appear to enter ACV's head that they had an investment to protect, or an artistic ideal to promote. Realistically, our constant attempts, formally or informally, to appeal to, the Assembly were doomed to failure if there was no effective communication between ACW and the Assembly. We were also amazed that the priorities which, must have governed one of the largest lottery grants in Wales evaporated to the extent that Sybil Crouch told me that despite significantly increased grants from the Assembly announced at roughly the salve time as CVA's closure, CVA did not rank as a priority. Nowadays we are moving into fumes that are prepared to consider endowment funding from lottery sources. What a sensible (if, from CVA's point of view, belated) idea that is.

Finally, I would like to say something on a personal note about tire management of risk. Management of risk does not of course mean the avoidance of all risk, which can never .be absent from projects like this. I feel that CVA occurred too early in the lottery cycle for ACW's senior officers to recognise or manage risk. This project could either have ended much earlier, or, as demonstrated above, still be ins existence. Perhaps with the benefit of hindsight, either would hive been better than. what actually happened. There are other examples in England of early lottery projects that failed, far similar reasons. I hope that, with the benefit of this experience, ACW will have the courage to strengthen their systems and have the nerve to take difficult decisions, rather than creating more hurdles for creative people and independent boards to jump before obtaining lottery money.

Your investigations clearly have as their priority the internal arrangements ACW have far administering public money, including lottery money. This letter is intended to make the point that important and indeed essential as these arrangements are, the National Assembly and ACW cannot proceed in isolation from the private sector, iii as you say you do, you seek private sector support for these schemes. Apart from the matters mentioned in your report, the mast damaging factor which eventually resulted in the demise of CVA was the complete lack of communication

2.

Janet Davies letter (cont.)

29 November 2001

or integrated planning between different sections of ACW, particularly the lottery and revenue sections; between ACW and the Assembly; and between CVA and all these parties. Hopefully, after this fiasco, there will be every incentive to improve.

Yours sincerely

Mathew Prichard

c.c. Michael Clarke
Robert Maskrey
Ian Brown

3.

Annex E

EMYR JENKINS

18 December 2001

Mr Howell Rees

Clerk to the Audit Committee

The National Assembly for Wales

Cardiff Bay

CARDIFF CF99 1NA

**THE ARTS COUNCIL OF WALES, CENTRE FOR VISUAL
ARTS**

As promised at the evidence session held last Thursday, December 13th, I enclose a document outlining my reservations with the above report by the National Audit Office.

I explained to the Audit Committee that as I retired from ACW on April 3rd 1998, my observations have to be confined to events which happened before that date.

My reservations with the report should not be taken to imply that the CVA was a great success, it clearly was not. This document aims to correct some of the inaccuracies in the report and tries to demonstrate that, without the benefit of hindsight, the judgements that were made and the decisions that were taken at the time were reasonable.

I am content for you to pass this document to the NAO but would ask that I, in turn, be allowed to see the NAO's response before it goes back to the Audit Committee.

I look forward to hearing from you.

Yours sincerely

EMYR JENKINS

THE ARTS COUNCIL FOR WALES: CENTRE FOR VISUAL ARTS

SUBMISSION BY EMYR JENKINS, FOLLOWING ASSEMBLY EVIDENCE SESSION 13 DEC 2001

This document lists the serious reservations I have with the above published Report.

Para 1.5

In 1995, when the initial decision to fund this project was taken, the sponsoring department was The Department of National Heritage.

Para 1.8 .

The Chairman of the Trust is currently President of the National Museum. He did not assume this post until late 1996, over two and a half years after leaving The Welsh Arts Council. This paragraph gives the impression that all three posts were held concurrently.

Para 2.4

Appendix 1 shows the Policy Directions issued under Section 26(1) of the National Lottery Act 1993 as amended by the National Lottery Act 1998. These Directions, are different from the ones under which the first two capital grants were made to the CVA - in 1995 and 1997.

Para 2.7

The Auditor's Report, time and again, takes as its base point the 1992 feasibility study. This is misleading.

The feasibility study was a document for two years before the Trust was formed and two years before the National lottery was established. It was followed by another preparatory document called the Next Steps in May 1993 which refined the original proposals and even these were further developed before the Trust submitted its first application for lottery funding in January 1995. Some aspects of the feasibility study survived this development process and some did not - as is to be expected of a document which was not prepared with a view to applying for National Lottery funds. The correct base point as far as the ACW Lottery Unit is concerned is the Trust's initial application for lottery funding, in January (1995?). It was at this point that the CVA plans were first subjected to rigorous assessment by ACW Lottery staff and all that had gone before was part of the development process leading to this stage. The 1992 feasibility study did not determine the forecast visitor numbers included in the first funding application. Whereas the feasibility study forecast the visitor numbers to be 282,000 in the first year, rising to 340,000 within ten years, the application presented to ACW forecast 252,025 visitors in the first year rising to 260,320 visits within five years.

Para 2.10

The comparator figures quoted here are taken from the 1992 feasibility study, ie. they are 1991 figures and the Report shows the following totals for the National Museum of Wales.

	Cathays Park	St Fagans
Report	157,000	288,000

However, the latest available figures at the time the first application was being considered were:

1993/1994	244,337	408,443
-----------	---------	---------

These figures provide a much firmer comparison for forecasting a Potential CVA audience of 250,000.

Para 2.11

It is correct that some of the comparators in the feasibility study had free admission, but the CVA first application did not replicate the potential audience figures of the study, and the two 1993/1994 comparators quoted above also had admission charges at the time the application was being considered.

As the Trusts first application states, the CVA had always been considered as part of a larger arts attraction in that it was intended to complement the city-centre arts provision - it was within a quarter mile of the Museum, within two hundred yards of Cardiff Castle and adjacent to St. David's Hall with its all-day activities which included art exhibitions.

In the light of the 1993/1994 comparator figures quoted above, the final sentence of this paragraph could well be true - but it supports the CVA figures, rather than undermines them.

Para 2.12

I would dispute strongly that the Oriel Gallery and the existing operation in the Old Library are 'comparable arts attractions'. Oriel was far too small to represent a meaningful comparator and the Old Library exhibitions were, on the whole, mounted voluntarily by the resident artists.

Para 2.15

Again, this paragraph is entirely concerned with the feasibility study, not the application form being considered for funding, eg. it talks of the visitor figures reaching a 'plateau at a level some 20% above launch figures (i.e. 340,000)'. There is no mention of this figure in the Trust's application.

Para 2.18

The Trust's first application set the visitor numbers at 22,000 and, for reasons already explained, this is the figure which should be regarded as a base for future comparison, not the 282,000 quoted in the 1992 feasibility study. There is

criticism that ACW did not consider the effect that reducing the visitor figures had on the business plan, but in 1992 no business plan had been considered for funding. Figure 9 should therefore be shown as.

First Lottery Application	252,000	
Second Application	205,000	-19%
Third application	182,000	-28%

It follows from this that the first intimation that ACW would have had that visitor figures were falling was when the second application was being considered in 1997. The Report states that 'the projected visitor numbers in the business plan were red but without a corresponding adjustment in admissions income' shown below, this was not the case. . .

Para 2.19

Contrary to the Report's findings, ACW did indeed identify these changes and the Assessor's Report on the second application makes it clear that the Trust had already revised its business plan. It states as follows:

'The applicant's Business Plan has been prepared by Deloitte Touche in association with the Trust Director. While broadly based on assumptions carried within the original lottery application, the data have (sic) been thoroughly reviewed, and, notably in the case of admission targets, revised with caution. The documentation contains comprehensive forecasts for profit and loss, balance sheet position and cash-flows.'

Para 2.21

Yet again, the Auditor's Report looks back to the 1992 feasibility study - except that it has now become a 'report'. This is an example of the lack of terminological rigour which causes difficulty later in the NAO Report.

There is a clear correlation between the fall in visitor forecast and the rise in admission charges - or, conversely, the impact of the rise in admission charges on the visitor forecast.

Para 2.22 and 2.23.

The Report claims that the use of the term 'contemporary visual art' in the first application represents a change of artistic policy which would have a detrimental effect on visitor numbers. It is correct that Mr Hugh Hudson Davies's letter of 19 April 1995 defines 'contemporary art' to mean the work of living artists, but ACW's offer letter to the Trust of 28 April 1995 makes it clear that the grant of £2 million was conditional on the acceptance by the Trust and the National Museum 'that the term 'contemporary art' includes art produced in the 20th century'.

The feasibility study mentioned Picasso (1881-1973), Matisse (1872-1944) and Mondrian (1869 -1954) all of which are included in the above definition and it is difficult to discover the justification for the statement that 'the first lottery application moved away from this policy'. It did not and there was no reason to challenge the Trust.

The Report's description of ACW's Lottery Advisory Board as a committee that assessed applications and made recommendations to Council on projects over (£50,000 is not correct. At the time of the CVA application, the LAB was scrutinizing every application for capital funds, not just those over £50,000. This is not an important point in itself but illustrates once again the lack of attention to detail permeating this Report.

Para 2.24.

This is another example of the lack of terminological rigour mentioned earlier.

The Report claims, that a 'Tourist and Citizen, Information Centre area' was dropped from the final plans axe lottery applications without a challenge from ACW. The brief given to AEA for the 1992 feasibility study mentions 'a citizen's information centre (dealing particularly with the arts and culture)-'

4.The feasibility study itself proposes 'a tourist and. citizen's information area' with 'its focus on 'cultural and historical orientation interpreted in the widest possible way), rather than an provision of general information on holiday accommodation and transport.' No mention here of the 'centre' quoted in the Report.

The Next Steps document of May 1993 lists among the contents of the scheme 'A foyer and information area (145 sq. m).'

The Trust's first application in 1995 fists among the project's main elements 'A Foyer and information area (145 sq. m)'. .

This feature of the CVA was present throughout the design development and was a prominent feature of the building when it opened. The Report seems to consider this to be a Tourist Information Centre similar to those run by local authorities or by the Wales Tourist Board. This was never the intention and, when the CVA opened, this area of the CVA fulfilled the original intention. There was no omission, therefore no 'impact of this omission on visitor numbers'.

Para 2.25

The Report castigates ACW for not acting an the concerns of the external assessor regarding weaknesses in the CVA's marketing plans. These concerns were set out in the assessment of the first application in 1995.

However, when assessing the 1997 application the external assessor wrote;

'Following observations in the previous assessment concerning weaknesses in planning for marketing, the applicant has acted. swiftly and effectively to place marketing at the core of the project's management, including becoming a member of Cardiff Arts Marketing. An experienced arts manager has been employed as a consultant to address pre-opening and launch issues, including branding, naming and corporate identity, commission primary market research; and to begin to address long-term marketing strategy. The analyses are comprehensive, as is the proposed action programme'.

This observation shows clearly that the assessor's initial reservations on marketing had been communicated the Trust and had been acted upon 'swiftly and effectively'. Indeed, all the external assessments were shown to the Trust and were the subject of a continuing dialogue.

Para 2.27

The external assessor did not state that the Trust was in need of more business expertise 'on its management team' _ The assessor's words were;

'Regarding the Trust, it is acknowledged that same mare business use would be helpful and, specifically, a person experienced in the management of visitor attractions.'

Clearly, the assessor had in mind here the appointment of another Trustee, not another employee. However the Trust was already very strong an general business experience at an extremely senior level, and contained several prominent experts in the arts world.

Para 2.29

It is difficult to set justification for this criticism and the external assessor's report in fact expresses quite reverse opinion. The MMM assessment of the second (1997) application contains the following paragraph:

‘In broad terms, the expectation is that the Project will run at an annual loss which, at its peak in the first five year's, will be some f.250,000. This is stated before revenue funding from ACW of

£200,000 per annum to 2002/2003. A private Trust has offered a guarantee against loss of £250,000 in total for the first three years, of operation, with the possibility of further support thereafter.

Hence, certainly for the opening years, the Project is financially secure, assuming that it meets its

Targets for earned income and limits expenditure in line with forecasts.'

It would have been impossible for the Trust to attract private or commercial sponsors to a visual arts centre which was not yet open and which could not demonstrate a successful track record. The Report dismisses the charitable organisation which was covering the first three years' deficit -but in 1997 that was the only way which the CVA could establish a track record with which to attract further sponsorship. This strategy was noted by the external assessor in the assessment of the second application:

'sponsorship arid trusts: the target here is £100,000 per annum from year 2 onwards.'

The 1997 estimates showed that the CVA was solvent for the first three years. The problem was that the estimated admission income did not materialise, not that private sponsorship was absent.

Para 2.31

This paragraph suggest that ACW has only 'now" adopted a three-stage consideration of large capital projects. This three-stage procedure was adapted as far back as 1997 but it was too late to subject this project to that procedure: At the time this application was received., these was no guidance specifying to which RIBA stage the building plans needed. to be developed.

Para 2.33

The decision to go ahead with the project had to be made before 1 April 1995, not 1 April 1996 as stated in the Report. If the project was to go ahead, Cardiff City Council had to include the capital commitment in its final budget, for the 1995/1996 financial year.

Para 2.36

This section repeats the misleading conclusions of the previous paragraphs.

Para, 3.2

ACW did establish monitoring and evaluation systems to administer lottery capital grants. These were validated by the NAO mid there is no suggestion in the Report that these procedures were not operated fully.

It should be noted here that the NAO was also ACW s external auditor and none of the criticism in this Report was expressed during this annual process.

Para 3.5

No formal risk assessment was requited in 1995, in the early days of the National Lottery. Today, this seems to be an obvious omission. However, it is difficult to see what 'contingency plan' could have been adopted apart from stopping the grant and aborting the project. To do this half-way through the development would have ensured that no lottery-funded project would ever again attract matching funding from any other source.

This is not to say that there was no contingency provision throughout the development. The MMM assess of the first application comments thus about the initial budget forecast:-

'It incorporates a realistic element for contingencies. Cash-flow projections appear sound.'

And again;

'The applicant has subjected financial projections to a sensitivity analysis of 10% and expects to be able to reduce expenditure should this be required in the event of income streams failing while remaining aware of the need to sustain a quality product. Overall, sensitivity has been a major issue for the applicant, particularly during protracted negotiations with the local authority.'

In the event, a sensitivity analysis of 10% proved insufficient in the light of the actual visitor numbers, but, without the benefit of hindsight, it was deemed reasonable at the time.

Para 3.7 .

This is an extract from the Trust's first application form;

"The original Steering Group and subsequently the Trust have taken seriously the issue of realistic costing and planning from the outset. Financial contingencies are built in at every stage. These contingencies represent normal and prudent allowance (based on advice from the Architect and Quantity Surveyor) for alteration and refurbishment projects of this nature.

A control system will be agreed with the Architects through the Quantity Surveyor to ensure satisfactory management of contingency monies. The Trust has no staffing contracts which leave it or the project exposed at any stage so no structural work will be undertaken until the funding is secure.'

Then, in answer to the question, 'What are your contingency plans in the event of substantial problems arising with this project?', the Trust replies;

'In addition to the above, a named Trustee (Michael Clarke) will take responsibility for project monitoring at Trustee level. The Trustees will appoint a professional in-house project manager once funding allows the project to go ahead and the Director has been appointed. David Langdon and Everest will, in addition to their role as Quantity Surveyors, be retained as cost and risk assessors and will report to the Trust at regular intervals.'

It is difficult to understand how this response justifies the Report's comment that the Trust 'did not answer this question but just provided the name of the Trustee that they planned to make responsible for project monitoring.'

Para 3.9

It is difficult to know when to commission a formal report from the project monitor if not when 'a specific problem arose or at appropriate work stages of the project.' There is correspondence on file, however, which confirms that the project monitor was in monthly contact with the ACW Grants Monitoring Officer.

Emyr Jerkins

17 December 2001

Joanna Weston

47 Hamilton Street

. Pontcanna .

Cardiff CF11 9BP

Telephone: '029 20 345 270

Mobile: 07870 941 853

December 2001

e-mail: jo.weston@ntlworld.com

Mr Howell Rees

Clerk to the Audit Committee

The National Assembly for Wales

Cardiff Bay

Cardiff CF99 1NA

Dear Mr Rees

I attach my written comments on the National Audit Office report on the Arts Council of Wales: Centre for Visual Arts. I feel it is necessary to set my comments on the report out in writing since it was not practicable during the recent meeting to cover them all in sufficient detail. I hope that this will be an adequate response to Mr Cairns' request to let the Committee know of any errors contained in the report. I also attach the list of key monitoring meetings and documents, as discussed during the meeting.

I would like to add that it saddens me to have to disagree at such length with this report. I feel sure that, if my colleagues and I had been consulted as to matters of fact during its compilation, it would not have been littered, as it is, with omissions, factual errors, misunderstandings and misinterpretations.

I would also hope at all times to be helpful to the work of the Audit Committee, and only regret that the failure to consult my colleagues and myself made it a more difficult task than I would have liked.

P764C373 CP

If there is any further query please let me know, and I look forward to receiving the draft transcript of the meeting.

Yours sincerely,

Joanna Weston

Joanna Weston - NAO report on CVA Dec 01

There are a number of omissions in this report which mean that the report fails to give a balanced picture of the circumstances surrounding the Arts Council of Wales' capital and revenue grants to the Centre for Visual Arts during 1995-2000. In particular the failure to consult ACW Divisions other than Lottery, i.e. Access and Artform, mean that the description of the monitoring regime is incomplete. These omissions are:

Para Statement of Fitness

The report fails to mention the role of the National Audit Office in issuing a checklist for

- 1 & lottery distributors to develop their systems for lottery funding. These systems, including developing
1.5 guidelines for applicants, the application process and the monitoring process were then the subject of
scrutiny and confirmation that systems were adequate from the NAG to the Accounting Officer for the
Department of National Heritage. The DNM then agreed a "statement of fitness" to the lottery
distributor. The start of fitness confirmed that ACW's systems and processes complied with the
Directions and Financial Directions issued by the Department and that ACW was acting properly
within its regulatory framework. This process took place during early 1995, shortly before the first
ACW capital grant to the CVA.

It is worth noting that the report does not at any point say that ACW failed to act within its regulatory framework, or within the requirements of the Directions and Financial Directions for Lottery Distribution or at any time failed to follow its own and government guidelines in accordance with its accountability regime.

2 Role of NAO as external auditor

Throughout the period of developing systems (which included such matters as appointment of assessors) as well as subsequently, NAO exercised its role as external auditor of ACW. Any recommendations that were made in connection with the systems and practice of distribution of Lottery money were acted on promptly.

3 NAO Monitoring of CVA

NAO reviewed the whole process around the granting of funds and general monitoring of the Centre for Visual Arts annually in line with the Financial Direction:

(6.2) The Council must seek from the NAO checks on a sample of its appraisals of individual projects to ensure that its standards of project appraisal have been applied to Lottery funding and remain current and credible

I would have expected this report to comment on any recommendations that were made and whether they were acted upon in connection with this annual monitoring.

On the site visit in which it was discovered *that* the secure storage had been removed from the specification, (see 3.12) ACW staff were accompanied by a member of NAO staff as part of the annual review.

There seems to have been no consultation of non-lottery ACW staff during the preparation of the report. It appears from the report that the NAO is under the impression that the ACW's lottery distribution systems are stand-alone and have no connection with other Divisions of ACW. This is far from the case, and much of the

monitoring activity which is missed in the report was carried out by key staff from the Access and Artform Divisions working in collaboration with lottery staff. In order to examine ACW's monitoring of the project it would be necessary for the NAO to consult officers in other parts of the organisation.

Part I INTRODUCTION

1.8 The Chairman of Trust was not at the time President of the Museum, he was Vice President.

1.12 *Delays in the refurbishment programme led to a month delay to opening the centre."*

What is omitted here is any mention of the impact of Cardiff County Council putting its support on hold. This in itself cited a 5-month delay to the capital and pre-opening programme with a resulting impact on revenue and capital funds. The January 1998 McCann Matthews Millman report notes:

"Project delay: The decision of Cardiff County Council to withdraw its capital funding and fundamentally review the project before re-confirming support, introduced a 5-month delay to the original project programme ... the effects of this third party action need to be considered as a significant negative factor throughout the assessment of the project's progress."

PART 2 - THE DECISION BY ACW TO FUND THE CVA

Adrian Ellis Associates (AEA) is described as "a firm of management and business consultants" - the report fails to mention the fact that AEA was the co-ordinating consultancy but that a professional team including architects, quantity surveyors and engineers had appropriate input into the feasibility study. These were:

Brochocka Baynes	Exhibition consultants
Noel Partners	Architects
Downie Partnership	Quantity Surveyors
Gregory & Partners	Consulting Engineers
Michael & Partners	Structural Engineers

2.4 (See appendix 1) The wrong government directions are reproduced here. The original directions were very different; several clauses in the 1998 directions were not in existence in the 1993 directions, for example clause iii:

[the need] *"where capital funding or stiffing up costs are sought, for a clear business plan beyond the period of the grant, incorporating provision for associated running and maintenance costs."*

2.4 McCann Matthews Millman: This consultancy is not merely a "firm" of business and management consultants". It is a specialist, and anti of the leading specialists in the UK, on arts marketing and research. It is:

- Founder members of the Arts Marketing Association;
- Contributors to international seminars on building new audiences, eg for British Council February 2001;

- Contributors to Arts Marketing Association conference in Birmingham,, July 2001.
- Contributors to the International Society for the Performing Arts;
- key consultants in many local authority arts strategies.

2.7 "The Project Changed": it is incorrect to say that the concept of the project changed in ways that inevitably impacted on visitor numbers. It did not. That was the whole point of the Memorandum of Understanding, part of which was fiat all parties to agree that "contemporary art" means broadly art produced in the twentieth century. Some quote from key documents demonstrate that the incept was not changed:

February 1996. McCann Matthews Millman: *"The artistic policy is to show and originate major national and international exhibitions for which there is no other suitable venue in Wales"*

November 1998. Arts Council of Wales annual client review of CVA (John Hambley and Ann Ke11away): *...many exhibitions are expected to be internationally significant in scale.*

December 1998. Director of CVA in annual revenue application to ACW: says that they need to *"build a reputation for good handling before they will get international exhibitions"*

March 2000. Brief to consultant agreed with CVA (extract from the background written by CVA): *"The CVA aims to develop as a major centre for contemporary and historic visual art end craft in Cardiff and Wales. The purpose of the consultancy is to consider how best to achieve this vision within existing facilities and achievable financial resources ..."*

Another omission here is any mention of the government's initiative to abolish charge; for museums and galleries. This was not anticipated at the time of the original concept It did cause concern, as I think a review of the minutes of CVA Trust meetings would have shown, and was another reason for the downward revision of estimated attendance in the third application in February 1998.

2.9 Figure 8 - By the time of McCann Matthews Millman's February 1997 assessment, the projection of 200,000 visitors would make it "equal second with Techniquest" of visitor attractions.

McCann Matthews Millman also said in 1997: *"The development of new audiences for the visual arts and the key concentration on reaching young people is probably unique in Britain, taking forward the work of Techniquest in generating interest and involvement in the arts and science.* It was therefore acknowledged that there were no comparators which would offer a direct comparison with the planned CVA.

2.10 Current figures at the time were:

9213:	NMGW	250,000	St Fagans	363,000
9314:	NMGW	24,000	St Fagans	408,400

The fact that the comparators varied significantly should not in itself have caused concern. On the contrary, if one knows all or some of the venues, it could provide

reassurance that the concept of the facility being planned was entirely different - significantly bigger and more popular - than some of those in the list.

2.11 The majority of the comparators did charge. Given the nature of the attraction, and the fact it was part of the city centre area, charges seemed reasonable and were the norm at the time.

2.11 The second bullet point mentions comparators that were "*part of a larger attraction*" So was the CVA, as part of Cardiff City Centre. The McCann Matthews Millman report notes that it will "add to the critical mass in the City Centre

There was also confidence that the building was popular, and evidence that a relatively low-key attraction was able to attract 71, 000 with an' ad-hoc and not very widely marketed programme.

2.11 In general it is fair to say that the demographic indicators were given more weight than the comparators. The original market research estimated that something like 20% of the adult population was the potential market for 2 a gallery. This was then adjusted for socio-economic indicators (76/100) in the October 1992 AEA feasibility study. This estimate was confirmed "by Beaufort research in April 96 carried out by Anne Kellaway on behalf of Valleys Arts Marketing, which found, (Arts Attendance in Wales: Main trends and conclusions) that 19.7% of adult population visited galleries once a year or more.

2.12 Oriol is completely irrelevant It was very small, with very limited marketing, and an exhibition policy which focussed on living contemporary artists exclusively.

2.13 Demographic research is not expected to survey individuals.

2.14. Later November 96 research of people visiting the area showed that 62% of respondents had visited a gallery or museum in the last 12 months - this would give a much higher estimate than in the original desk-based research. (Nearly all the venues listed charged at the time although charging is not specifically mentioned in the questionnaire).

NMGW .	64%
Other Cardiff	32%
St Fagans	43%
Techniquet	32%
Other British	42%
Craft centres/shops	36%

2.16 The Arts Council of Wales did ensure there was a detailed marketing plan to underpin the assumptions. This came at a later stage as you would expect for a capital development covering a number of years. (See 2.19 and 2.25 below.) The November 1998 (ACW Access Division) officer report on CVA's application for revenue funding notes:

"ACW agrees marketing strategies for this stage are satisfactory"

2.17 This qualitative survey was to assess cement awareness of plans at the CVA in order to inform its marketing approach. It was not intended to replace the original quantitative research. It was described in the February 1997 McCann, Matthews Millman report:

"Primary market research, commissioned by the applicant, shows a very reassuringly positive perception of the project amongst target people."

2.19 Fall in Visitor Numbers and Subsequent Challenge: the statement that ACMI did not identify 'inconsistencies' and did not challenge the Trust is incorrect. ACW did ask the Trust to account for the corresponding fall in revenue and revise its business plan:

- The reduction from 282,000 in the original feasibility study, not relevant as it was not the basis of ACW's evaluation. It had in any case, been reviewed and reworked by Adrian Ellis Associates in November 1993. This review had formed the basis of a report, 'Next Steps', to the steering committee which included the Welsh Arts Council.
- The first estimate that ACW had was 20,000 and admission of £2.951 E1.75. This was assessed by McCann Matthews Millman as being possibly pessimistic.
- It is worth noting that the Wales Tourist Board (which contributed to the capital thought that the initial proposed charge was too low.
- The second estimate in January 1997 was 205,000. Discussion with applicant assured the project officer that the increase in price allowed for the fact that visitor numbers would go down as a result. The two were always completely connected. The 205,000 estimate was assessed by McCann Matthews Millman in February 1997:
"admissions - the penetration rates appear to be modest and, therefore, the target is prudent in my estimation, as a new facility, visitor numbers could well exceed forecasts in year 1. The business plan as presented is as robust as if it is possible to be for a new and untried project. While careful monitoring will be a pre-requisite, the plans demonstrate a good level of financial viability being possible."
- The third estimate, in February 1998, was 182,000. McCann Matthews Millman had carried out a general progress report in January 1998- This assessed overall progress against the original application and business plan including programme, policy, education, marketing and the business plan. The report notes that further work was planned by the Trust on reviewing targets for admissions:

- *"The outcome of the decision on ACW revenue funding is clearly key to future planning. When this is known CVA will need to provide updated sensitivity analysis, showing the impact of failure to secure income streams from sponsorship, charitable donations and admissions and the contingency action that would follow a 'worst-case scenario' needs to be developed."*
- This was acted upon in the normal way, by providing a copy of the report to the client, and discussing what actions would be taken. Action taken by the CVA is

- confirmed in a letter (4.6. 1998) from the Director of CVA. to the ACW Chief Executive, confirm. : plan.
- The December 1998 Trust application to ACW for revenue funding 1998/99 contains a comprehensive description of marketing, education and. programme strategies and states that:
- *"Plan of work for the year includes revision of business plan against factors such as actual programme proposals, current assessment of market assumptions and ticketing structures."*
- Lottery application for equipment costs 97-1042: refers to *further details of policy and programme development in the period is also included within the application for ACW revenue funding submitted to the ACW in December 1998."*
- 3.12.1998 Ann Kellaway (ACW marketing officer) report for management team notes a letter sent by ACW asking for the following further information before a grant offer could be .made:
 - revised balanced budget
 - any revision of programmed activity since the. original application
 - revised activity form
 - cashflow forecast

The report notes *'the above has now been received by ACW. The pre-opening programme of activities has been reviewed by John Hambley and myself.*

- A file note of a meeting January 99 Access Director, Senior Lottery officer and Director of Trust notes:

'As outlined in SW's of 22.92.99 the Lottery unit also needed confirmation that a balanced budget for running the Centre had been approved by the Access Development Division.'

2.23 ACW was not "alerted" to a change of policy since there was none. The board member was alarmed because his own interpretation of contemporary was a different one from that used by both the CVA and ACW and *this* was confirmed through the Memorandum of Understanding.

The description of the Lottery Committee as dealing only with applications "over £50, 000" is incorrect. This became the practice much later.

2.24 The planned information and foyer area was-in the feasibility study, in the application, and in the building itself. It was always intended to be an area where historical send cultural information would be available, not a tourist information centre.

2.25 These concerns were acted on swiftly by the CVA:

McCann Matthews Millman Report 18.2.,1997: "Following observations in the previous assessment concerning weaknesses in planning for marketing, the applicant has acted swiftly and effectively to place marketing at the 'core of the project's management,

including becoming a member of CAM ." [Cardiff Arts Marketing]

- 2.26 It is incorrect to say that ACW failed to act on the attitudinal survey. See McCann Matthews Millman comment at 2. 17 above.
- 2.27 This is a misreading of the assessors report. The assessor was talking about the makeup of the Trust, (i.e. the voluntary members of the `hoard') not the staff team. The trust argued that with the appointment the previous year of Robert Maskrey (businessman and. Chair of ACW Marketing Panel). they had good business expertise and they already had people with visitor attraction experience - Michael Clarke (Chair of the Buildings Committee of NMGW) and Mathew Prichard, (President of NMGW), and ACW accepted this view.
- 2.29 It is incorrect to say ACVII did not act on these concerns. Every aspect of assessors' reports was always discussed at monitoring meetings with the Director of the Trust. It is notoriously difficult to attract sponsorship. before opening a new venture, but the Trust in any case had in place a `guarantee against loss' from the Colwinston Trust of £250,000 in tail over the first three years. This is a high level of sponsorship by a private sponsor by any standards.

2.33 **PART THREE - MONITORING**

This is an incorrect data. It should read 1995.

- 3.5 The report claims: "*The Council appoints independent project monitors ... to monitor and report on progress.*" This is incorrect. This may seem like a minor point but it is important in the light of the comment "*only five reports over the life of the project*". ACW routinely appoints an assessor for an application, not for the life of the project, so you would expect one, or one group, of reports for each application for funds. Monitoring is carried out by a combination of full-time ACW monitoring officers and professional assessors at predetermined key points of big building projects.

Attached is a list of 35 key monitoring meetings and fetters. 'this is not necessarily comprehensive since much of the monitoring was carried out through ACW (non-Lottery) officer presence at Trust board meetings, and I have not had an opportunity to review Trust meeting minutes.

- 3.5 The report claims that "*the Arts Council had a responsibility-to ensure that the project was completed successfully and on time*". The Arts Council of Wales' responsibilities as a distributor of lottery money is set out comprehensively in the government Directions and Financial Directions. The `responsibility' referred to does not appear anywhere in these documents and I would be most interested to know the source of this information. If ACW were to have such a responsibility it would seem on the face of it to be in direct contradiction to the ACW internal guidance, based on company law, to avoid acting in the capacity of 'shadow director' of a client company.

Guidance an risk assessment was issued by the Department for National Heritage same considerable time after the original directions, and when it was, the Arts Council of Wales took it fully into account.

ACW revised its procedures in the light of experience soon. after the first rounds of capital grants - about t 1997/8. It is misleading to give the impression that revision of procedures is a recent occurrence.

In the light of the constant emphasis in the report on the feat that *"the Arts Council assures us that procedures have now been revised"*, it is important for the authors of the audit report, and members of the National Assembly Audit Committee, to be aware that these improvements were put into place during the *time that Sir Richard Lloyd Jones was Chairmen of the Arts Council of Wales.*, Emyr Jenkins its Chief Executive, Joanna Weston its Lottery Director and Robert Edge its Senior Capital Projects Officer.

- 3.10 Monthly monitoring was already leaking place end payments were already being claimed and scrutinised on a monthly basis, therefore it cannot be correct to say that *the Arts Council of Wales has revised ifs guidelines to require that all recipients submit their claims for payment on a monthly basis.*" Excerpts from key documents demonstrate this:

23.9.1998 Letter from Siariys Evans to Robert Edge:

" I continue to be in contact, with Craig Blundell [ACW full-time monitoring officer]; if there are issues that he considers worth raising at the point of monthly payments then we discuss and agree on any actions.".. *ACW receives the control document showing payments against the original budget headings which we agreed at the outset.*"

- 3.10 With-holding payments: it is misleading to say *The Arts Council of Wales has told us that it -will in the future withhold the monthly draw down of funds if it is not satisfied with the progress of the projects since this implies that it has not been the case in the past. That this is incorrect is demonstrated by several items of routine correspondence:*

12.2.199. Letter from Craig Blundell to Trust Director setting out further information required:

- Stage D plans
- Fee breakdown
- cost analysis
- changes in fee structure

and `to date we have not received these (previously requested) cashflows. We would take this opportunity to reiterate that we are unable to release any further payments until they have been received."

17.11.1998. Officer report on CVA's revenue application: Summary: *"Receipt by ACW of the full pre-opening programme proposals wilt be necessary before the 99-00 revenue grant can be released."*

8.1.99. ACW File note of meeting at CVA office with Trust Director, another Trust employee, ACW Access Director, ACW Senior Visual Arts Officer, ACW Senior Capital Projects Officer. Notes discussions concerning revenue application and the need far a balanced budget, also discussion of information requirements before capital drawdown is possible.

22.12.1998 Letter from ACW Arms Director to Trust Director *"the Trust has*

received 3.lottery applications based on the original business plan including £200K [revenue] from ACW The Lottery Division will not authorise any further capital payments until balanced revenue budget proposals have been agreed

- 3.11 I acknowledge that it was difficult to get information, but ACW officers (Access and Artform as well as Lottery) worked very hard, dealt effectively with the problem and obtained the information required. There was in the end not a problem with the capital project, through very vigorous intervention of ACW officers and external monitors.

The NAO report states that in January 2000 the most up to date figures held by ACW were for August 99 - but omits to mention that by February 2000 ACW had figures to December 99.

- 3.12 It is true that ACW was not informed of loss of secure storage space. When it was discovered, ACW took prompt action to help CVA to function effectively. ACW officers were accompanied on this visit by a representative of NAO as part of NAO's annual monitoring of this project. A letter from the Senior Capital Projects Officer to the Trust Director following this visit notes:

This raises the issue of government indemnity. It has long been a stated intention of COLT to mount exhibitions of national and international status. In your lottery application January 1997 the design of the gallery is to be a standard to gain government insurance indemnity ... aware you have been in touch with the Museums & Galleries Commission ...I would strongly recommend that you contact (officers) at MGC."

CVA argued than secure storage was net essential and that closure of the gallery space affected would overcome the problem A letter of 23.3. 1998 from the Trust Director to ACW Visual Arts Officer notes:

"the CVA will net be closed to the public during installation. The first door centre for example will remain open closure of exhibition spaces fear turnaround is not new and has been in since feasibility stage."

This Correspondence demonstrates that the omission of secure storage, while posing a

logistics problems for turnaround of exhibitions, did not in itself prevent the showing of exhibitions of national and international status. The auditors report is therefore incorrect on this point.

- 3.13 CVA did respond to concerns expressed by ACW and the Trust's Director wrote to ACW Chief Executive in April 1998 to say they had appointed Deloitte & Touche to re-assess the business plan, particularly in the light of the delayed opening.

3. 14 This is a misunderstanding of the assessor's report. In his report the assessor noted that same items could be taken as read since they were the same as far the previous application, and some items were still to be assessed, and he then went on to assess them himself, which he was qualified to do. (Eg. quality of design and construction) He only notes financial viability is still to be assessed. This had been undertaken earlier in the year by McCann Matthews Millman and CVA's responses to the recommendations, including the re-appointment of Deloitte Touche to review the business plan, were followed up by ACW lottery and non-lottery officers over the course of evaluating the application for capital and revenue funding.

- 3.16 ACW did take action iii getting the client to agree to a joint commission of a consultant to assess how the running of the project should change to respond to the financial difficulties. This was in effect a contingency plan. The David Elford report was not 'highly critical of the business plan' so much as critical of the lack of artistic focus and direction: It also noted

Whilst the longer term was being examined it would have been prudent to have sought tire support of ACW for reductions in activity. Certainly correspondence shows that the Arts Council were pressing hard for reductions in expenditure.

The Elford report also notes that option 2 "provides *the prospect of a balanced budget.*" This would have involved both top floors being commercially let and exhibitions continuing to take place tin a reduced scale, but would at least have meant the building would remain open and the Trust a going concern. That the Trustees chose riot to take this course is a matter for them, and should not be used to point blame at ACW.

Joanna Weston

December 2007 .

Arts Council of Water grants to Centre far Visual Arts:

List of other monitoring activities

1.	3.4.96	Letter from COLT (Cardiff Old Library Trust to Lucy Jones (Senior Capital Projects Officer) re design and enclosing design appraisal and Osprey brief
2.	12.4.96	Memo from Isabel Hitchman (Acting Visual Art Director) to Lucy Jones re change of architects
3.	1.5.96	Letter from Emyr Jenkins (Chief Executive ACW) to Byron Davies (Chief Executive Cardiff County Council) re CCC considering withdrawing. Asking for consultation.
4.	1.5.96	Letter from Byron Davies to Emyr Jenkins noting "agreement automatically terminates 2 May 96"
5.	3.5.96	Letter from COLT Director to Director of Property Services re lapse of agreement
6.	24.9.96	Letter from COLT Director to Assistant Director Education & Culture CCC noting confirmed £3.1 m
7.	15.11.96	Letter from COLT to Robert Edge (Senior Capital Projects Officer) informing him signed deed of grant and regiment for lease.
8.	27.11.96	Debbie Green (Lottery Division Finance Manager) to COLT Director: explaining that ACW needs a months notice before drawdown and what ACW can and can't pay for, ie, not revenue expenses. Notes arrangements re Noel Architects were discussed at recent site meeting with Joanna Weston (Lottery Director) and Robert Edge. Also asking for revised cashflow - reference to government guidance re paying correct % of expenditure. Reminding that ACW still needs cashflow to include additional Lottery bid as Agreed 1.11.96 and requests <i>"Please ensure ACW is informed in writing of Any significant event"</i> .
9.	24.1.97	Memo to Lottery Director from Acting Visual Art Director concerning timing re CCC possible withdrawal of offer.

10.	27.1.97	<p>Siarlys Evens report with covering letter to Craig Blundell (Lottery Division)</p> <p>Monitoring Officer and Robert Edge:</p> <p><i>'we now have a clear view documented on your spreadsheets of the changes that have occurred on this project between its original approval and Nov 96.</i></p> <p>Report: January 1997 BDP (Building Design Partnership) comment:</p> <p><i>Current proposals have been submitted for planning permission and listed buildings consent This generally takes place at Stage D .</i></p> <p><i>... The fact that there was a appraisal of the scheme which was the subject of the successful application to ACW which has led to a reappraisal of the design brief arid the development of new proposals, makes it important for ACW to be appraised of the burden of the changes and to be assured that area costs and quality have been maintained within the spirit of the ordinal .</i></p> <p><i>...I attach Appendix A evaluation of the movement of costs between fee element and construction which has resulted from the appointment of a second design team and the introduction of additional consultants into the projects.</i></p>
-----	---------	---

11.	12.2.97	Letter from Craig Blundell to Trust Director setting out further information required: Stage D plans Fee breakdown cost analysis changes in fee structure
		and notes <i>"to date we have not received these (requested previously) cashflows. We would ... reiterate that we are unable to release any further payments until they have been received."</i>
12.	24.2.97	Siarlys Evans monitoring report
13.	4.3.97	Siarlys Evans report and covering letter refers to <i>'our meeting with Mr Michael Clarke, Director of COLT, QSs and project managers'</i>he goes on to analyse cashflow
14.	18.3.97	Osprey (CVA building project managers) letter enclosing further information requested <i>"at our meeting with Siarlys yesterday" and describing enhancements.</i>
15.	18.3.97	Siarlys Evens further assessment
16.	20.3.97	Project Officer supplementary report to special meeting of Lottery Board: <i>"At the Board site meeting an 6th March the Trust presented the news that the second stage tenders had come in substantially over budget. The value obtained from these [additional] surveys and investigations should be reflected in a reduction in fire risk element in the contract"</i>
17.	14.4.97	Letter from CCC solicitor extending relevant period from 29.3.97 to 26:6.97
18.	19.4.87	Report from Osprey project management re fact of tenders coming in above estimate.
19.	18.4.97	Letter Trust Director to Robert Edge confirming meeting, one agenda item being <i>'discussion of the monitoring process from now on including the scope and timing and format of information aired.'</i>

20.	23.4.97	Note of meeting for purpose of monitoring compliance with conditions of grant attended by Craig Blundell, Debbie Green, Sally Medlyn (Trust Director) and M T Jones (Trust Finance Manager)
21.	Jan 98	McCann Matthews Millman report to ACW on 2 key areas: overall progress of project against original application and business plan; expenditure of lottery monies for Trust Management
22.	25.2.8	PO preliminary Report to Lottery Board notes revised estimated audience 181,968
23.	1.3.98	<i>Siarlys Evans assessors report 97-1042 "ACW have been aware from the time that the original building grant was approved that there would be a further application and I am satisfied that the present application does present a bona fide application for equipment":</i>
24.	96.3.98	Sally Medlyn letter to Robert Edge enclosing further information 'in response to your recent letter'
25.	12.10.98	Letter Sally Medlyn to Robert Edge re appointment of Colour Consultants and Project Manager, attaching quotes from Ben Kelly Design and Osprey.
26.	29.10.98	Letter Robert Edge to Sally Medlyn re meeting Oct 6 re impact of delayed opening - <i>"we need to be assured capital funds are not at risk"</i> . Specific issues: impact of new design consultants fees for design timing of Trust taking. Possession of building Notes they have agreed that <i>'a cash flow forecast for each-of the cost</i>
		<i>headings is best way for both COLT and ourselves to check and monitor the remainder of the of the project.'</i>
27.	27.10.98	Letter Sally Medlyn to Dr Katherine Davies (Senior Capital Projects Officer): expects to have <i>'a fully revised programme and cashflow for the fit out works from Osprey next week</i>

28.	17.11.98	<p>ACW annual review. John Hambley (Senior Visual Arts Officer and Ann Kellaway (Senior Access Officer, Marketing)</p> <p><i>..many exhibitions are expend to be internationally significant in scale.</i></p> <p><i>Marketing:</i></p> <p><i>ACW agrees marketing strategies for this stage are satisfactory</i></p> <p><i>Financial:</i></p> <p><i>CVA is aware of ACW revenue constraints and will budget for £200K+3% in 99-00</i></p> <p><i>Summary: Receipt by ACW of the full pre-opening programme proposal will be necessary before the 99-00 revenue g rant can be released:'. </i></p>
29.	1.12.98	<p>Letter (?) Sally Medlyn to' John Hambley noting that they [CVA] need to build a reputation for good handling before they will get international exhibitions</p>
30.	22.12.98	<p>Letter Sandra Wynne (ACW Access Director) to Sally Medlyn: <i>'The Trust has received 3 lottery applications based on original business plan including £200K from ACW. ACW cannot endorse a situation where plans for managing the centre show expenditure in significant excess over projected income. We need evidence that the management shares our concerns on this point and has made the necessary changes to its plans and forecasts to enable the budget to balance. The Lottery Division will not authorise any further capital payments until balanced revenue budget proposals have been agreed.'</i></p>
31.	4.2.99	<p>Letter Sally Medlyn to Dr Katherine Davies re re-allocation of screens money and monitoring details</p>
32.	17.2.99	<p>Annual grant offer £125;333 y/e March 99 with full conditions of grant</p>

33.	25.2.99	<p>Letter. Dr Katherine Davies to Sally Medlyn refers to meeting with her and Craig Blundell and Peter (?) last Tuesday: <i>"as we discussed at that meeting, now that ACW has received formal notification of your intention to remove the gallery screens from the building contract, we are in a position to confirm this is approved. Any savings from this commission, may be transferred from the building project into the budget for the fit-out but the ACW percentage may not be used a matching funding to the ACW grant for this phase. We also discussed gallery screens in broader context: customised systems ...16 exhibitions.. revenue implications are significant. It was agreed that a detailed breakdown of project costs would be draw -up by CWA exhibition officer and submitted to the Access Division. I have informed Sandra Wynne of this.'</i></p> <p>Refers to completion of assessment: <i>"Siarlys informs that the outstanding information was not submitted by Ospreys until 23 February. It will be fully reviewed by next week and the report submitted to you for comment".</i></p>
34.	23.3.99	<p>Letter from Dr Katherine Davies to Sally Medlyn: <i>Thanks for arranging visit for myself, Craig and Siarlys. We were also accompanied by Julia Evans of the NAO who is very interested in the project'</i></p> <p><i>Raises issue of government indemnity: 'It has long been a stated intention . of COLT to mount exhibitions of national and international status. In your lottery application Jan 1997 'the design of the gallery is to be a standard to gain government insurance indemnity.. .. aware you here been in touch with the Museums. Galleries Commission ...I .would strongly recommend that you contact (officers) at MGC.</i></p> <p><i>A major concern is the lack of any secure storage area although this was included in the Stage D plans and ACW has not been formally notified of its removal. Also concerns re load-in arrangements satisfactory' as it would appear that the zones originally designated for-collections now appear to overlap with public and service areas.'</i></p>

72 Parc Bryn Derwen

Llanharan.

Pontyclun

CF72 9TU

Howell Rees

Clerk to the Audit Committee

The National Assembly for Wales

Cardiff Bay

Cardiff CF99 1NA

20 December 2001

Dear Mr Rees,

The Arts Council of Wales: Centre for the Visual Arts

You will remember at the Audit Committee session on 13 December Alun Cairns asked the witnesses to produce a note of errors in the Auditor General's report.

Please find attached my note that covers the points that I would have wanted to make had there been sufficient time at the hearing.

Please let me know if I can assist any further.

Yours sincerely,

Robert Edge

8	2.7	"the 1992 study formed the basis for a number of key decisions throughout the project, including the forecast visitor numbers."	I was not aware that this had been the case. The decision was based on the information contained in the application submitted in January 1995. The 1992 study forecast 282,000 visitors.
9	2.10	The forecast number of ...visitors to the CVA was above the average for the comparators across the United Kingdom.	This is irrelevant and does not add to the argument.
10	2.12	Oriel Gallery	This is an unfair comparator, Oriel Gallery was tiny. It had one exhibition space that was no more than about 1000 sq feet.
11	2.12	Old Library Building itself	This is also an unfair comparator. The condition of the Old Library before refurbishment was grim. Additionally the exhibitions referred to were put to ether on a very limited budget.
12	2.14	"because the nature of the visitor attraction. changed fundamentally'	It did not. See 1.1 above.
13	2.15	"The research indicated that some seven per cent of the local-	As stated above I do not believe that the 1992 study was relied upon

Comments on 12:24 the Auditor General for Wales' report "The Arts Council of Wales: Centre for Visual Arts"

		population attended galleries, significantly lower than the national average-This conclusion of the feasibility study contrasts sharply with its projected visitor numbers for the Centre for Visual Arts being higher than the average of the comparator museums and galleries."	However, it is obvious that there should be a lower propensity to attend galleries in an area that does not contain many significant galleries.
14	2.16	"there was no explanation for these particular assumptions used in the assessment set out in the report of the implications for the Centre for Visual Arts if these assumptions proved to be incorrect. The Arts Council of Wales did not press these points, or ensure there was a detailed marketing plan to underpin them."	This was a feasibility study. It contained the judgements of leading professionals in the UK at the time. Feasibility studies use essentially general indicators and do not contain detailed marketing plans. These come much later in the project development process.
15	2.18	Figure 9	This is misleading. The base figure should be the first Lottery application.
16	2.19	"The Arts Council of Wales did not identify these inconsistencies and did not challenge the Old Library Trust as to why their	This is not true. There is evidence in the files held in ACW that can prove otherwise.

		projected visitor numbers were falling."	
17	2.21	"By the time the Centre opened to the public in 199, the entry charges had: risen to £3.50 full price and £2.50 concessionary. Despite these various changes to the pricing structure, at no point was there any consideration of the potential impact these price increases might have on the projected visitor numbers as set out in the 1992 feasibility study report."	This is untrue. Each time the trust used a higher entrance price in their planning mode, they reduced the forecast visitor numbers.
18	2.22	All.	The programme did not change. See 1.1 above.
19	2.23	"a committee that assessed applications and made recommendations to Council on projects over MAO!"	In 1995 it made recommendations to Council on all Lottery applications.
20	2'25	All.	The report was copied to the Trust. They addressed these concerns.

Comments on 12:24 the Auditor General for Wales' report "The Arts Council of Wales: Centre for Visual Arts"

21	2.27	All	The report was copied to the Trust.
----	------	-----	-------------------------------------

22	2.29	"However, little work had been carried out to attract private sponsor to back the project once it was open. The project was thus heavily dependent on visitor numbers to achieve its revenue targets."	Untrue. There was a reasonable mix of revenue sources (see Appendix 2 of report), which included considerable private sponsorship from the Colwinston Trust.
23	2.29	"The external assessor advised ... the Arts Council of Wales did not act."	The assessor's report was copied to the Trust.
24	2.32	Figure 10 .	There is an error here. The first: lottery application was made in January 1995.
25	3:3	All.	Monitoring also took place at the time of each claim on the grant. The nature, amount and detail of the claim provided valuable monitoring information, which could flag up actual or potential problems. Project Officers noted their concerns, if they had any, on every payment requisition form.
26	3.4	"The Council also appoints project monitors"	This is incorrect. See 1.7 above.
27	3.5	"the Arts Council of Wales had a responsibility to ensure that lottery funds were used for the purpose intended, to assess and monitor the risks involved in the project and to ensure that the project was completed successful and on time."	If I remember correctly, the financial directions did not say more than "to ensure that lottery funds were used for the purpose intended."

28	3.7	"The Arts Council of Wales did not assess the full extent of these risks and no contingency plan was developed ... "	There was no obligation on ACW to do either of these things. Risk assessments were brought in following government guidance c. 1998. Developing a contingency plan was a matter for the Trust.
29	3.8	"The Council has revised its procedures".	While this is technically correct, it is misleading. These procedures were revised in 1997.
30	3.10	The Axis Council of Wales has revised its guidelines to require that all recipients submit their claims, for payment on a monthly basis,	Again this is misleading. In most construction projects grant architect's certificates trigger claims for drawdown of grant. These certificates are usually issued monthly. Contractors normally have to be paid within 14 days of issue of the certificate. Thus during the

Comments on 12:24 the Auditor General for Wales' report "The Arts Council of Wales: Centre for Visual Arts"

			construction process roost Payments were made on a monthly basis.
31	3.10	"The Arts Council of Wales has told us that it will in future withhold the monthly draw down' of funds if it is not satisfied with the progress of the project."	Payments were withheld on a number of occasions during this project ~ There should be evidence of this on the (ales held at ACW.
32	3.11	This means that the Arts Council of Wales received financial statements too late to ensure that it had adequate time to act on any concerns."	As stated above ACW did act on its concerns and did, on occasion, withhold payments.
33	3.12	"Thus the Council's monitoring detected this Change too late: In the project to correct the design of the construction."	It was not ACW s role "to correct the Design", if such a concept exists. The responsibility for the design rested with the Trust. ACW did however contact the trust to raise this issue immediately.
34	3.14	"the project monitor said. serious doubts about the financial viability of the Centre"	I think it unlikely that the project monitor would make such a comment. Professionally he is an architect and was employed for his knowledge of construction projects not business plans.

35	3.16	"the Arts Council of Wales.. .had no action plan in place to overcome the financial difficulties"	This was the role of the Trust. .ACW did commission the Elford report to assist in this respect.
36	3.17	"However, the Arts Council of Wales have agreed not to invoke the clawback provision of the lottery award "	At this time the Accounting Officer of ACW was the Permanent Secretary of the National Assembly. The Trust had few assets that could be realised for clawback. Furthermore any such decision would have forced the Trust into insolvency and a liquidation would have been appointed. His fee would have needed to be met from the proceeds of asset sales and thus fewer, if any, of the assets would have been transferred to other arts organisations.

Robert Edge

Howell Rees Esq
Clerk to the Audit Committee
National Assembly for Wales

7 January 2002

Dear Mr Rees

CARDIFF CENTRE FOR VISUAL ARTS

Thank you for your letter of 19 December. I attach a notes of the two minor corrections I proposed to my oral evidence on 13 December.

In view of what follows I would like to draw attention to my observations in answer to Q280 and Q283-4. I fully recognise my responsibility as chairman of the Arts Council for Wales from April 1994 to March 1999 and my duty to answer for it. That is why I agreed to appear before the committee. I know that my colleagues approached the hearing in the same spirit.

The committee now have before them the added benefit of the written evidence submitted by Mr Jenkins, Ms Weston and Mr Edge. Given the fullness of their statements, I am not at present intending to make a written submission to the committee. But I note that the opportunity did not conveniently arise during the hearing for me to fulfil my wish to make a statement to the committee.

I believe that, given the evidence now available, it would be unsafe for the committee to endorse the conclusions put forward in the NAO's Report. The Report has not described accurately what took place and what went wrong; it did not effectively address the question "what were the practicable alternatives available to the Arts Council of Wales", which is central to the committee's concerns; it implied (and allowed the press to infer) that the Council had been near to negligent in pursuing issues of concern and monitoring of the project, with insufficient evidence to bear that out; when reviewing the original decision to award lottery funds, it did not address the implications of the fact that the Arts Council lottery distribution was not then expected to be the biggest contributor to the project; and it did not recognise the importance and implications of the Arts Council's position as a major source of revenue funding once the Centre was open.

As a result, and without forewarning (let alone opportunity to comment), four former servants of the Arts Council, who are now private individuals, have in effect been subjected to what amounts to public condemnation in the

press (though I cannot blame the press for acting on what they no doubt thought to be an authoritative and unchallengeable report).

Sentence was passed before any plea was entered. This manifestly unfair treatment raises questions about the procedures employed by the National Audit Office. The committee should know of my strong feeling on this, and my concern that there should be no recurrence.

May I however make clear that I do not include the audit committee in that observation. Had not the committee decided to invite us to appear, we may not have seen the evidence presented to it, and we would not have had the opportunity of pointing out what we consider to be substantial inaccuracies and misunderstandings in it. In doing so, we have had to detail the committee with detail, at the expense of discussing the real issues which lie behind this failure. We are grateful to the committee for giving us the time to explain our point of view, and for the courtesy afforded us during the hearing.

Should the committee or its members make any observations on my involvement in the Centre for Visual Arts project and my stewardship of the Arts Council of Wales at that time, I hope that they will give me forewarning of them.

I am sending copies of this letter to Robert Edge, Emyr Jenkins, Jo Weston and Jon Shortridge.

Yours sincerely

Richard Lloyd Jones

P764C373 CP

ANNEX

Corrections to Sir Richard Lloyd Jones's evidence.

Q335: for "privileges" read "privilege".

Q367: my answer should start "I simply wanted to say that we have not meant to traduce" etc,

Commentary on evidence to Committee - Peter Tyndall.txt

From: Peter.Tyndall@ccc-acw.org.uk

Sent: 07 February 2002 17:39

Subject: Commentary on evidence to Committee

Julia

I have had an opportunity to scrutinise the evidence given at the second hearing into the CVA and attach a commentary and some supporting information which I believe will be of interest to the Committee. Some of the information portrays a different picture to that which was considered at the hearing, especially the extract from the application form for the CVA which is attached in PDF format.

Peter

This email has been scanned for viruses by the Messagelabs, SkyScan service.

GSI users - for further details, please contact the GSI Nerve Centre.

In case of problems, please call your organisation's IT helpdesk.

National Assembly for Wales Audit Committee

The Centre for Visual Arts

Questions 184 - 368

Response from the Arts Council of Wales

[184] p.3 and p.4 Mr Edge

Mr Robert Edge was employed by the Arts Council of Wales as Senior Capital Projects Officer (South Wales) from 1996. He was, responsible for overseeing large capital projects and was the project officer for the CVA from 1996 to 1998: He was later employed as Lottery Director from 1998 to 2001.

[189] p.5 Ms Weston

Appointment of Assessors

A Minute of the meeting of the fourth Lottery Advisory Board, 20th January 1995 confirms that Coopers and Lybrand were appointed to recruit external assessors. Recommendations were then made from a list of approximately 20 people. There is no further documentary evidence available to confirm how the assessment process developed from that point.

[7911 p.6 Mr Jenkins

Local Government Reorganisation

ACW would concur with the views expressed regarding the effects of LGR. The uncertainties surrounding reorganisation certainly increased pressure on the stakeholders and project funders.

[1931 p.6. Ms Weston. Error paragraph 2.33

The report states that a decision on the project "had to be made before April 1 1996" which was the case. The date of the actual decision taken, which was indeed March 1995, is correctly noted in both Figure 10 (p.14) and Appendix 3 (p.22).

[198] p.7 Mr Jenkins 1993 Policy Directions

The report contains on p.20 the Policy Directions issued to the Arts Council of Wales under section 2B(1) of the National Lottery Act 1993. These are the current directions which ACW is working to and were amended in 1998. The NAO report does not state that ACW was working to those directions included in the document at the time the decision on the CVA was taken.

It is worthy of note however, that sections A, B, C, D, H, J, K and M are common to both the 1993 and 1998 policy directions.

[218] p.10 Mr Jenkins Feasibility Study

Within the various responses from the Committee Witnesses regarding the feasibility study, there appears to be a tendency to distance the 1994 application from the feasibility study carried out in 1992. On p.10 Mr Jenkins states that the "comparator figures are 1991 figures, whereas we were doing this exercise in 1995", thus implying that the 1992 study had little or no bearing on the 1995 application. The application however, states quite clearly that the audience profile is taken directly from that feasibility study and the study was submitted in support of the application. Furthermore, the question of projected visitor figures was not raised in the ACW project officer report. Mr Jenkins comments on actual visitor figures for the National Museums and Galleries of Wales for 1993-94 but that research was not undertaken at the time to inform any decision made.

[229] p.13 Mr Jenkins

Marketing

A Communications Director was appointed to the CVA in December 1997 and in January 1998 the assessor noted that she had produced an 'outline and preliminary strategy for marketing'. The assessor also reported that 'a great deal of work remains to be achieved to develop the strategy in detail, particularly to add realism to the original targets' and this overall conclusion was that the Trust's ability to deliver the project was "currently fragile". Although Mr Jenkins states that "we did not ignore what the assessor had said" there is a singular lack of documentary evidence to show that the assessor's report was acted upon in any way. The document was circulated amongst the Senior Management Team of ACW and Lottery

Division staff, yet no further action was taken despite the serious misgivings held by the assessor. There is also no evidence to show that the January 1998 report was forwarded to the applicant.

[234] p.14 Assessment of 1998 Application Ms Weston

The 1998 application was submitted in February 1998, shortly after the submission of the McCann Matthew Millman report, (which as noted above did not appear to have been acted upon). Ms Weston refers to a business plan prepared by Deloitte Touche, to which there is no reference by McCann Matthews Millman, and was not submitted in support of the application.

In the committee papers submitted with the application, the project officer clearly states "two grants have already been made and therefore there is bona fide acceptance that criteria such as public benefit.-marketing, education and outreach etc have been satisfied".

Ms Weston states that ACW required further assurance regarding the business plan, but there is no evidence on file; and if such work was undertaken, it was not used to support the 1998 application.

[235] Jocelyn Davies

Visitor figures

The 1998 application states that "the total number of visits to the Gallery will grow from 252,025....in the first year to 260,320 visits within 5 years". These figures were taken from the 1992 feasibility study.

[236] p.14 Ms Weston

Information from CVA

The files show that officers for both the Capital and Revenue-aspects of the project faced immense difficulties in obtaining financial information. Indeed Ms Weston herself later refers to a number of occasions when ACW was threatening to withhold funding if the information from CVA was not forthcoming. (Q287 p.26)

[248] p.17 Mr Jenkins

Lead in times for exhibitions

Mr Jenkins comments in response to Alun Cairns' question as to why the centre was unable to deliver a Picasso exhibition, that such a venture would "need a two or three year lead-in-time". His statement is correct but he neglects to mention that it would be normal policy for a centre such as the CVA to plan its major exhibitions at least 2 years in advance. The director was appointed to the centre in 1995, four years prior to its opening. This period would have allowed ample time to programme a major 'blockbuster' exhibition of the topic being discussed.

[257] p.19 Ms Weston

'Grassmarket in Edinburgh'

Should be 'Fruitmarket' which was included in the feasibility study. .

[258] p.19-20 Mr Jenkins

Mr Jenkins states that the figures under discussion were not part of the first application. This is rather misleading as the 1992 feasibility study was submitted in support of that application, and information included on the form itself is derived directly from the feasibility study: The applicant also submitted a copy

of the original brief to the feasibility study. Mr Jenkins states that "we went on the information that was given by the Trust in the application" - that information was in fact drawn from the feasibility study, and this is stated by the applicant.

[269] p.22 Ms Weston

3 stage application process

Ms Weston states that the three stage application process was put into place in 1997 rather than 1999 as stated in the report. This is somewhat misleading. Of the 21 Lottery projects awarded in excess of £100K from 1997 to 1999 only two were subject to the three stage process. A total of 17 had not undergone either the feasibility or development stage. The remainder had either feasibility or development carried out. From 1999 however, every single project without exception underwent the three stage process. Furthermore guidelines for design and development applications were not published until November 1999, and this document makes the first reference to an obligatory three stage process.

[275] p.23 Ms Weston

Ms Weston states that on "the third application we were getting close to the point where the centre was close to opening". The third grant was awarded in May 1998 whereas the Centre did not open until September 1999.

She stated that the Marketing Plan was assessed by the ACW marketing officer. There is however no evidence of this on file, and that officer's assessment does not feature anywhere in the project officer report which made the recommendation for funding.

[287] p.28 Sir Richard Lloyd Jones

States that there is a fundamental conflict of interest between the ACW's Capital and Revenue funding streams. It should be fine case that the thorough assessment and evaluation of Capital Lottery projects would ensure that subsequent revenue funding is not put at risk. The systems currently in place specify that only following a positive assessment of the business plan (which may or may not include ACW revenue funding) would a decision be made to release Capital funding. Both streams of funding should be complementary.

[288] p.27 Ms Weston

Ms Weston again states that "we moved quickly to the point where we did go through the three stage process" see note above. jQ289]

(295] p.28

Ms Weston states "The Arts Council does not appoint a project monitor to see *it all the way through*. *This is incorrect; a monitor* (and in some cases two) *is appointed for every project in excess of P-1 UOK*, soon after the grant has been awarded. The monitor *works on that project until it is satisfactorily completed* and will also undertake a post-completion evaluation study. In some cases, a monitor may also have been responsible for the assessment of the original application.

[31 o1 p.31

Ms Weston states that "we quickly moved to the point where ACW carried out formal risk assessment". "here were some procedural amendments i.e. project officers were requested to provide comments on the risk associated *with each project*. It was not however, until 1999 that the applicant was required to undertake risk analysis and assessment themselves.

[3'191 p.31 Ms Weston 99 year lease period.

Ms Weston is correct in stating that charges are now being placed retrospectively on Lottery Funded Buildings. ACW also continues to insist on a minimum 25 year lease period. It should be noted that although the 99 year lease period offers a degree of comfort to the lessee it does not in any way protect ACW investment.

ACW now places a charge on every new project in excess of £100K and these terms are incorporated within the legal contract for those projects in excess of £500K.

[321] Assessment of third application

We have examined the ACW files following the committee, and can state categorically that there is no separate assessment of the 1998 application. The architect assessed the material aspects of the bid but there was no assessment of the business aspect of the application. This is confirmed by the project officer report which states that certain criteria did not need assessment because they had "been satisfied".

In reference to the McCann Matthews Millman - Ms Weston says that the assessment "was carried out 3 months earlier" ie the assessment was carried out prior to the receipt of the application.

The McCann Matthews Millman report was submitted on the 13/1/98, the application for funding was submitted on 17/1/98.

[342] p.36 Mr Edge

Mr Edge refers to "the thick agreements for all grants over £1 million". Mr Edge was in fact responsible for introducing one single funding agreement - that for Wales Millennium Centre. There were no other funding agreements (legal contracts between ACW and the applicant organisation) until 1999. Those agreements are statutory for all applications in excess of £500K. The agreements put great emphasis on the applicant supplying regular information, and state quite clearly that ACW can withhold payment if the information is not forthcoming. They do not simply "elaborate" on the standard conditions.

[344] p.35 Ms Weston

ACW can confirm that CVA meetings were regularly, attended by officers, either the Senior Visual Arts Officer or the Access Development Director.

November 1994 v.1

LOTTERY FUND APPLICATION FORM – TRANSCRIPTION

d. Projected number and profile of audience/participants/users and evidence of this through market research. Please be as specific as possible, eg age, cultural background etc.

In summary, the projected audience profile is as follows:

The total number of visits to the Gallery will grow from 252,025 visits in the first year to 260,320 visits within five years;

By Source, local and regional residents would make up 65% of these totals, domestic (UK) visitors 30% and overseas visitors 5% for the first three years, with a significant downward adjustment in the resident to visitor ratio within five years;

By Type, day trippers and tourists would make up 75% of these totals and the educational community 25%.

Full details and sourcing of these figures are given in the feasibility study, which benefited from input by the Wales Tourist Board.

Total target number of audience/participants/users: 250K

e. Comparable existing facilities within the catchment area:

There is no comparable venue for visual arts exhibitions or for an educational arts resource like the Children's Centre in the catchment area or, indeed, in Wales as a whole. However, the centre will complement museums and arts centres in and around the City, including the Castle, the National Museum and its satellites (the Industrial and Maritime Museum, the National Folk Museum, St Fagans), Chapter, Oriel and Ffotogallery.

f. How will the project take into account the needs of disabled people, both as audience/viewers and as artists/participants/workers?

Since the plans for the Old Library represent a total redevelopment, the Trustee and their architects have designed a scheme which will make the building fully accessible for disabled people both as audiences/viewers and as artists/participants/workers. For people with limited mobility, ramps will be included at all building entrances (at Trinity Street and off Working Street and The Hayes), small and large lifts provide access for disabled people to all levels of the building, and each floor with public WC facilities will include facilities for disabled people. Signage and print in the building will take into account the needs of the visually impaired, and reception and other counter levels will be at varying heights.

ACW Lottery Building Grants >£100k

ID/Ref	Organization Name	Project Title	Grant Amount	Grant Award Date	ACW Lottery Funded Feasibility Study
			£1,271,000.00	24/03/1995	No
9530	Great Old Library Trust	Redevelop Cardiff Old Library	£199,000.00	12/05/1995	Yes
95202	Y Gwladfa Community Centre, Portlismadog	Rectification of structural defects	£126,000.00	12/05/1995	No
95116	Penrthyn Partnership Trust	Refurbish two housing blocks, to provide art and music workshops	£163,630.00	14/07/1995	No
9562	Cardiff Male Voice Choir	Construction of a new Choir Hall	£450,000.00	14/07/1995	No
9558	St. Donata Arts Centre Ltd	Redevelopment of Tybe Jan at St Donata Arts Centre	£1,180,500.00	14/12/1995	No
95227	Wesch College of Music and Drama	Restoration and Extension of Cardiff Castle Piers	£218,700.00	14/12/1995	No
95135	Proves Dance	Refurbishment of Proves Dance Centre	£112,500.00	14/12/1995	No
95279	Flintshire County Council	Construction of a new Bandroom for the Northop Silver Band	£1,677,870.00	14/12/1995	Yes
95232	Theatre Bracknell	Acorn Theatre	£240,000.00	10/05/1996	No
95102	Welshpool High School/Community Centre	Performing Arts Adaptations	£315,582.00	10/05/1996	No
95163	Tarifford Drifyn Cowmold Cyl.	Improvements to Main End/Seewell Hill	£2,237,252.00	12/07/1996	No
95239	SWT Arts Trust Ltd.	The restoration and improvement of Plas Newydd	£290,499.00	12/07/1996	Yes
95427	Unreformed Community Development Challenge	Arts Block Extension	£790,163.00	12/07/1996	No
95423	Rodf Community Trust Ltd	National Centre of Excellence for the popular performing arts	£401,149.00	12/07/1996	No
95472	Willow High School	New Community Arts Centre	£100,311.00	19/07/1996	No
95126	B Malh Park Band (Pars & Dars)	Upgrade of band facilities	£165,326.00	18/10/1996	Yes
95499	Blackburn Council Borough Council	Refurbishment of Debut Theatre	£230,000.00	08/10/1996	No
95538	Oriel Plas Glyn-y-Wyddyn Cymdeithas	Purchase and development of an art gallery	£151,490.00	13/12/1996	No
9584	Welsh Arts and Community Centre	Building of a Community Centre	£480,000.00	13/12/1996	No
95475	Grand Theatre, Swansea	Grand Theatre - Alterations and Extension to existing facilities	£207,536.00	13/12/1996	No
95324	Breconshire Community Association/Theatre Society	Refurbishment and improvements	£180,146.00	21/03/1997	No
95571	Shree Kalsoti Love Patel Samal Community Centre	Extend and establish the Social Centre	£167,540.00	21/03/1997	No
95654	Ruilcon Dance	Refurbishment and extension to premises	£318,970.00	08/05/1997	No
95639	Wentworth High School	Development of a Performing Arts Centre	£579,039.00	09/05/1997	No
95389	Weslali Goffa Cycheth Memorial Hall	Phase 2 refurbishment and theatre improvements	£2,490,237.00	09/05/1997	No
9492	Alburyworth Arts Centre	Redevelopment and Re-Equipping of the Arts Centre	£140,400.00	09/05/1997	No
95605	Weslali Goffa Pen-y-bont-y-nant	Modernisation and refurbishment of a Community Hall	£154,380.00	09/05/1997	No
97291	Weslali Goffa Pen-y-bont-y-nant	Modernisation and refurbishment of a Community Hall	£199,275.00	13/07/1997	No
95249	Glynneth Training Centre	The development of a community arts center	£118,462.00	14/07/1997	No
95424	Gwynedd Cae Sennen Brass Band	Extension to premises to lease arts and craft facilities	£186,000.00	11/09/1997	No
97357	Old Library Artists Limited	Refurbishment of an existing building	£1,350,000.00	11/09/1997	Yes
97643	Cwmaman Public Hall & Institute	Purchase and Refurbishment of Building	£663,800.00	14/07/1997	Yes
97678	Burkown Adlata	To provide a newly refurbished Community Public Hall and Institute	£9,625,000.00	17/10/1997	No
9708	Wales Millennium Centre	Refurbishment of building following development grant	£122,172.00	17/10/1997	No
97542	Llantrisant Grange Arts Centre	Creation of a Multi-Purpose Arts and Entertainment Centre	£127,600.00	17/10/1997	No
97219	Cardiffshire County Council	Building refurbishment and improvement of facilities	£263,364.00	12/12/1997	No
97643	Solihull Arts Centre	Purchase, refurbishment and renovation of warehouse and mill	£135,163.00	08/05/1998	No
97180	Mardy Community Centre	Renovation and Extension of Band Hall and purchase of new equipment	£200,000.00	08/05/1998	Yes
971050	Community Arts Rhayader and Blanket Ltd	Further Extension and Enhancement of Community Centre	£398,075.00	08/05/1998	No
98174	Harlow Hall Community Arts	Purchase and Adaptation of Factory Units	£225,000.00	08/05/1998	No
97501	Theatr y Nod	Refurbishment works to Harlow Hall (ASA 98-285)	£100,465.00	15/10/1998	Yes
9861	Cardiff Community Council	Purchase of Units 3 & 4 Milner's Estate and also theatre and office equipment	£130,000.00	15/10/1998	No
981464	Bannockburn and Valley Silver Band	Improvements to Parish Hall	£278,723.00	11/05/1999	No
989211	Ysgol Borth-y-nant, Huchin	Purchase and Refurbishing of Health Centre into a Bandroom	£160,000.00	15/07/1999	Yes
97960	Tydwiliem Band - Valley Union	Creation of Community Arts Venue	£7,496,000.00	15/07/1999	Yes
	Neuquod Theatre and Arts Centre	Newcom Theatre and Arts Centre	£599,013.00	15/11/1999	Yes
		Construction of craft centre			

Annex G

Letter dated 27 March 2002 from Mr Emyr Jenkins on the commentary provided by

Mr Tyndall

EMYR JENKINS

27 March 2002

Lew Hughes Esq, CB
Deputy Auditor General for Wales
National Audit Office
23 - 24 Park Place,
CARDIFF

CF10 3BA

Dear Mr Hughes

NAO REPORT ON THE CENTRE FOR VISUAL ARTS

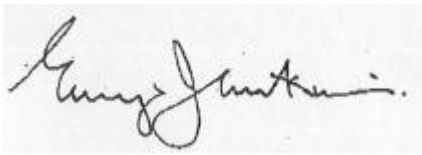
The enclosed letter sets out our joint response to the Peter Tyndall commentary which has been passed to us by the Clerk to the Audit Committee of the National Assembly.

As you will see, the letter is addressed to you and copies have been sent only to Sir Richard Lloyd Jones, Ms Joanna Weston and Mr Robert Edge, the other three witnesses involved.

P764C373 CP

We are, however, concerned that as Mr Tyndall's commentary was sent directly to the Audit Committee, it will feature among the papers of this inquiry. We ask you therefore to consider whether it would be possible for the accompanying letter also to be included in the committee papers.

Yours sincerely

A handwritten signature in black ink on a light background. The signature is written in a cursive style and reads "Emyr Jenkins".

Emyr Jenkins

EMYR JENKINS

.....

27 March 2002

Lew Hughes Esq, CBE
Deputy Auditor General for Wales
National Audit Office
23 - 24 Park Place,
CARDIFF

CF10 3BA

Dear Mr Hughes

This letter comes under my name but is written also on behalf of Sir Richard Lloyd Jones, Ms Joanna Weston and Mr Robert Edge and I am copying it to them.

Following our meeting on 13 March, during which we asked you to consider a number of points, we requested a copy of the further comments submitted directly to the National Assembly Audit Committee by Mr Peter Tyndall, the Chief Executive of the Arts Council of Wales. Following your advice, we directed this request to the Committee Clerk and we received the document on Wednesday 20 March. There are some major points in this document upon which we would wish to comment below but we have not commented on every paragraph as we do not wish to test your patience by returning to the details of the many issues involved. However, this does not signify agreement and all four of us stand by the evidence given to the Audit Committee on 13 December and the written evidence submitted following that session which was clarified further to you in our meeting on 13 March.

[191] The date of the first decision to fund the CVA

We stand by our statement that, in order to secure the required matching funding from the Local Authority, an ACW decision was necessary before 1 April 1995, before the Shadow Authority came

into being. If there was no need to take a decision for another year there was, patently, no pressure on ACW.

[198] Government Directions

You have acknowledged that the Directions printed in the Report are not the Directions we were working to at that time. The sections A, B, C, D, H, J, K and M are common to both sets of Directions but we note with interest that section J is omitted from this list. This vital section requires *'in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant; where capital funding or setting-up costs are sought, for a clear business plan beyond the period of the grant, incorporating provision for associated running and maintenance costs'*.

The fact that, in the Directions that were operative at the time of the capital grants, there was no requirement for a business plan as such. The requirement in the explanatory notes to the Directions was, *'Applicants should be able to demonstrate that the project is a viable venture which has identified sources of funding with which to support itself once the Lottery element of funding is completed'*. This requirement was met by the CVA by its estimate that it had a shortfall in its running costs for the first three years of £250,000 pa before revenue support was taken into account. Revenue support of £200,000 pa was available from ACW and there was a guarantee against loss of up to £250,000 over the first three years from the Colwinston Trust. The Trust therefore had funds of £850,000 available in the first three years to cover its projected operating loss of £750,000 in the same period and the requirement of the Directions at the time were satisfied.

We maintain that the 1998 revision represents a fundamental change in the Policy Directions and the Audit Committee will be able to reach a view on whether the original Directions – the ones that ACW was working to at the time – were adequate.

[229] Sharing information with the applicant

The January 1998 McCann Matthews Millman report was not an assessment of an application but a general review of the project, commissioned by ACW. All such reports were routinely shared and discussed with the applicant. There may be no evidence on file in the form of a covering letter or similar,

but there is evidence that the applicant knew of the contents of the report and therefore every reason to conclude that ACW kept to its standard practice of sharing reports with applicants.

[235] Visitor figures

This statement clearly cannot be correct. If the 1998 application contains the visitor figures quoted, there was no reduction from the first application and, consequently, a whole section of the Report is irrelevant. Furthermore, Figure 9 of the Report is incorrect in showing a projected total of 182,000 visitors in 1998. If, however, the Tyndall document is quoting the 1995 application, then it is again in conflict with Figure 9 which quotes the 1992 feasibility study as estimating 282,000 visitors. We have not been able to examine a full copy of the 1992 feasibility study and cannot confirm what figure it contains. Hitherto we have accepted that the estimate of 282,000 visitors in the first year of operation is indeed contained in the feasibility study, but the Tyndall document seems to cast doubt on the matter and, as a consequence, throws the whole question into a considerable degree of confusion.

[248] Lead-in times for exhibitions

We have already noted that it was the view of CVA personnel, with which ACW concurred, that the venue would need a track record of good exhibit handling before it would be able to attract 'blockbuster' exhibitions. We have already supplied evidence of the CVA Director's letter of December 1998 in connection with the application for revenue funding in which she notes the need to '*build a reputation for good handling before [they] will get international exhibitions*'. It was not possible to begin to attract such exhibitions to a venue that was awaiting completion.

[285] Visitor figures

Mr Jenkins did not give misleading information. As Figure 9 suggests, there is a fundamental difference between figures in the 1992 feasibility study and the 1995 application and para 235 above applies.

[269] Three-stage application process

Ms Weston did not give misleading information. We have submitted evidence in the form of the publication *Arts Opportunities for People in Wales*, the second edition of Lottery Guidelines which was published in September 1997. This clearly sets out the three-stage application process. A photocopy of the front cover is attached to this letter.

[275] Marketing

We have already supplied evidence of the assessment of the Marketing Plan by ACW's Marketing Officer. The November 1998 (ACW Access Division) officer report on CVA's application for revenue funding notes: *'ACW agrees marketing strategies for this stage are satisfactory'*.

[287] Assessment of risk

As a former chair of ACW, Sir Richard Lloyd Jones doubts the feasibility of the second sentence of the Tyndall document. It also appears to contradict paragraph 10 of the Executive Summary of the NAO Report which states that *'No Lottery-funded arts project is free from risk'*.

[321] Third application

The 1998 application was for equipment and fit-out. The application had been invited by the Lottery Board as a consequence of deferring part of the 1997 application, following officer advice to allow time for more detailed estimates to be prepared. The MMM review which had been carried out prior to this application was a general assessment of the project as a whole and officers and the CVA were aware of its contents. The assessment by the architect of the material aspects of the bid was therefore all that was necessary at the time.

[342] Funding Agreements

Mr Edge left ACW in 2001 and was Lottery Director at the time a number of grant offers had been made subject to separately negotiated funding agreements. The list attached to the Tyndall document confirms this. The system of contract for most Lottery grants was (and as far as we know, remains) an offer letter, subject to conditions, issued by ACW, being signed and accepted by the applicant and returned to ACW. This system was devised in consultation with the then Department of National Heritage and ACW's legal advisers. One of the standard conditions places great emphasis on the grant recipient providing ACW with regular progress reports on the project.

Summary

This letter represents an amalgam of the views of the four persons listed at the beginning and although each witness had responsibility for, and detailed knowledge of, only part of the period covered by this project, we are all grateful for the opportunity to place our evidence on the record. We believe that this body of evidence, although much of it necessarily deals with the detail, leads to the conclusion that the

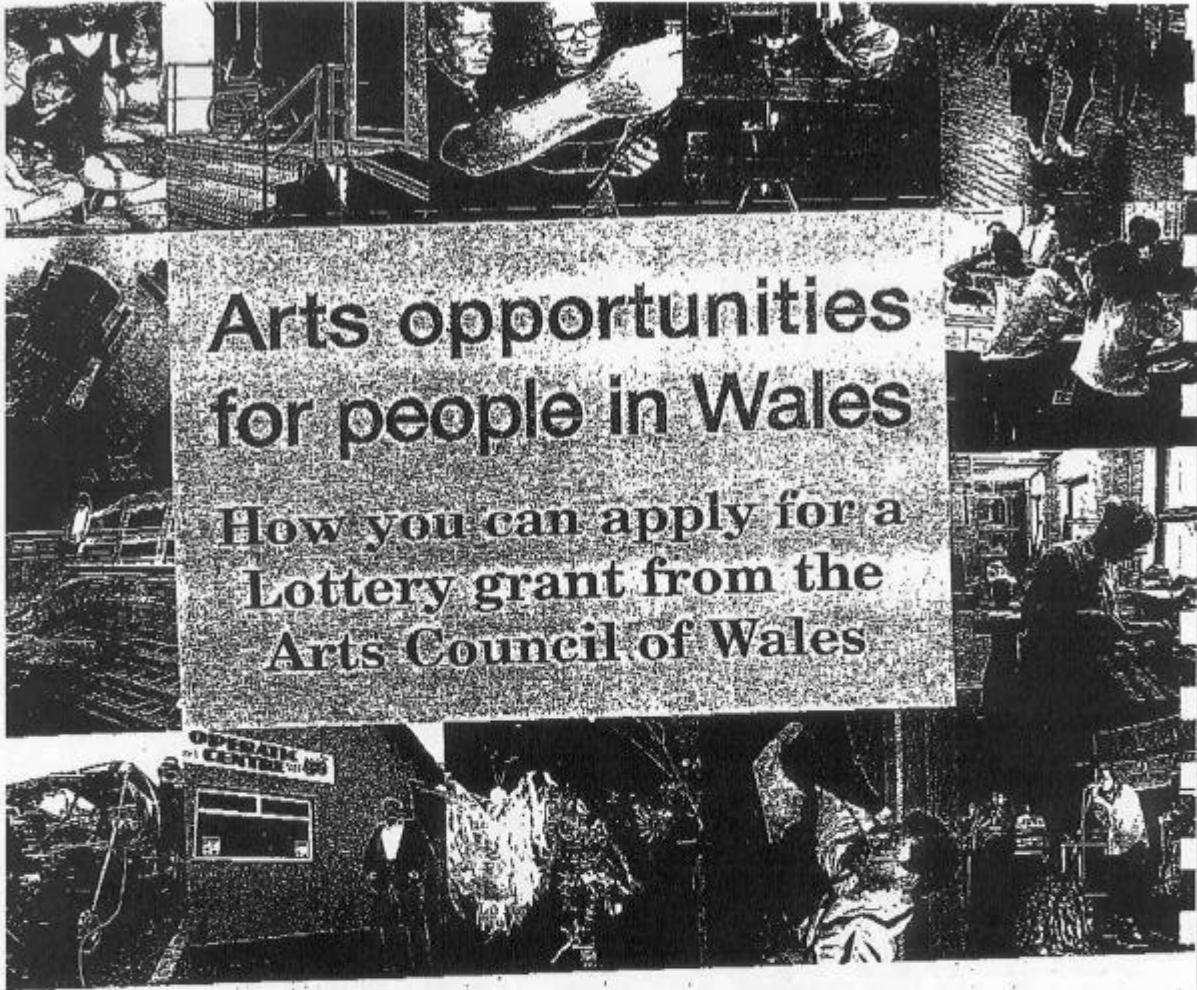
P764C373 CP

judgements that were made and the decisions that were taken were reasonable, considering the regulatory framework that was operative at the time. As we suggest above, the Audit Committee might wish to come to a view as to why it was deemed necessary to revise the Policy Directions in 1998.

Sir John Bourn has stated that the revision was necessary due to the number of problems that had arisen with Lottery projects in the early years of the National Lottery. We concur with this view.

Yours sincerely

A handwritten signature in black ink, appearing to read "Guy Jenkins". The signature is written in a cursive style with a period at the end.



Issued by the Arts Council of Wales Lottery Division, September 1997. (This edition replaces all previous editions.)

TOTAL P.06

Dafydd Wigley

Chair of the Audit Committee

The National Assembly for Wales

JBB/148210

Cardiff Bay

CF99 1NA

3 May 2002

0 AUDITOR GENERAL FOR WALES REPORT ON THE ARTS COUNCIL OF WALES:
CENTRE FOR VISUAL ARTS

I am now in a position to respond to the written reservations that the Audit Committee has received from Sir Richard Lloyd Jones, Emyr Jenkins, Joanna Weston and Robert Edge regarding my report on *The Arts Council of Wales: the Centre for Visual Arts*.

Background

On 22 November 2001, the Audit Committee took evidence on this report from the current Accounting Officer for the Arts Council, of Wales, Peter Tyndall. Following that meeting, the Committee decided to invite as witnesses the four people above. All had previously worked, in various capacities, in the Arts Council of Wales and had been involved in earlier, key stages of the Centre for Visual Arts project. At that second meeting of the Audit Committee, on 13 December, these four witnesses agreed with the main conclusion of my report; that the Centre for Visual Arts project had failed to achieve its visitors target and that this had led to its closure. But they questioned the factual accuracy of some aspects of my report. They subsequently set out their specific concerns in correspondence to the Committee. It would not have been appropriate for me to respond to these reservations during the Committee meeting but I am pleased to do so in this letter.

I note too, that Peter Tyndall, the current Accounting Officer of the Arts Council of Wales, and who was not present at the Committee's meeting on 13 December, subsequently provided the Committee with a commentary and some supporting information to correct a number of the points made by the four witnesses in their oral evidence to the Committee. It is clear from this commentary that some of the evidence provided by the four witnesses is either inaccurate or is not supported by documentary evidence contained within the records of the Arts Council for Wales. I have referred to this information within my letter.

Arrangements for confirming the factual accuracy of reports

Before I turn to the points raised by the four witnesses, the Committee might find it helpful if I set out the standard procedures followed in preparing my reports. The National Audit Office Wales prepare a draft report based on an extensive and rigorous audit of all relevant evidence. In the case of the Centre for Visual Arts project this audit included detailed examination of all the reports, grant applications, minutes and correspondence relating to the Centre and interviews with all key Arts Council staff. (Contrary to the assertion by Joanna Weston, this review of papers and interviews involved all key divisions, including Access and Artform.)

A vital part of the process before a report is finalised, however, is to agree its factual accuracy, as well as its tone and balance, with the organisation concerned. The purpose of investing substantial time and effort in ensuring that the final report is agreed in this way is to facilitate constructive Audit Committee examination of witnesses that enables the Committee to draw out the lessons to be learnt, and to prevent the Committee from becoming involved in disputes over facts. This process of agreeing factual accuracy culminates in my personally obtaining written confirmation from the current Accounting Officer that he is content with the facts as set out in my report, although the conclusions and recommendations are my own. In the case of this particular report, I obtained confirmation of factual accuracy not only from Mr Tyndall as the Accounting Officer of the Arts Council of Wales, but also from the Accounting Officer of the Department for Culture, Media and Sport (who is responsible overall for lottery funds). I also obtained confirmation of factual accuracy from the Permanent Secretary of the National Assembly for Wales in respect of his role as the Assembly's Accounting officer. Also, on an exceptional basis, I obtained confirmation from him in respect of the matters for which he had personal responsibility during the period when he acted as Accounting Officer of the Arts Council immediately prior to the current incumbent taking over in September 2001.

In addition, again in line with my normal practice, the clearance process for this particular report also involved clearing all relevant extracts of the report with all third parties named in my report. This included two trustees of the Cardiff Old Library Trust (including the Chairman), all four external assessors involved in the Centre for Visual Arts project (AEA consultants, McCann Matthews Millman, Siarlys Evans and David Elford), and the named sponsors of the project including Cardiff County Council. Thus, in total my report was referred to and agreed for factual accuracy with all thirteen of the third parties named in it. The witnesses have questioned my report's statements on some aspects of the roles of some of these third parties. However, I can confirm that all such references had been cleared directly with those parties themselves.

The system of Accounting Officer's responsibility in Wales (as in the rest of the United Kingdom) is set out in the memorandum issued by the Assembly to each Accounting Officer in Wales when taking up his or her post. It provides that the Accounting Officer is responsible to the Assembly for the action of predecessors as well as his or her own. The Accounting Officer has access to the records and accounts which his or her predecessor had the duty to prepare and maintain, and leave as the record of his or her stewardship. The Accounting Officer also has the responsibility for taking remedial action in response to

the Audit Committee's recommendations. Retired Accounting Officers are not in this position. The current Accounting Officer of the Arts Council, Mr Tyndall, had been in post a short time when he cleared my report. But he had full access to and understanding of all relevant Arts Council records, and the briefing and advice of the staff responsible for discharging Arts Council responsibilities in respect of the Centre for Visual Arts project. He has confirmed that, having re-examined the papers relating to the Centre for Visual Arts project, he stands by his evidence to the Audit Committee and considers the conclusions drawn by my report to be sound and supported by the facts of the case.

As the witnesses who appeared before the Committee on 13 December made clear, they are now private individuals with no involvement with the current affairs of the Arts Council of Wales.

Staff of the National Audit Office Wales did have the opportunity to interview Robert Edge before he left the Arts Council, although he was not involved in the Council's agreement of the factual accuracy of my report. However, the other three witnesses had left their posts, on retirement or on moving to other jobs, some time earlier. Should the Accounting Officer have felt it would have been beneficial to speak to a particular individual to gain clarification on a point that was unclear from the official papers and knowledge of current staff, my staff would have been happy to do so.

The Committee is now in receipt of a number of pieces of evidence which do not line up. I trust that the Committee will find the contents of this letter helpful in clarifying the position on the substantive points at issue.

The witnesses' reservations

The reservations expressed by the witnesses were wide-ranging and of a diverse nature. **For the most part**, the issues they raised are points of detail which do not, in my view, present a challenge to the overall conclusions that I drew. However, they also raised some points which relate to heartland issues in my report and which underpin my conclusions as set out in the Executive Summary of my report. In order to address these issues in a structured manner, it might be helpful to break them down into their five core elements - even though I recognise there are many linkages and overlaps. I have therefore categorised the witnesses' substantive comments in terms of the following broad issues:

- status of the 1992 feasibility study;
- relevance of the comparative visitor attractions;
- swiftness of action by the Arts Council of Wales;

- nature of the final programme in comparison to the initial plans; and
- adequacy of the Arts Council of Wales monitoring arrangements throughout the life of the project.

Before turning to consider each of these issues, some of the points of detail raised by the four witnesses demand a response. In particular, the Committee might find it helpful if I respond to the points made by the witnesses on the accountability arrangements for the Arts Council, the nature and timing of roles held by Matthew Pritchard, and the description and roles of the external consultants. The accuracy of all these specific points, as they appeared in my report, was covered as part of the standard clearance process set out above, with the Assembly, the Department for Culture, Media and Sport, Matthew Pritchard personally and all four of the external assessors. All of the named parties were satisfied with the audit assessment and description of their roles as set out in my report. Descriptions of Arts Council of Wales' procedures were agreed as factually correct by current staff.

The witnesses also argued that the National Audit Office's annual financial audit of the Arts Council's accounts did not lead to any warnings about the way that the Centre for Visual Arts project was being managed. However, this is fundamentally to misunderstand the aim of annual financial audit which is quite different from that of a value for money investigation. All the work undertaken as part of a financial audit is designed to support a final opinion on whether the financial statements are materially accurate and that funds have been applied for the purposes intended. Whether expenditure is likely to provide value for money is not an objective of an annual financial audit. Provided the expenditure is regular and is properly shown and accounted for in the financial statements, those statements will correctly attract an unqualified audit opinion.

Status of the 1992 feasibility study

AGW report	Witnesses' opinion
The first application for lottery grant relied on data from the 1992 feasibility study	That it is misleading to use the 1992 feasibility study as the base point - for the Arts Council, this was first lottery grant application in 1995

Mr Jenkins argued that the Arts Council's starting point for Centre for Visual Arts project was the first lottery grant application in 1995, and that it is misleading to refer to the 1992 feasibility study as the base point. From our examination of the relevant documents surrounding the first lottery grant application [in

1995], there is no doubt whatsoever that the 1992 feasibility study was an integral element of the first application and was intended to be used as part of the Arts Council's decision-making process. This is also confirmed to the Committee by Mr Tyndall in his supplementary written evidence. The feasibility study was attached as an annex to the lottery application and provided key data that would otherwise have been lacking in the application itself. For example, the application does not itself provide full details of projected visitor numbers or audience profile; instead it directs the Arts Council to the feasibility study. [Mr Tyndall has provided to the Committee a copy of this section of the first lottery application.] indeed, at the December Audit Committee, when Ms Weston was asked how the visitor numbers were arrived at, she responded that they were based on demographic research. The only demographic data available on the Centre for Visual Arts at the time of the first application was the 1992 feasibility study.

In addition, shortly before it closed, the Centre for Visual Arts was the subject of an independent review by David Elford of Do It Online limited, an arts consultancy firm. His report came to the same conclusion as the National Audit Office Wales in that the business plan for the Centre -being the 1992 feasibility study, and a consequent plan in 1997 - was fundamentally flawed and that this was the key reason for the project's failure.

Relevance of the comparative visitor attractions

AGW report	Witnesses' opinion
Some of the museums and galleries used as comparators differed markedly from the Centre for Visual Arts in key respects.	The comparators were close enough in nature to the Centre for Visual Arts try provide a reasonable visitor forecast number.

We not only found these figures to be poor comparators but found no evidence that they had been challenged or discussed in any detail. There was no evidence whatsoever on the files of the Arts Council of a questioning of what would happen if these figures were not achieved and the forecast income fell. Although the witnesses' written submissions to the Committee provide comparator figures for 1993-1994, there is no evidence that these figures were considered by the Arts Council at the time when assessing the lottery application for the Centre for Visual Arts. The only comparator figures provided by the grant applicant to the Arts Council in support of the first application included those in the feasibility study (see above).

After examination of all available documentation, the current Accounting Officer of the Arts Council agreed with my conclusions on comparators and visitor numbers. In giving evidence, Mr Tyndall said that were those figures put forward today, they would not survive the analysis of the business case. He believed that they were not reasonable figures and said that it was difficult to see that there were robust

systems in place at the time actually to permit an analysis. In his supplementary evidence to the Committee concerning the evidence of the four witnesses, he confirms that "research [on visitor numbers for 1993-94] was not undertaken at the time to inform any decision made".

It is, of course, a matter of judgement as to which cultural organisations might have proved to be meaningful comparators to forecast the visitor numbers for the Centre for Visual Arts. And, as my report recognises, it is intrinsically difficult to forecast visitor numbers for a new public attraction. However, and this is I think the key point, I found no evidence that the Arts Council recognised that there was a risk that the Centre for Visual Arts might not attract the forecast visitor numbers or challenged the applicant on how the Centre might cover the subsequent funding deficit.

Swiftness of action by the Arts Council of Wales

AGW report	Witnesses' opinion
The Arts Council failed to act in response to warnings about weaknesses in the applications.	The Arts Council did act. The second application for lottery funding stated that a new business plan had been produced with revised admissions targets.

Independent assessments commissioned by the Arts Council of the first application for lottery funding in 1995 and subsequently in the life of the project pointed to significant weaknesses in the proposals. The four witnesses state that all the independent assessments were copied to the applicant for action. However, we could find no evidence on file of any action being taken by the Arts Council to assess whether these weaknesses had been addressed by the applicant, until the project was very well advanced. In particular, as set out above, there is no documentary evidence to show that the Arts Council of Wales considered the impact of a fall in visitor numbers, nor even discussed the issue with the Cardiff Old Library Trust in the two years between the first and second lottery applications. And the external assessment carried out by McCann Matthews Millman in January 1998 continued to raise serious concerns that it would take several years for the level of ambition shown to be achieved; that the Old Library's market share may have been over-estimated; and that the exhibitions would have to be of outstanding quality for the admission charge not to be a deterrent. History has proved that these concerns were very real but they were not acted upon by the Arts Council at the time.

Ms Weston highlighted that the Arts Council of Wales had obtained confirmation in June 1998 that a new business plan was to be produced for the Centre for Visual Arts. However, by this point all three capital lottery awards had been granted. My view remains that the development of a new business plan after 87 per cent (£3.24 million) of total Arts Council funding has been awarded does not constitute swift action in response to clear and repeated warnings about weaknesses in the grant application.

In his supplementary evidence to the Committee, Mr Tyndall notes that, in respect of concerns raised by the assessor about the marketing of the Centre for Visual Arts, "there is a singular lack of documentary evidence to show that the assessor's report was acted upon in any way. The document was circulated amongst the Senior Management Team and Lottery Division staff, yet no further action was taken despite the serious misgivings held by the assessor".

In Ms Weston's oral evidence to the committee (and subsequently by the other witnesses in their written evidence), the witnesses stated that the Arts Council had acted swiftly to learn the lessons from its experience with the Centre for Visual Arts and changed its procedures for handling other lottery applications, in particular by introducing in 1997 the three stage application process and, within a year of operation, a formal risk assessment at the appraisal stage. My report does not specify the exact timing of these changes to the Arts Council's procedures; my point was simply that there were procedural weaknesses which were later remedied. However, as set out in the evidence provided by Mr Tyndall to the Committee, although there were some procedural changes in 1997, these changes were not applied consistently to all applications until 1999. These comments by the current Accounting Officer are consistent with the information obtained by the National Audit Office Wales during their review of the papers of the Arts Council for Wales which they undertook in preparing my report.

The nature of the final programme in comparison to earlier plans

ACW report finding	Witnesses' opinion
The programme displayed by the Centre for Visual Arts differed markedly from that envisaged in the 1992 feasibility study, which included blockbuster exhibitions.	The original concept for the Centre for Visual Arts was for exhibitions by contemporary artists, and this is what happened.

The key point of the comparison between the concept for the Centre for Visual Arts as originally envisaged and the exhibitions that were in practice mounted is not a question of the period of the art displayed, but its stature, international importance and likely appeal to paying visitors. The original concept for the Centre for Visual Arts, as set out in the 1992 feasibility study, and which underpinned the forecast visitor numbers contained in the first application for lottery grant, was that the Centre for Visual Arts would include blockbuster exhibitions by world-renowned artists of the sort likely to attract large audiences. In the period that the Centre for Visual Arts was open it did not display such works, which undoubtedly contributed to the shortfall in visitor numbers.

The 1992 feasibility study was prepared by Adrian Ellis Associates. During our examination we were in contact with Mr Ellis. In his words, there was no relationship whatsoever between the subject of his 1992 feasibility study and the project as subsequently realised, in terms either of scale of programming

or its content. Indeed, he went so far to comment that in his view the visitor number projections were kept for their convenience in legitimising a funding case, but the assumptions underpinning them were progressively abandoned. .

The adequacy of *the Arts Council of Wales' monitoring*

AGW report	Witnesses' opinion
Monitoring by the Arts Council for Wales was ineffective.	Regular monitoring was in place throughout the life of the project.

We found no evidence of formal monitoring procedures in place by which the Arts Council could have ensured the security of their investment in the Centre for Visual Arts. No formal reports were submitted by the Cardiff Old Library Trust to the Arts Council to provide an update on the progress of the project. The Trust itself wrote to the Arts Council after the second capital lottery award to remind them that the monitoring schedules had never been provided and recognised that this was not helpful. The Trust also said that they were keen to have a clear structure and process in place for monitoring, not only for the accountable expenditure of funds but also the construction process and management methods. There is no evidence of any response by the Arts Council to these points,

Ms Weston points to 35 letters as evidence of monitoring. However, these include seven letters regarding the delay in funding from Cardiff County Council, letters providing confirmation of meeting arrangements, a grant offer letter and letters regarding problems that had already occurred. In my view these letters do not constitute evidence of a formal monitoring programme which had been designed to cover the specific risks associated with the project.

Mr Tyndall's supplementary written evidence to the Committee confirms my own finding that Arts Council officers "for both the capital and revenue aspects of the project faced immense difficulties in obtaining financial information". Without the regular flow of reliable and up to date financial information, effective monitoring is, of course, impossible.

A final point is that some of the individuals referred to in the witnesses' correspondence as those responsible for monitoring the Centre for Visual Arts project, such as Craig Blundell and Dr Katherine Davies, were involved at all stages of the preparation of my report, including the final clearance meetings. The final report reflects their views on the Arts Council of Wales' monitoring procedures and was agreed with them.

Conclusion

Many of the reservations expressed by the witnesses, in giving evidence to the Committee and subsequently in correspondence, are more to do with the interpretation of events rather than the black and white of their factual accuracy. This is perhaps inevitable in view of the complete failure of the Centre for Visual Arts project to proceed as planned and the passage of time that has since elapsed. Moreover, relatively few of the reservations raised by the four witnesses are relevant to the core issues on which my report reaches audit conclusions.

Notwithstanding the points made by the witnesses, I am forced by the evidence available to me, as held by the Arts Council of Wales and from my discussions with Arts Council staff, to stand by both the facts as presented in my report and their interpretation. It remains the fact that the project ultimately failed; independent reviewers who assessed the quality of the project during its lifespan alerted the Arts Council of Wales to the very same weaknesses in the proposals that I highlighted in my report. I remain fully satisfied that these events have not identified any weaknesses in my normal, very rigorous procedures for agreeing the factual accuracy and the balance of my audit reports. And the current Accounting Officer of the Arts Council of Wales, Peter Tyndall, stands by his agreement with my original report and this letter. Jon Shortridge, the Assembly's Permanent Secretary, also stands by his agreement in respect of those aspects of the original report relevant to his period as the Arts Council's Accounting Officer.

JOHN BOURN

EMYR JENKINS

14 May 2002

Dafydd Wigley, AM
Chair of the Audit Committee,
The National Assembly for Wales,
Cardiff Bay,
CARDIFF,
CF99 1NA

Dear Mr Wigley,

AUDITOR GENERAL FOR WALES REPORT ON *THE ARTS COUNCIL OF WALES: CENTRE FOR VISUAL ARTS*

This letter is written on behalf of Sir Richard Lloyd Jones, Ms. Joanna Weston and Mr. Robert Edge and myself, the four witnesses who appeared before the Audit Committee at its session on 13 December 2001.

We all received on 10 May copies of the letter written to you by the Auditor General, dated 3 May, and wish to make the following comments upon it.

We find it surprising that the NAO has taken five months to produce this response to our evidence which has meant that, in order to present our observations to this meeting of the Committee, we have had to prepare them in five days. For that reason, we do not wish to engage in the detail but rather in the broad sweep of the response.

We hope that the Committee will give weight to the implications of the Auditor General's statements that 'some of the evidence provided by the witnesses is either inaccurate' – which suggests that in his view some of the evidence was in fact accurate – 'or is not supported by documentary evidence contained within the records of the Arts Council of Wales' – which, though a matter for concern, does not necessarily mean that whatever we deposed on those matters was invalid or incorrect.

We find the response highly selective in the matters it addresses and consider it significant that several key issues are omitted. There is, for instance, no

We have never claimed the ACW's formal monitoring procedures were fully developed at the time of the CVA applications and the NAO was aware of this fact when the grants were being agreed. However, Mr Peter Tyndall has confirmed in his undated note to the Committee that CVA Board meetings were regularly attended by ACW Senior Artform Officers and, as we stated, this was an important part of the on-going monitoring of the CVA by ACW.

In the opening paragraphs of his response, the Auditor General states that his Report was 'referred to and agreed for factual accuracy with *all thirteen* (our italics) of the third parties named in it' a facility denied to the four of us. We are not aware that any of these parties was summoned to appear before the Committee; yet the four of us were subjected to a public cross-examination on a Report from whose preparation we had been excluded. Private individuals who may now (as we did) find themselves liable to be summoned to Audit Committee hearings, we suggest, are entitled to expect even-handed treatment; and we hope that steps will be taken to avoid a recurrence

Many of these named third parties were not working for ACW and none of them had any involvement in, or responsibility for, the decision to fund the CVA. This list of consultees is highly selective and does not, for instance, include Mr Hugh Hudson Davies, whose letter is at the core of paragraphs 2.22 and 2.23 of the Report, and who, until last week, was unaware of the Report's existence. If Adrian Ellis of AEA was consulted, why not Mr. Hugh Hudson Davies? If one previous Accounting Officer was consulted, why not all previous Accounting Officers? We are surprised by the statement that an Accounting Officer who had been in post a few days should be relied upon to suggest who should be, or who should not be, consulted by the NAO. Not only was Mr. Tyndall not in post when these decisions were taken, he was not in post for the whole period of the investigation and could not be expected to have a 'full understanding' of all Arts Council records.

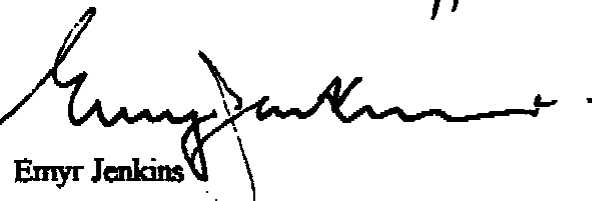
It is a valid question as to why steps could not have been taken to keep the CVA in being, albeit in a different form, which is relevant to another matter raised in the Report, i.e. the duty of ACW to protect the investment. There was, presumably, a balance to be struck between increasing financial support to the CVA and allowing it to close, at the cost of having committed lottery funds which otherwise would have been available for other arts projects in Wales. The Report throws little light on this, and we do not recollect the Committee taking other evidence on the matter.

We dispute very strongly that our reservations are not relevant to the core issues on which the Auditor General reaches his conclusions and we stand by our evidence, both oral and written, to the Audit Committee. We re-iterate that it was never our intention to claim that the CVA project was ultimately other than a failure. We do, however still maintain that the judgements that were made, and the decisions that were taken, at the time were justified.

We are grateful to the Audit Committee for allowing us the opportunity to present evidence from the point of view of those who were involved in the project and we regret putting the Committee in a difficult position by disputing a report by the National Audit Office.

We feel that we have been treated badly by this investigation in that we have had to address documents which are critical of us and which are already in the public domain. We also feel very strongly that it is manifestly unjust that the Auditor General's latest communication was carried on the National Assembly website in advance of the Committee meeting, whereas our communications were not. The Press takes its material from this source and this unbalanced picture has resulted in the item in the Western Mail of Monday 13th May.

We are convinced that had our views been sought before this Report was written it would not have been published in its present form.

Yours sincerely,

Emyr Jenkins

Mae pwyllgor Archwilio'r Cynulliad Cenedlaethol yn sicrhau bod gwariant y Cynulliad yn cael ei archwilio'n gywir ac yn drylwyr. Yn fras, rôl y Pwyllgor Archwilio fydd yw ymchwilio i'r adroddiadau ar gyfrifon y Cynulliad a chyrrff cyhoeddus eraill a baratowyd gan Archwilydd Cyffredinol Cymru ac ystyried adroddiadau gan Archwilydd Cyffredinol Cymru ar ymchwiliadau i ddarbodaeth, effeithlonrwydd ac effeithiolrwydd y Cynulliad wrth ddefnyddio'i adnoddau i gyflawni ei swyddogaethau. Nodir cyfrifoldebau'r Pwyllgor Archwilio yn fanwl yn Rheol Sefydlog 12.

Dyma aelodaeth y Pwyllgor a benodwyd 21 Mawrth 2002

Dafydd Wigley (Plaid Cymru) - Cadeirydd
Alun Cairns (Ceidwadwr)
Janet Davies (Plaid Cymru)
Jocelyn Davies (Plaid Cymru)
Alison Halford (Llafur)
Val Lloyd (Llafur)
Janice Gregory (Llafur)
Ann Jones (Llafur)
Eleanor Burnham (Democrat Rhyddfrydol)

Gellir cael gwybodaeth bellach am y Pwyllgor gan:

Howell Rees
Clerc y Pwyllgor Archwilio
Cynulliad Cenedlaethol Cymru
Bae Caerdydd
CF99 1NA

Ffôn: 02920 898155

E-bost: audit.comm@wales.gsi.gov.uk